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Congressional Record

APPENDIX

SEVENTY-FIFTH CONGRESS, SECOND SESSION

Federal Spending and Its Relation to the Balancing of the Federal Budget

EXTENSION OF REMARKS

OF

HON. ROBERT L. DOUGHTON

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 15, 1937

ADDRESS BY HON. HENRY MORGENTHAU, SECRETARY OF THE TREASURY, BEFORE THE ACADEMY OF POLITICAL SCIENCE, AT NEW YORK CITY, ON NOVEMBER 10, 1937

Mr. DOUGHTON. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following address of the Secretary of the Treasury delivered before the Academy of Political Science, at the Hotel Astor, New York City, Wednesday evening, November 10, 1937:

I welcome the opportunity to discuss before the members and guests of the Academy of Political Science the subject of Federal spending and its relation to the balancing of the Federal Budget.

Nineteen years ago tomorrow we signed the armistice ending the World War. That war was enormously costly in human values, and it was enormously costly in material values. In the 2 years between the middle of 1917 and the middle of 1919 the Federal Government sustained a net deficit of $22,000,000,000.

During the past 4 years this country has been engaged in another war. This time our enemy was a great economic disaster. In this war we fought with jobs and with dollars to save farmers from losing their farms; to save home owners from losing their homes; to give not only bread but work to the unemployed; to increase the security of jobs, property values, and business profits; and to bring order out of chaos in our economic system.

This war, like that other war, required a many-sided campaign under intelligent and courageous leadership—a leadership that was magnificently supplied by President Roosevelt.

Finally, this war, like that other war, required a large spending program. This program, plus the special needs arising out of the great drought and the prepayment of the soldiers' bonus, necessitated net outlays during the 4 years ended June 30, 1937, of some $14,000,000,000 in excess of our receipts.

Of course, it is easily possible to criticize some of the detailed uses of the relief funds. Let us concede that there was some waste. In any expenditure program of such magnitude this is inevitable. But, contrasted with the human and material values at stake, such wastes as may have occurred shrink into insignificance.

We deliberately used an unbalanced Federal Budget during the past 4 years to meet a great emergency. That policy has succeeded. The emergency that we faced in 1933 no longer exists.

I am fully aware that many of our problems remain unsolved. I am aware that there still remains a considerable volume of unemployment; that the speculative markets have recently been under severe pressure; and that our business indexes have recently shown a declining tendency. I am further aware that some persons contend that another great spending program is desirable to ward off the risk of another business depression.

I claim no prophetic insight into the future. But, after giving serious and careful consideration to all of these and other factors, I have reached the firm conviction that the domestic problems which face us today are essentially different from those which faced us 4 years ago. Many measures are required for their solution. One of these measures, but only one, in the present juncture is a determined movement toward a balanced Budget.

Early in 1933, after 3 years of progressive deterioration, our whole economic mechanism was demoralized. Under these conditions there was no agency outside of the Federal Government with the resources and the courage to bring about a business revival.

Today the situation is greatly changed. We are now nearing the end of one of the most active years in the business history of this country. On the whole, this high level of activity has been of a healthy character—not of the character that usually marks an unhealthy boom and precedes a serious depression. The present situation is not characterized by the existence of huge inventories, high interest rates, overextended credit positions, or great surpluses of housing and capital equipment. We have not reached the stage of full employment of our productive resources. On the contrary, from all these standpoints, conditions are favorable for a continued increase in the level of business activity.

This stands in contrast to the unhealthy excesses of 1929. It stands in even sharper contrast to the banking collapse, the bread lines, the bankruptcies, and the general demoralization of 1933.

Despite the substantial increase in the public debt during the past 4 years, the credit of the Federal Government has remained absolutely unimpaired. Not once during even the darkest days of the depression did the Treasury experience the slightest difficulty in borrowing all the funds that were required. Moreover, the rates of interest on our borrowings have been lower, for comparable securities, than at any other time in the history of the country.

But the underlying conditions that made deliberate deficit spending the wisest kind of policy during the depression have been altered during the progress of recovery. Thus, when we borrowed during the depression to finance our deficit spending, a large part of the funds was obtained through an expansion of bank credit. To this extent our spending did not absorb capital funds that might otherwise have gone into private industry, nor did it absorb by taxation funds that might otherwise have gone into private consumption. Even to the extent that our bonds and notes were purchased by nonbanking investors, the effect was largely to put to work capital funds that would otherwise have remained idle.

Our industrial recovery of the last year, however, has created large new demands for private capital. Our commercial banks have been again utilizing their credit resources for the financing of private industry. During the present calendar year the insured commercial banks of the country have substantially reduced their holdings of Government securities in order to meet actual and prospective demands for commercial credit. The obligations that they sold, plus an amount equal to the securities newly marketed by the Treasury, were purchased by investors. Any deficit spending under conditions of active demand for private capital would have to be financed in large part by capital funds that would otherwise be available for business purposes.

The basic need today is to foster the full application of the driving force of private capital. We want to see capital go into the productive channels of private industry. We want to see private business expand. We believe that much of the remaining unemployment will disappear as private capital funds are increasingly employed in productive enterprises. We believe that one of the most important ways of achieving these ends at this time is to continue progress toward a balance of the Federal Budget.

I turn now to the immediate practical aspects of Budget balancing for the coming fiscal year. What are the controlling figures?

Our total receipts for this year were estimated in the President's Budget summation of October 19 at about $6,650,000,000, and our total net expenditures at about $7,345,000,000, leaving an estimated net deficit of $600,095,000.

To attain an ordinary balancing of the Budget next year—that is, a balance after full provision for accruing liabilities for old-age benefit payments, but exclusive of debt retirement—it would be necessary to accomplish a net improvement of about $700,000,000 in our budgetary position as last estimated. To be prudent, we should not count on an increase in revenues next year from the existing tax structure. Nor should we impose additional taxation. Instead we should plan to bring next year's expenditures within this year's income.

But where can cuts totaling $700,000,000 be made? After a careful study of the whole problem, I have come to the following conclusion: On the one hand, while everything possible is being and

will be done to keep a tight rein on the regular operating expenses of the Federal Government, including the national defense and interest on the public debt, I do not believe that we can find large savings in this field. Further, our expenditures under the Social Security Act will increase next year.

On the other hand, by focusing attention on the several classes of expenditures that have been mainly responsible for our past deficits—namely, public highways, public works, unemployment relief, and agriculture—it is apparent that great savings can be made.

Let me give you an idea of the possibilities for savings in these fields.

First, take the item of highway expenditures. Prior to the depression the Federal grants to the States for public highway construction generally ran under $100,000,000 annually. This year the total Federal outlays for highways, inclusive of emergency expenditures, are estimated at $253,000,000; and, in addition, the existing highway programs call for new appropriations totaling more than $400,000,000 for the next 2 years. I believe it is now time to return to the average annual level of highway expenditures that existed prior to the depression, especially because during the past few years many other millions of dollars have been spent for highways out of relief appropriations.

Second, there is the field of public works, other than highways, on which we are spending $573,000,000 this year. This is a greater sum than the total that was spent for this purpose during the entire 5-year period between 1926 and 1930, inclusive. Next year, despite the fact that there will be available from appropriations and allocations already made for this purpose more than $600,000,000, I believe that we can and should move definitely toward a lower level of public-works outlays.

Third, I sincerely hope that employment conditions will make possible a further substantial reduction in our outlays for unemployment relief and the C. C. C. camps. During the present fiscal year, by reason of more active private business, these expenditures are already being reduced by more than seven hundred and fifty millions below last year's.

I turn next to our expenditures on behalf of agriculture. The total of this year's expenditures, exclusive of public highways, for the regular activities of the Department, the soil-conservation program, rural electrification, resettlement, commodity loans, and lower interest rates for Federal land-bank borrowers, exceeds $900,000,000. Despite the magnitude of this sum, you are all aware that possible further measures involving large additional expenditures are now being discussed.

I am strongly in favor of a long-range program to maintain the independence and the purchasing power of the farmer. Such a program must take into consideration the farmer's opportunities in the foreign markets as well as in those at home, and no agricultural program can long endure which makes excessive demands upon the Federal Treasury or is unfair to consumers. The farmer himself does not want subsidies but rather such fair prices and such balanced production of crops as will make subsidies unnecessary for his decent economic status.

Balancing the Budget is as much in the interest of farmers as in the interest of other parts of our population, and it requires the cooperation of the farmer as well as of other sections of the public.

Only with the solid backing of the public can we hope to achieve economies totaling seven hundred millions in the four fields that I have cited.

There may be some persons who would counsel a more drastic reduction of expenditures or a program of far heavier taxation in order to make certain a more substantial reduction in the public debt in the next fiscal year. There are serious objections to either of these courses.

I have already indicated that I believe it undesirable to increase taxation. There are equally compelling reasons why we should not reduce expenditures too suddenly and too drastically. I strongly favor a vigorous program for the progressive reduction of Federal expenditures to the minimum demanded by the Government's responsibilities.

Obviously, however, one reaches a point in reducing Government expenditures at which no further reductions can be made, unless it is decided to cripple many essential governmental activities—in other words, unless it is decided to make drastic changes in national policy. For example, it would mean consideration of such things as weakening our national defense and slowing up or abandoning flood control, soil-erosion prevention, and relief for the aged and the unemployed. Such a course, I believe, would not have the approval of either the American people or their elected Representatives in Congress.

Moreover, it would clearly be disastrous to many of the needy unemployed and disruptive to many sections of private industry if we were to cut Government expenditures in the coming fiscal year by much more than the amount I have indicated.

We are definitely in a transition period between unbalanced and balanced Federal Budgets, but I firmly believe that there is just as much danger to our economy as a whole in moving too rapidly in this direction as there would be in not moving at all.

Relatively few persons realize the striking fact that the net improvement this year in the budgetary position of the Federal Government as estimated will amount to more than $2,000,000,000. In other words, the net deficit this year is estimated at less than seven hundred millions as compared with more than two billion seven hundred millions last year.

This net improvement of more than $2,000,000,000 in a single year provides the best answer to those who, in most cases ignorant of the true facts, have publicly despaired of our ability to balance the Federal Budget.

True, much of this year's anticipated budgetary improvement comes from increased revenue, but we are supplementing this by also seeking reductions in expenditures.

In addition to these considerations I should like to point out that, as a result of the Social Security Act and related State laws, it is estimated that the Federal Government next year will receive more than $1,000,000,000 net for investment in Government securities for the unemployment trust fund and the old-age reserve account. Although this investment will not change the total amount of the public debt it will with a balanced Budget result in the transfer to these reserve accounts of more than a billion dollars of Government obligations now held by private investors.

Even during the decade of the twenties, when the Treasury was receiving large payments of interest and principal on war debts, and from the sale of surplus war materials, the maximum reduction made in any single year in the public debt held by private investors was about one billion three hundred millions. The rate at which it is safe to reduce the public debt in private hands depends upon the rate at which private funds flow into investment channels. It is unsafe to go too fast.

* * * * * * *

Although we are not contemplating any increase in the total tax burden, the character of our tax structure is being given earnest consideration.

The Federal tax system affects everyone in the country. We in the Treasury in studying tax problems have two objectives always before us: First, that the tax burden shall be distributed as fairly as possible, and, second, that the collection of taxes shall be as little burdensome to the taxpayer as possible.

It is with these aims that, by direction of the President, we have been reviewing the whole tax structure in the last few months and are just now in the process of presenting to a committee of Congress the information we have collected. The study has not been directed toward raising additional revenue. Instead, we have sought to determine whether there are inequalities and injustices in the distribution of the tax burden and whether there are some taxes whose cost of collection and whose burdensome effect outweigh the revenue gain. In addition, we want to simplify collection and make the taxpayer's record keeping less difficult.

We realize that our tax laws are too complicated; we want to make them less so. We realize that there are inequities; we want to eliminate as many of them as we can.

In making this study we have invited the assistance and the advice of groups of taxpayers and of individuals. We want to hear the taxpayer's side of the story. We want all the facts we can get, and we have obtained both facts and opinions.

Our tax revenues come largely from individual earnings and business profits. We do not wish to impose levies which tend to dry up the sources of tax revenue. The laws should be so written and administered that the taxpayer can continue to make a reasonable profit with a minimum of interference from his own Federal Government, provided that the taxpayer cooperates with his Government in carrying out the purpose and the spirit of the tax laws. Of course, tax policy cannot properly be determined from exceptional cases. We must look at the whole picture. We base our decisions on extensive information and upon analysis of actual tax records.

The amount of our income-tax revenue is only about half our total internal revenue. Less than 3,000,000 people out of our total population pay individual Federal income taxes. We would be applying the principle of capacity to pay more justly if we were to reduce the number of consumer taxes and at the same time to increase the number of income-tax payers. Taxpayers who are squarely confronted with their own tax burdens are bound to be keenly alive to the way the money is being spent by their Government.

The Budget now nearing completion is predicated on a definite estimate of receipts based on the existing tax structure. It is a cardinal point of our policy that the tax system, as revised, must not yield a smaller return for 1939 than the present system would yield.

Let me repeat, we want to adjust inequalities and remedy defects in the tax laws. In doing this we have sought the help of the taxpayer and have given him a sympathetic hearing. If we find that the operation of any particular tax is unfair, we stand ready to say so publicly.

My object this evening has been to present, as clearly and as frankly as I know how, a comprehensive picture of the Federal expenditures and the budgetary outlook. I have tried to make plain the underlying economic reasons, as well as the humanitarian ones, for the past deficits; and I have tried to bring out clearly the considerations that now demand further definite steps toward a balanced Federal Budget. I have shown why, in my opinion, this balance should be sought by a reduction in expenditures without an increase in the total of the tax burden. But I have also shown

that there is a limit to reductions, and that balancing of budgets needs the help of industry to keep up total tax receipts unless we are again to resort to deficit financing.

The principal aims of our budgetary policy have been—and I hope will continue to be—to promote a high level and healthy character of business activity, a maximum volume of employment at good wages in private industry, a reasonable return to capital and enterprise, fair treatement for our agricultural population, and adequate revenues to meet the services now demanded of the Federal Government.

The attainment of these ends rests very greatly on private initiative and on the cooperation of private enterprise. This is a necessary supplement to any efforts which the Government can put forth. This administration is going to do everything possible to promote a continuation of recovery and to balance the Budget through cutting expenditures. But I wish to emphasize that in no event will this administration allow anyone to starve, nor will it abandon its broad purpose to protect the weak, to give human security, and to seek a wider distribution of our national income. We are confident that, with the full cooperation of the business world, our present difficulties will be overcome; and that the aims that I have set forth above, which are properly those of private business as well as those of the National Government, will be achieved.

Flood Compact or Power Compact

EXTENSION OF REMARKS

OF

HON. WILLIAM J. FITZGERALD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, November 15, 1937

RADIO ADDRESS BY HON. HERMAN P. KOPPLEMANN, OF CONNECTICUT, ON NOVEMBER 7, 1937

Mr. FITZGERALD. Mr. Speaker, last week at Hartford my colleague, Mr. KOPPLEMANN, delivered an address entitled "Flood Compact or Power Compact." It is an outstanding statement of the real situation confronting the fight we are making for the people of Connecticut and New England. I believe his statement should be read by all Members of Congress, and ask unanimous consent to have it inserted in the RECORD, as follows:

During the few weeks I have been home, the question was asked, Why did not Congress ratify the flood-control compact?

Because, my friends, while the compact is, to be sure, a flood-control compact, it is also a power compact. The law never intended it should be a power compact. That is why it was rejected by the Federal Power Commission and by the administration in Washington.

The people of Connecticut have obtained their information on the flood-control compact largely from the newspapers. The press of this State approves the compact and denounces those of us who oppose it. The press has emphasized the arguments in support of the compact; it has played up the statements of gentlemen who approve it; it has played down the equally important arguments in opposition to this flood and power compact.

The crux of the opposition to the compact lies in the insertion of provisions giving the States control over the possible generation of electrical power at the dams and reservoirs to be constructed, contrary to the Flood Control Act of 1936, and in violation of the provisions of the Power Act of 1920. If permitted this would establish a dangerous precedent.

If the four States of New Hampshire, Vermont, Massachusetts, and Connecticut had adhered to the law and had kept within the limits of the congressional authorization which permitted these States to draw a compact for flood-control purposes only, today the reservoirs, dikes, and dams would be under construction and the people of New England protected against the devastation of a flood such as we had last year.

The question of flood control has been an important one since the disastrous floods of 1927, which that year included Vermont among its victims. A survey was made of New England. The floods of 1936 brought things to a head, and Congress determined that once and for all time, the progress of science would be utilized for flood prevention measures.

Construction of reservoirs to stem the floodwaters of the Connecticut and Merrimack Rivers and their tributaries were proposed.

Originally it was suggested that the Federal Government take over the entire job of constructing the reservoirs. But during the course of debate, that original plan was amended so that as far as the Connecticut and the Merrimack Rivers were concerned, the cost would be borne in the following proportion: In round figures, ten million dollars representing the cost of construction, by the Federal Government; three and one-half million dollars, representing the cost of land and damages, by the four States.

The Flood Control Act of 1936 called for the construction of dams and reservoirs for the sole immediate purpose of flood control, to protect life and property, and for nothing else.

But, instead of limiting the compact to flood-control purposes, the compact commissioners of the New England States drafted provisions governing the generation of power. Although these provisions are phrased in such a way that ostensibly the consent of the Federal Government would be required before any power generation project by the States or by private utility interests could be undertaken, actually the four New England States could hold up power development by the Federal Government for a period of 999 years; and the Government is the people, make no mistake about that.

Naturally neither the Congress nor the President could agree to anything so flagrantly out of line with either existing law or the intent of Congress, as it is expressed in the Flood Control Act of 1936.

You may ask, why do I object to a delegation of this power control to the States? Because in these four States the generation of power is in the hands of privately controlled electric power interests.

Now, the various compact commissions are constituted of well-meaning, public-spirited men. But, as sometimes happens, there are those who use sorrow visited upon others by floods or other disasters as an opportunity to attempt so-called jokers, which they hope will be overlooked because of the great need for a remedy. Thus, in spite of the well-meaning members of the commission, there was permitted the writing of provisions into the compact which were out of line with the purposes for which the compact was authorized.

Under those provisions the States cannot develop a power project without the Government's consent, and the Government has no right to initiate one without the States' agreement. You can readily see that a fine deadlock could ensue under those conditions and progress definitely stopped.

The Flood Control Act of 1936 is a simple document. It states the purpose simply and the requirements simply. Why it was found necessary to go outside the provisions and the purpose of this law and draw a document which is essentially a power compact is beyond my comprehension, unless my question answers itself, and advantage was being taken of a tragic situation for the furtherance of power by the private utility interests in these States. Without question the framers of the compact exceeded the authority granted in the Flood Control Act of 1936.

I am purposely taking the time to give these details of the history of the flood compact because there seems to be so much confusion in the minds of Connecticut men and women.

I cannot help blaming this confusion to a great extent on the newspapers, because, as I said before, they have not dealt fairly with this question in presenting both sides to the public. One gentleman, for instance, told me that he thought the compact ought to go through as it is at present written. I asked him why. He said because the newspapers approve it. I asked him, "What do the newspapers say?" He replied, "I didn't read the whole story, but I can tell from the headlines they think the compact is all right."

That is the trouble. Many people are forming their opinions on national and local issues, not by what the newspaper stories tell them, but from the impressions left by the headlines.

Well, if we were to accept everything we read in the newspapers, including their so-called polls, President Roosevelt would have been defeated last November, and so would the rest of us. But somehow, thanks mostly to the radio, the people were able to determine the facts for themselves and the truth prevailed.

On March 15 of this year the Hartford Courant reported that the flood pact was completed, and further stated that—and I quote, "Until the draft is finally approved by the flood-control conferees, its provisions will not be made public." About a month later a photostatic copy of the compact as it was presented to the Connecticut State Legislature was sent to me. From my layman's knowledge of the law, I sensed that not only would the compact exceed the authority granted in the Flood Control Act of 1936, but that in addition it violated the Power Act of 1920. I presented the matter to a Government attorney, who substantiated my fears. I then called the compact to the attention of the Chairman of the Federal Power Commission. Before his report was received, two of our flood commissioners came to Washington to discuss the flood-control compact with the Connecticut congressional delegation.

On April 24 the Hartford Courant, in a special story from its Washington correspondent in his report of that conference, stated that it was a happy affair until I brought up the question of power in the compact and warned those present that the compact exceeded the authority granted the New England States in the Flood Control Act of 1936. The Courant report stated that I expressed the belief that the proviso in the compact authorizing the States to use the flood reservoirs for power dams contravened existing law giving the Federal Government control over navigable streams. It reported my fear that the Federal Power Commission would recommend against congressional ratification of the compact.

On May 1 the Courant correspondent in his regular column reported that Representative RANKIN, of Mississippi, had served notice that he would oppose ratification of the compact because of its

power provisions. But even earlier than that, on March 27, the Courant correspondent advised that the New England flood compact must be returned to Congress for ratification, the engineers of the War Department said—and I quote, "It exceeds conditions laid down in the 1936 act." Now, let me explain that, had the compact been drawn in accordance with the provisions of the flood-control law, it would have required no further approval by Congress.

Yet, despite these warnings, the compact was later approved by the Connecticut Legislature on June 26, and the bond issue to pay for Connecticut's participation in the program was also approved.

As I told you, I sent the compact to the Chairman of the Federal Power Commission for an opinion. His memorandum was so important that the Courant correspondent devoted his entire column on June 27 to a recital of the objections of the Power Commission to this compact—objections which in their essence are identical with those I have mentioned and will mention as I proceed with this talk.

In spite of the fact that the compact had already been passed by the Connecticut Legislature, the Courant correspondent voiced his opinion that the Power Commission's report to me apparently consigned the flood compact to the graveyard, because, as the attorney of the Power Commission stated, the compact "would reverse the established Federal policy on hydroelectric development and would contravene the Federal Power Act, giving control over hydroelectric developments to the Power Commission." One of the provisions of the compact gives away for 999 years the people's rights over power production. As the attorney of the Power Commission stated to me—and I quote again—"A thousand years is a long time in the history of any race. Conceivably Congress might find some better method of handling the problem within this long period of time. The compact would leave Congress powerless to inaugurate such different method without the consent of all the contracting States."

Very carefully there was inserted in the compact a provision that it would endure for a period of 999 years. What safeguards they tried!

I make these points to have it clearly understood that last April I cited the very objections which subsequently were voiced by the Federal Power Commission and pointed out by the President. Repeated warnings were given that the compact was not satisfactory. Despite these warnings the legislatures of the four States gave their approval to the compact, and on July 6 the commissioners representing the four States put their signatures to the document.

The President is opposed to this compact. As Governor of the State of New York, he received illuminating utility education. He not only knew his own State but he was well acquainted with the St. Lawrence River project. Since becoming President he has received a world of knowledge through the many power and flood-control projects all over the Nation. In my opinion, he is the best-equipped individual in America on the subject. When I went to him on this matter, in language so plain that it was the more forceful for its plainness, he told me he was against this compact. And he supported my objections in writing.

When the resolution to ratify the compact was presented to the Congress, some New England Senators insisted upon putting it through, declaring that they would leave the responsibility of a possible delay in flood-control measures to rest upon the White House. An effort was made to get the compact through the Senate, and it failed.

Let me recall my own part in this flood-control program. I have repeatedly gone on record to the effect that, in my opinion, the most effective and the shortest method of accomplishing flood control for New England would be for the Federal Government to undertake and pay for the entire project.

I voted for the bill authorizing the compact because I did not want to have this important matter of flood prevention held up, hoping that the States would be able to get together. Well, as a matter of fact, the States did not get together for a compact written in accordance with the Flood Control Act of 1936. The document they presented was a doubtful one because it had to be returned for congressional ratification, something that would not have been necessary had the law been complied with.

Local papers deplore my opposition to the compact. They give the impression that because of the paltry benefits which may accrue to private utility interests I am standing in the way of flood control.

There is no man to whom I will give way in my earnest desire for speedy relief from these devastating floods. No man more than myself wants these reservoirs, dams, and dikes built without delay, and they can be built without delay if these four New England States will agree to remove the power provisions of the compact.

Frank R. McNinch is the Chairman of the Federal Power Commission. He was appointed by President Hoover in 1931 as a member of that Commission. As recently as Monday, August 16 of this year, before a committee of Congress, he gave his opinion on this pact, and here it is: "I would regard it also as an alteration by Congress of the policy laid down in the Federal Power Act of 1920, which was the culmination and result of a long-continued fight between private power interests and the Federal Government," said Mr. McNinch. "That fight," he stated—and I quote—"came to fruition in 1920 by the passage of the Federal Power Act, under which act the Federal Government exercises jurisdiction over the construction of dams or projects for the development of power on any navigable waters or any tributaries thereof." Listen further to Mr. McNinch—and I quote again: "If I understand the compact correctly, though that may not have been intended, it is nevertheless, in my judgment, the inescapable result that if the title is vested in the States and if the States are to be permitted to develop the power projects and dispose of the power they develop, the Federal Government will no longer in those four States be in a position that it now is under the Federal Power Act to give preferential consideration to the rights of States, public bodies, or public districts or municipalities."

"The Federal Power Act," said Mr. McNinch, "now requires that be done in the case of every navigable stream or tributary thereof." No stronger objection to the compact have I heard from anyone. In the opinion of this high authority, if the compact as drawn by the four States were to be adopted by the Congress today, these rights would pass from the people back into the hands of the private electric interests, the law of 1920 would be repealed, and we would be back again to those dark ages when vested private interests, contrary to the public good, would again be riding in the saddle.

When the Flood Control Act of 1936 was before the United States Senate committee, the question of electrical energy that might be produced from these contemplated reservoirs was raised. I was present. Senator COPELAND, of New York, chairman of the committee, replied emphatically: "This is a flood-control bill, and the question of power cannot enter into it."

My interest in flood control did not start with the disasters of 1936. As a boy I lived on the East Side in Hartford and experienced every year the backing up of the river through the sewers into the streets, filling the cellars of homes with disease-infested waters. A boyhood chum was drowned in one of those floods. Years later, when a member of the city council, I advocated and saw put through an intercepting sewer which in a large measure protected Hartford against the underflow waters of these floods. That was a fight. That intercepting sewer was opposed by people who lived far removed from the flooded East Side district. As an alderman I was publicly reprimanded by Mayor Henney for my activity, and the Hartford Courant in those days played up the rebuke I received. But the intercepting sewer was finally built.

I have been advised to stop looking for the hand of the utilities in this compact. I have been told that the utilities had no hand in this compact. Why, then, are the utilities so anxious that this compact go through?

New Hampshire had on the flood-compact commission a Mr. Robert Upton. I have it on reliable authority that the official records of the Public Service Commission of New Hampshire show that for the past 4 years Mr. Upton has appeared as attorney for the New Hampshire Gas & Electric Co., the Derry Electric Co., and the Lamprey Co. subsidiaries of the Associated Gas & Electric Co. As far as the records reveal, he still represents these companies. Also, he has appeared as counsel for the White Mountain Power Co. and its successor, the Dewing interests. Moreover, Mr. Upton is special counsel to the present administration in New Hampshire in utility and allied matters.

In answer to a letter of mine, Mr. Fran't Comerford, well known in Massachusetts because of his active interest on behalf of power companies in that State, indicated to my satisfaction that he wants this compact approved by Congress. Mr. Samuel Ferguson, chairman of the board of the Hartford Electric Light Co., has likewise indicated his approval.

At the recent founders' day dinner of the Young Men's Christian Association here in Hartford, George S. Hawley, president of the Bridgeport Gas & Light Co., used that occasion to attack the administration and those of us who oppose this utility compact drawn up under the guise of flood control.

This power question affects all of us one way or the other. The future of New England, industrially and economically, is bound up in cheaper power rates.

Connecticut and Massachusetts are going to pay Vermont and New Hampshire well for any land and damages incidental to the construction of these flood-control projects. Under the Casey bill introduced recently a flood-control compact drawn in accordance with the law goes into effect when two or more States agree to it. This measure is coming up in the next session of Congress. If Connecticut and Massachusetts really want flood control, we can have it under the Casey bill.

The Flood Control Act of 1936 states that floods are a national menace. I cannot understand why Vermont and New Hampshire refuse to cooperate in effecting a proper flood-control program for their own good as well as the good of their neighbors. I cannot understand why they are insisting on rights they do not have under the law, ignoring entirely how responsible they are for the safety of the rest of New England. Therefore I cannot help but feel that there is more in their stubbornness than meets the eye.

Those holding out for the compact are pleading that the suffering people want and need flood control. They urge us to disregard these power provisions and pay attention only to the immediate need of flood control.

They remind me of the suffering sponsors of the Liberty League, who pleaded with us, "Don't tax the shirt off the workingman's

back," and at the same time they themselves were tearing the shirts off the backs of the poor.

The compact advocates are now crying out for States' rights. My friends, I am for States' rights, but I also am for the people's rights. States' rights properly interpreted mean people's rights. But in this fight States' rights mean private utility rights as against the people's rights.

This week I return to Washington. Our fight for real flood-control protection, our fight for lower power and light rates is going to continue. In carrying on my part I believe that I am following out the wishes of those who sent me to Congress.

The President's Message and a Bill Introduced Today

EXTENSION OF REMARKS

OF

HON. BERTRAND H. SNELL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, November 15, 1937

Mr. SNELL. Mr. Speaker, the President's message is a great disappointment. It reveals clearly that there has been no change in the fundamental policies and attitude of the New Deal toward business, thrift, and investment. The will-o'-the-wisp of Government-managed economy still stands as the core of the President's empty eloquence. Mr. Roosevelt's vision of the Government managing everything is here reaffirmed and enlarged.

New threats against American business, big and little, are implicit in the President's declaration, "If private enterprise does not respond, Government must take up the slack. What we can do covers so wide a field and so many subjects that it is not feasible to include them all in this message."

That is a formal threat of national dictatorship.

The universal demand for immediate relief from tax policies which have paralyzed enterprise with uncertainty and fear is dismissed with mere devices of concealment and evasion.

Since the President finds it impossible to make a specific recommendation on this urgent national need, I have today introduced for the consideration of Congress a bill calling for the repeal of both the undistributed profits tax and the capital-stock tax as embodied in the Revenue Act of 1936.

Moreover, the White House message repeats the reckless doctrine that the Federal Budget must be balanced by greater revenues rather than by curtailed squandering. Specifically on this point the President says he can accept no revision of the tax laws "which involves a reduction in the aggregate revenues."

The message does not protect the Government credit. On the contrary, it portends more spending and thereby forecasts a continuing trend toward ultimate inflation.

The message does not encourage free enterprise but urges more bureaucratic centralization in Washington.

The message does not outline sound policies of conservation but predicts vast new regional experiments of unmeasured cost and untested social value.

Having induced an unnecessary business recession by unsound policies, the President now calls upon shackled private enterprise to rescue the administration.

Business can restore prosperity, and will do so if and when it is freed from the harassing impediments of Roosevelt policies.

I have today introduced the following bill:

A bill to repeal section 14, title I, subtitle B, "Surtax on undistributed profits," and section 401, title II, "Capital-stock tax," of the Revenue Act of 1936

***Be it enacted, etc.*, That section 14, title I, subtitle B, "Surtax on undistributed profits," and section 401, title II, "Capital-stock tax," of the Revenue Act of 1936, be, and the same are hereby, repealed.**

The National Guard

EXTENSION OF REMARKS

OF

HON. J. BUELL SNYDER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 15, 1937

ADDRESS OF HON. J. BUELL SNYDER, OF PENNSYLVANIA, DELIVERED BEFORE THE ANNUAL CONVENTION OF THE NATIONAL GUARD ASSOCIATION AT MONTGOMERY, ALA., ON OCTOBER 29, 1937:

Mr. SNYDER of Pennsylvania. Mr. Speaker, under permission to extend my remarks I include an address delivered by me before the annual convention of the National Guard Association at Montgomery, Ala., on October 29, 1937:

I feel signally honored to have this opportunity to meet and talk to such a large representation of men upon whom the Nation so largely depends for the maintenance of its institutions and of government itself.

The wisdom of our forefathers finds no better exemplification than in our National Guard. As at present constituted, you are a heritage of their foresight in decreeing against a large professional army.

The primary interest of you men is civil. Your paramount wish is for a happy, contented, prosperous nation, which only is attainable and lasting through the avoidance of the widespread disruption consequent upon war.

National happiness, contentment, and prosperity are the fruits of uninterrupted national tranquility. They are blessings which flow from peace, and it is to secure their flowage that the National Guard exists, because you stand as our major bulwark, not alone collectively but individually, by the very nature of your individual callings, against those influences, those factors, which lead to unrest and armed conflict both within and without national confines.

Our forefathers envisioned this psychology of a militia, which down to this good hour has been not peace at any price, but peace with honor, peace unless there be a threat, a challenge to our institutions, to our unity, to our principles of government, to all that yonder banner exemplifies.

Then and then only would America strike.

Then and then only would you men of the National Guard wish to strike—be eager to strike.

God forbid that it may again become necessary.

The best insurance that it will not is a proper measure of preparedness, and by that I do not mean the blueprint kind.

You men who know intimately the horrors of war, many by actual experience, and stanch disciples of the doctrine that a strong defense is the best bulwark of peace, you will find me supporting you in that view.

If preparedness will keep you out of war, if preparedness will keep you at your fireside with your loved ones, if preparedness spells continued peace for our America—and I know of no surer guarantor—then I pledge you that to the extent that I may contribute to that end in my present position, with your cooperation and support, we shall steadily and progressively build toward a proper measure of preparedness.

Of course, you gentlemen know, as well as I, that this cannot be done in a day, a month, or a year. Much time and money will be needed. As you all know, we have been buying or spending our way out of the worst depression in history. It has cost huge sums of money—borrowed money, which must be repaid. Preparedness has been the gainer, probably not as much as we all might wish, but in a very substantial way, because our leadership saw the wisdom of aiding and abetting industry of every kind and description, which meant, of course, larger than normal peacetime outlays going into the shipyards and into the factories and arsenals of the country, Government owned and private.

There can be no question that we have progressed more rapidly than under normal conditions. But, despite our gains, much remains to be done.

I need not relate to this assemblage our deficiencies. You are no doubt better versed with them than I. We all should much prefer that none existed right now, not because we feel that war is imminent but because if there were no deficiencies war would be less imminent if our preparedness doctrine be sound.

There is not a man here who does not entertain the view that we cannot long continue to have Federal expenditures exceed Federal income, but I am sure I have your unanimous approval of the position I took at the last session, when blanket cuts were being vociferously advocated in all the regular annual appropriation bills,

namely, that if expenditures were not to be permitted to run apace with the amounts appropriated, resort should be had to selective retrenchment; that the defense appropriations should be spared to the utmost.

I had been permitted to look behind the scenes and I knew that more than a negligible amount had been appropriated which might be withheld from expenditure without impairment to the military arm.

There is no question in my mind that the only course for us to pursue is to go forward with the programs which have been quite definitely shaped by the War Department. Despite all of the unrest abroad, I should be disposed at this time to deprecate any urge not emanating from the President himself to proceed other than in a consistently progressive way.

I say that because I have supreme confidence in the will and determination and ability of the Chief Executive to keep us out of war.

President Roosevelt has said that he hates war. He hates it just as bitterly as you and I do, and with your help and mine and the help of our peace-loving neighbors, I have faith that he will so guide the ship of state that we shall continue at peace—only and unless the alternative shall be thoroughly repulsive to those principles sacred to every patriotic, red-blooded American.

It is my firm conviction also that we may depend upon the President, despite financial stringency, to advocate that national-defense preparation goes forward on a scale consistent with his intimate knowledge of those influences which bear upon the measure of such preparation we should have. I say let him chart the course. If and when he should advocate acceleration, he will find a ready and responsive Congress and a national spirit wholly sympathetic.

You are about to adjourn another of your annual conventions—a very successful one, I have been told. I shall hear more about it, I suppose, after you and I have learned the dictum given to Colonel Chaffee by the Bureau of the Budget as to your 1939 estimates.

I know you are as happy to have Colonel Chaffee here as I am to have him accompany me. The colonel flew with me up into my district earlier in the month and made the principal address to an assemblage composed largely of National Guard and Reserve officers. He discoursed in a most interesting and illuminating way upon the essentialness to success of a balanced military team. Copies of his talk are available, I believe. Each of you would be enriched by reading it.

I thank you for inviting me to your meeting. I have enjoyed my visit with you. I want each of you to know and feel that you will always find a welcome in my office at Washington. I hope you will come to see me. I want your friendship and I want your help and support in this job of mine. Working together closely, I am sure we can and will accomplish much.

I could not conclude without congratulating you upon your selection of a new president. The men you have chosen for that responsible office, including the retiring president, General Waller, and his predecessors, add emphasis to your wisdom and sound judgment. General Leach is an old friend. His wide knowledge and genial personality presage a most effective year.

The members of my committee and those connected with the Chief of Staff's office in Washington depend on one man more than any other to keep a balance in the financing of the Army and all its auxiliaries, such as the National Guard. As I said before, and say now, he knows more about the general set-up of the Army than any other one man. He is with us today. The genial, efficient, and hard-working clerk of our committee, John Pugh, of Washington, D. C.

I should be remiss also if I did not speak of Gen. Milton Reckord. The Guard and the Nation owe him a debt of gratitude. His work in Washington for many years in behalf of the National Guard justly merits the highest commendation and praise.

I thank you.

A Suggestion for 1938

EXTENSION OF REMARKS

OF

HON. WALTER G. ANDREWS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, November 15, 1937

Mr. ANDREWS. Mr. Speaker, after 7 years as a Member of the Congress under both Presidents Hoover and Roosevelt, I am struck again at the opening of the special session by the fact that we are still heavily burdened with unemployment and at the moment in another business recession under which conditions we are once more flooded with suggestions of what ought to be done.

This special session was called by the President presumably to bring immediate action upon two very important and controversial measures. I refer to the wage and hour bill and a new farm measure. But we find ourselves back here on the floor today exactly where we were when we left here a little over 2 months ago. Neither of the two measures advocated by the President are ready for consideration and it would appear that some time will elapse before they are brought up for action. Even with the 4-to-1 majority enjoyed by the Democratic Party there is no agreement, and, if anything, there is substantial disagreement among members of the committees concerned with the development of these measures. All of which can lead to only one of two conclusions—that the call for the special session was made blindly without consulting the wishes of the majority leadership or that the call should not have been made in the first place. Forgetting these conclusions, however, it must be apparent to most of us that with the marked business recession in most all fields we stand on the brink of losing all of the economic gains of the New Deal insofar as definitely coping with the everlasting unemployment situation is concerned. In other words, after priming the pump by spending billions for this and that, we may easily find ourselves right back in the cycle where we started.

There is some basis, however, from my point of view for encouragement today. This comes in the first place even from the President himself, according to press reports, of his willingness to at least listen to the suggestion that it may be advisable to help industry, or to put it another way, relieve industry so that it may be in a position to see what it can do to absorb the unemployment. Beyond this there have been statements by Secretary Morgenthau and others close to the administration supporting this point of view, and I take great pleasure in reading to the House a statement in the press of November 12 by our distinguished chairman of the Rules Committee, the gentleman from New York, Mr. O'CONNOR. Complaining that no one in the country gives a thought to 5,000,000 private employers, Mr. O'CONNOR told reporters:

> We are picking on them, abusing them, and snooping on them. Yet the only place anybody can get a job is from a private employer.
>
> The employers won't do anything while living under the fear of the Government, with taxes, snooping, and so on, to harass them.
>
> If the Ways and Means Committee came in with a tax bill changing the capital gains and corporate surplus taxes, the reaction would be tremendous. The psychological effect would be immediate.
>
> I'm going to do all that I can to build up that idea.

The undistributed corporation profits tax is strangling smaller manufacturing concerns in the country, and these many thousands of smaller companies are really the backbone of employment and purchasing power. This tax will result in preventing these smaller concerns from weathering any serious business depression.

The last depression caused the impairment of surpluses and working capital. If not allowed to restore safe surpluses to tide over periods of loss, if not allowed to pay off bank loans or exempt capital investment in necessary replacement of worn-out and obsolete equipment and repairs, the answer is only too plain—they will be forced out of business.

I speak feelingly, because companies of which I know are in that position and I have reason to know that their case is typical of a very large percentage of the manufacturers throughout the country.

We are in another depression at this moment. Whether it will be of short or long duration, no one knows.

All of which brings me to the point of these few remarks with the following suggestions: Readjust the corporate-surplus tax or, better, repeal it entirely; readjust the capital gain and loss clause or, better, repeal it entirely; repeal the nuisance taxes.

This, of course, immediately brings up the question of Government income and the loss to the Government in the repeal of these taxes, all having to do with balancing the Budget. In this connection I am reliably informed that considerable consideration has been given, and is now being given, by tax experts attached to the Ways and Means Committee and others in the Treasury to a proposal for an alternative plan

which would be known as a gross profits tax. A careful analysis made by a nationally known accounting house of the income to the United States for the year 1936 had this alternative tax plan been in operation indicates that it would have produced over two billion in revenues to the Government for that year.

I hope the members of the Ways and Means Committee will give immediate consideration to the basic facts and underlying theories behind this alternative proposal known to them. Some of its members, I know, are partially informed on its proposals, and, as I have stated, your tax experts are very well informed. My suggestion then boils down to the repeal of the three taxes mentioned and the substitution of an alternate plan known to Ways and Means and Treasury experts.

Business by now should have learned its lesson, as well as the Government. Make 1938 a trial year for industry. Put industry on trial for one full year under this program and you will see results.

I am hopeful that the results of the present unemployment census soon to be completed will be accurate and the present indications are that this census is going to be well done. With this we will have some real information on which to base appropriations for relief. All of this can be taken care of under a plan such as I have outlined. Between now and Christmas put these changes in our tax structure into effect for 1938. Put it up to industry. Next to the employee out of work, no one has borne the brunt of the last 7 years more than the average head of the average small business. There is not 1 in 10 persons on W. P. A., P. W. A., or any sort of relief who would not rather have a real job of his or her own. I do not mean to say that this program will solve all our difficulties, but it will go a long way and, if adopted, I am sure, another census taken at the end of next year will justify this course.

Insurance Against War

EXTENSION OF REMARKS

OF

HON. THOMAS G. BURCH

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 15, 1937

ADDRESS OF THE HONORABLE LOUIS JOHNSON, THE ASSISTANT SECRETARY OF WAR, TO THE CONVENTION OF THE AMERICAN LEGION, DEPARTMENT OF VIRGINIA, AT DANVILLE, VA., ON AUGUST 25, 1937

Mr. BURCH. Mr. Speaker, under leave to extend my own remarks in the RECORD, I include the following address of the Honorable Louis Johnson, the Assistant Secretary of War, at the Convention of the American Legion, Department of Virginia, in my congressional district, in the city of Danville, on August 25, 1937:

Fellow Legionnaires, we of West Virginia are proud to share with you of our mother State a common heritage of principles and ideals. Many of us are closely bound to you in ties of blood. I humbly offer my own case as an example. I was born and brought up in Roanoke. I graduated from the University of Virginia. My parents and my brothers still live in the Old Dominion State.

Between our two States Nature has set up thick forests and steep ridges. In other parts of the world these might have become fortified frontiers. Not so with us. Between our peoples there stand no barriers, physical or spiritual.

We are linked with you in our culture and our economy. We made mutual sacrifices in France. We fought side by side as members of the same Eightieth Division in the Meuse-Argonne offensive. It seems quite natural, therefore, that we should get together occasionally, talk over our common problems, and consider some of the questions that affect not only the well-being of our two States but also the welfare of our whole Nation.

About 4 years ago it was my privilege, as your national commander, to be your official guest. I then had the opportunity to see what valuable services you, my comrades of the American Legion, were performing in the interests of your communities and in the welfare of our country.

You had just passed through a trying period of economic adversity. Many of you had been hurt; some quite badly. Even now, perhaps, not all of you have recovered. With the same fighting spirit that many of you, yourselves veterans of the Twenty-ninth Division, displayed in the capture of the enemy positions east of the Meuse, and with the same dogged determination that others of you, members of the Eightieth Division, showed in pushing through the heavy swamps and shell-torn roads of Buzancy, you dug in, practiced and preached the principles of Americanism, fortified your positions against subversive influences, and moved forward for the counterattack.

May I add that in the successful campaign of education against subversive influences, led by the national Americanism commission of the American Legion, it was a citizen of this city of Danville who played a conspicuous role. I refer to my good friend and fellow legionnaire, your own neighbor, Hugh T. Williams.

The battle against the depression, thank God, has been won. You Legionnaires of Virginia, marching alongside your comrades from other States of the Union, may take just pride in the role you played in that great crisis. For the second time in your generation you heard the call of country and faithfully answered.

Today we are reaping the harvest of the seeds of recovery planted with your help and cooperation. Gone are the worries of yesterday. The wounds of battle are healing. Our ideals, our principles, and our form of government have been secured and strengthened. Confidence is increasing. Prosperity is returning. Well may we boast that nowhere else in the world today are men and women more secure in their property, more protected in their lives, and more happy in their outlook toward the future than in the United States.

As I flew over Pittsylvania County this morning and looked down upon the peaceful hills and valleys below, my mind traveled back to world news. Violence, pillage, and destruction pervade Asia. Brother is pitted against brother in Europe. Throughout the world forces of evil are trying to push civilization to an Armageddon.

Again I looked down below. Now we were flying over the city of Danville. Mills, office buildings, dwellings, schools, parks, all of them seemed to look up toward me and raise their heads in pride of progress and achievement in the works of peace, comfort, and pleasure. In the distance pastoral scenes and row upon row of green tobacco fields, topped and spread to maturity, beckoned me to the security and tranquillity of the community below.

It seemed fantastic to think of war in the midst of these peaceful surroundings. Yet no more so, perhaps, than it was 25 years ago to think that you and I and many of our friends would sail across the Atlantic to offer our lives in battle for the security of our country.

We who have seen war at close range and have felt the last warm breath of our dear departed comrades in the muck and chaos of battle, we are the last to look with favor upon any national policy of aggression.

On the other hand, we who have lived through the horrors of war's holocaust owe it to ourselves, to our wives, to our children, and to our institutions, to do all in our power to insure our lives and our property against the possibilities of a bloody struggle that would disturb the tranquillity and the happiness of Danville and the thousands of other peaceful communities in Virginia, West Virginia, and our sister States.

In the midst of disturbances, however, with fires already burning here and there, and with world-wide conflagration threatening, we cannot afford to sit idly by. We must strengthen our insurance against the possibility of even a singe.

Most of you undoubtedly carry insurance policies against death, against personal injury, against property damage, against fire, and perhaps against storm. Many of you may pass through life unscathed and never collect on your premiums. Yet your sound business sense pleads with you to keep on paying to protect yourself against the havoc of dreaded disaster.

I want to talk to you today about another type of insurance, whose premiums you, as taxpayers, pay and whose dividends you, as citizens, collect. I want to talk to you about your Army, your insurance against war, and urge you to keep up your premiums and perhaps slightly to increase them.

You pay comparatively little for what you get on your policy. Your premium for all land, air, and sea forces is about $5 per capita. In Germany you would pay $8; in Japan, $13; in Italy, $14; in Great Britain, $15; in France, $23; and in Russia, $33; and, what is worse, you undoubtedly would be less able to afford the expenditure.

We compete with no foreign powers in the race for armament nor in the lust for conquest. We ask that we be allowed to work out our own destiny in our own way without any outside interference.

Today the weak in the world apparently invite aggression from without and disorder and chaos from within. But "when the strong man fully armed," to quote from Luke, "guardeth his own court, his goods are in peace."

I want to tell you how strong and well armed your Army appears to be today and what it is doing to keep your goods in peace.

Note well that when I speak of the Army I refer to it as "your" Army or "our" Army. It is not a conscripted force called to the colors against its will. It is not a mercenary horde bent on spoil and splendor. It is a body of American citizens recruited from your farms and your factories, from your schools and your homes, who have chosen as their life's work service in the professional armed forces of our country.

Perhaps I can best illustrate their character by pointing out the career of Danville's outstanding World War soldier, a peace and wartime Regular, who has devoted his life to the Army and whose heroism in France has been rewarded with a Distinguished Service Cross.

His name is Lawrence M. Lumpkin. He left his home in Danville to join the Army almost 30 years ago. At that time Harry Wooding, your beloved perennial mayor, had served but 22 of his successive 52 years as the head of your municipal government. The Army was very small—smaller than it is even now. The automobile was in its infancy. Horses and mules provided the principal means of transportation. Lumpkin chose the career of an Army muleteer.

In the cactus fields of Texas, in the jungle swamps of Panama, in the shell-torn fields of France, he and his pack train of heavily laden mules have become conspicuous.

At Exermont, on the morning of October 4, 1918, at the opening of the second phase of the Meuse-Argonne offensive, the attack of the First Division met with stubborn resistance. Infantry lines were halted. Communications with the artillery broke down. A call was sent for telephone wire. Trucks were bogged down. Wheel horses faltered in their traces. Upon Sergeant Lumpkin then fell the duty to load a pack train of 10 mules with telephone wire and to rush them to the firing line.

There was no time to reconnoiter. Lumpkin loaded his mules with the heavy reels of wire and threw several diamond hitches. He formed the animals into a narrow column of single files and started out. The shortest route led over high, open ground. Almost immediately the enemy spotted the pack train. It opened fire. One mule let out a pitiful bray and toppled, then another, and another. Five of his ten mules were killed.

Undaunted, Lumpkin continued. He moved out at a full gallop, brought his train up to the artillery position, unloaded his packs, and delivered the badly needed telephone wire. Then he turned around, made a second trip, and brought up the rest of the valuable cargo.

For this act of gallantry Lumpkin received the Distinguished Service Cross. He wears eight stars on his World War service badge for four major and four minor operations on the western front. Since the armistice he has continued in the service. Today he is a staff sergeant in the Second Field Artillery at Fort Clayton, Canal Zone, in charge of a pack train in the mountain artillery—still loyal to his faithful mules.

In all of our wars we have been guilty of serious mistakes. Of those made during the World War, no one is more familiar than you. We are honest enough to confess them and courageous enough to do our utmost to prevent their repetition, if an emergency ever again arises.

Men may spring to arms over night, but what of their rations, their equipment, their arms, and their ammunition? Many of these necessary items cannot be bought in the open market. Days, weeks, perhaps months, may pass before factories can be established or changed into military arsenals or depots. Meanwhile, perhaps, time and tide will not wait.

To perfect our machinery to avert such a possible disaster it is axiomatic that we must be prepared. Today preparedness means something more than having a small, efficient Regular Army ready for battle. The wars of today no longer are fought alone by professional soldiers. They are struggles of whole nations, groups of nations, and even civilizations. Preparedness means keeping America awake, its money and resources available, and its whole manpower willing and ready to exercise the duties and responsibilities of American citizenship.

To this end the officers and the enlisted men of the Army are keeping physically fit and mentally alert to serve their country in peace and war. In our garrisons at home and in our possessions overseas they are planning, studying, and experimenting. The battlefields of Europe and Asia today are proving grounds for weapons, training, and equipment. The Army schools and the General and division staffs follow these struggles with professional interest, ever on the alert, in the light of these experiences, to improve our methods, our tactics, and our training.

The Army instructs and encourages the growth and efficiency of the National Guard. It teaches and develops the R. O. T. C. units at our schools and colleges. It trains and leads the Organized Reserves. It fosters and nurtures the C. M. T. C. It studies and develops war plans for the mobilization of industry that, in an emergency, may be called upon to convert plowshares into swords.

All these functions it performs with but about 12,000 officers and 165,000 enlisted men. No first-rate power, and very few smaller ones, rank as low in military strength. Portugal and Greece each has a force greater than our combined Regular Army, Navy, National Guard, Officers' Reserve Corps, and all other Reserve units. In an emergency even peace-loving Sweden is ready to put in the field almost 900,000 men, while our available strength for immediate use is less than 500,000.

In 1920, after a thorough study of the whole problem of preparedness, Congress decided that 18,000 officers and 280,000 enlisted men are needed for the Regular Army properly to carry out its duties. Since then our responsibilities have not been decreased and the state of the world has grown even more harried. Yet our forces are far below this desired strength. Our minimum needs today are 14,000 officers and 165,000 enlisted men.

With your help and cooperation, I trust that Congress will soon appropriate sufficient funds to bring our Army up to its necessary strength. Even with these additions, however, we will still rank in the size of our standing army below all first-rate powers. Therefore I feel confident that there is no danger these increases will head the United States toward militarism.

Although the duties and responsibilities of military preparedness weigh heavily on the Army, its officers and enlisted men, working together with civilian employees, are performing invaluable service of a nonmilitary character for the welfare of our country. To give you a complete picture of the activities of the War Department on rivers and harbors, inland waterways, the Panama Canal, the Bureau of Insular Affairs—to name but a few of the most important—would take hours.

Perhaps I can best illustrate the work of the War Department by pointing out to you its principal achievements of the last few years.

The outstanding accomplishment of the War Department in the President's recovery program probably was in connection with the Civilian Conservation Corps. Called upon without previous notice to mobilize, equip, house, pay, and clothe 300,000 unemployed young civilians, a force greater than was mustered into the military service during the entire war with Spain, the Army went about its work quietly and efficiently.

During the first 4 years that the Civilian Conservation Corps has been in existence the Army has enrolled approximately 1,869,000 men, constructed approximately 2,000 work camps, paid the enrollees and handled their allotments, and purchased and inspected their needed supplies and equipment.

In the last 4 years, the Army has added another chapter to its brilliant history as a relief agency in times of national emergency. Early this year, the Ohio River Valley was inundated by the greatest flood in our history. The valley of the lower Mississippi similarly was threatened. Hundreds of thousands of people became homeless. Property damage amounted to millions. While the floodwaters were still rising, the Army moved to the rescue and cooperated with other branches of the Government and with the great relief agencies. The enlisted men, officers, and employees of the War Department sped ahead of the raging waters to save life, to feed, to clothe, and to relieve the unfortunates, and to aid in the restoration of order among these stricken communities.

Army engineers directed 150,000 workers along the lower Mississippi, strengthened levees, guarded against breaks and diverted mounting torrents to available floodways. Army doctors established emergency hospitals and directed the prevention of disease. Army aviators dropped needed medicines and serums to isolated communities. Army radiomen helped to establish communications for them with the outside world. Following this great emergency, the facilities of the War Department, so far as possible, were permitted to help in the speedy restoration of the stricken areas.

There are further instances of the useful work of the Army in the last 4 years in the development of aviation, aerial photography, aviation medicine, and in the cooperation with the Department of Agriculture on weather forecasting.

Perhaps I have given you enough instances of the service of your Army in military and nonmilitary fields to give you a better comprehension of the scope of its services.

You may well be proud of your Army. It belongs to you. Prepared for emergency in peace and war, it is your insurance for the safety of your lives, the happiness of your homes, and the integrity of your institutions.

Fellow Legionnaires, vigilance for the safety of our country is our sacred duty. We who fought to save it must be ever ready to preserve it. To each of you, I therefore commend as a motto toward your country, the famous edict of the Roman Senate, which it imposed upon its leaders in time of distress:

"See ye that the republic receive no harm!"

Corporate Undistributed Profits Tax

EXTENSION OF REMARKS

OF

HON. EMANUEL CELLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, November 15, 1937

RADIO COLLOQUY BETWEEN HON. EMANUEL CELLER, OF NEW YORK, AND HON. WILLIAM M. CITRON, OF CONNECTICUT

Mr. CELLER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following colloquy over station WJZ and the blue network of the National Broadcasting Co. on Wednesday, November 10, 1937:

Mr. CELLER. There is a quaint oriental query: "Which is the happier man, he with nine millions of money or he with nine daughters?" The answer is: "The man with nine daughters, because he wants no more." So it is with taxes. Nobody wants them. Nevertheless, we must have them in order to defray the expenses of the Government. However, our taxes heretofore have

Governor Langer, of North Dakota, Joins Forces Supporting Ludlow Resolution for Referendum on Participation in Foreign Wars—His Telegram One of Thousands of Similar Messages

EXTENSION OF REMARKS
OF
HON. LOUIS LUDLOW
OF INDIANA
IN THE HOUSE OF REPRESENTATIVES
Monday, November 15, 1937

Mr. LUDLOW. Mr. Speaker, with both the occident and the orient aflame with war there is a widespread determination among the American people that our sons shall not be sent away to die in foreign slaughter pens in the settlement of quarrels of alien origin.

Alarm over the imminent peril that confronts our Nation, which every well-informed observer knows is real and not imaginary, has given rise to a tremendous sentiment in favor of House Joint Resolution No. 199, the resolution I have introduced to give the people of America the right to vote on participation in foreign wars. Under that resolution the question of sending our fine young men away into the shambles in foreign lands would have to be submitted to the people, to be decided in a national referendum, the women having equal voting rights with the men.

Members of the House of Representatives who have not already done so are requested to sign discharge petition No. 11, now at the Speaker's desk, in order to assist in bringing House Joint Resolution No. 199 before the House for debate and a vote as soon as possible.

I have just received a telegram from William Langer, Governor of the State of North Dakota, which is typical of the viewpoint expressed in thousands of letters and telegrams that have come to my office. Governor Langer wires as follows:

> You have my earnest and unqualified support and endorsement of the national war referendum plan which you advocate. Your proposal is imperative to this Nation's well-being and one of the most important steps ever taken to guarantee America's security and economic stabilization. I hope the people grasp at once the wisdom, foresight, and vital need of this measure to maintain peace. Let us fight to improve our social and economic condition rather than assist in conquest of other nations and their attending difficulties. Let me know how I can help.

The Bronx Kills and the Harlem River Development in the City of New York

EXTENSION OF REMARKS
OF
HON. EDWARD W. CURLEY
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Monday, November 15, 1937

Mr. CURLEY. Mr. Speaker, on January 26, 1937, I introduced the Curley bill, H. R. 3674, which provided for an examination and survey of Bronx Kills and Harlem River with a view to providing an adequate channel to connect the East River with the Hudson River in the city of New York, State of New York. Under the provisions of the Curley bill the Secretary of War was authorized and directed to cause an examination and survey of the aforesaid waterway, to provide for an adequate channel to permit transportation of commerce between the East River and the Hudson River in the city of New York, State of New York, and the Secretary of War was authorized and directed to submit recommendations and estimates for said improvements. The bill was referred to the Committee on Rivers and Harbors, which made a favorable report on same. That report was approved by Congress in the first session, 1937, Seventy-fifth Congress.

A GREAT OPPORTUNITY FOR DEVELOPMENT OF HARLEM RIVER VALLEY

Since the early days of the twentieth century, Members of Congress endeavored to enlist the cooperation of the Federal Government in this meritorious public improvement. The local authorities, for more than a generation, have pointed out the relative importance of this project, to any intelligent regional plan for major development, essential to the rapid growth of the need for natural waterways, to accommodate ever-increasing commerce on the Harlem River between the East River and the Hudson River in New York City. For years civic organizations have recommended the deepening of this stream, so that boats could sail or pass from the Harlem River to the East River without passing through Hell Gate. In its present condition the Bronx Kills is a treacherous unnavigable stretch of shallow water at low tide because of the dangerous rocks that reach above water and are visible to the naked eye. It passes directly beneath that great engineering achievement now in full operation through aid of Federal funds—the Triborough Bridge. The New York, New Haven & Hartford Railroad yards are adjacent to this eyesore to decency, and in these days of advanced engineering plans it does not fit in with its magnificent environment now in process of completion.

THE BOARD OF ENGINEERS FOR RIVERS AND HARBORS FAVORED PROJECT

Pursuant to the provisions of the River and Harbor Act of June 13, 1902, it directed a preliminary examination of the Harlem or Bronx Kills, which was made and reported by Colonel Mansfield on July 28, 1902, whose report was reviewed by the Board of Engineers for Rivers and Harbors, and their report, dated November 11, 1903, concludes with the words:

> In view of the great present and prospective benefits that would result it is advisable to undertake the improvement of the Harlem Kills to a depth of 18 feet at mean low water, at a cost of $1,899,430.

The aforesaid report was submitted 34 years ago yet no action has ever been taken.

COLONEL RALSTON PREDICTED BRONX KILLS WOULD BE GREAT WATERWAY

Many years ago, when the War Department engineers made an adverse report on the deepening of the Bronx Kills, it was deemed by some skeptics it was not nor could it be made available for river traffic. But listen to what Col. R. R. Ralston, under whose jurisdiction the Bronx Kills remained at that time, said:

> The Bronx Kills may yet be a great waterway of advantage. At present very little traffic goes through the Harlem River to Hell Gate and then up the East River. The boats that do so would find the trip through the kills a short cut by about 2 hours, if it were navigable.

At that time Col. R. R. Ralston, in his report to the Secretary of War, submitted his idea of "a plan to improve the Bronx Kills," and that was by the installation of a double lock to prevent the water from flowing into the Harlem River from the East River the Bronx Kills would be deepened.

> Without the lock the pressure of water would be so strong if the stream was deepened—

He declared—

> that many boats would be washed ashore. This current is due to the fact that the level of the East River is about 2 feet higher than that of the Harlem River. Future changes in the kills depend upon the improvement of the Harlem Ship Canal, which includes the reconstruction of Highbridge and the elimination of the sharp curves at Spuyten Duyvil. When this work is finished, larger boats will be able to use the waterway and it is possible that sufficient river traffic will develop to warrant the expenditure of several millions of dollars to improve Bronx Kills. In 1925 there were 452,377 tons of cargo that came down the Harlem River carried up the Bronx River, while during the same year Westchester Creek carried 181,883 tons that came from boats using the Harlem River.

The Regional Plan Association, Inc., of the city of New York, gave a great deal of time and study to the future development of the Harlem River Valley. In an Information Bulletin No. 5, issued November 16, 1931, it said:

> A great opportunity: No part of our conception of future possibilities in the New York region is of such striking interest from the point of view of the opportunities presented as the proposals for the Harlem River Valley. Existing conditions along the Harlem

River Valley indicate that now is the time to plan improvements and to obtain control over new developments. Much has to be done to lay the foundations in the valley for the great future it may have if the citizens of New York will it.

Under the caption, "The Waterway and Its Bridges," it said:

The projected channel depth in the Harlem River is 15 feet. The river is narrow and quite crooked. It is crossed by 11 drawbridges and 2 fixed bridges. The primary use of this waterway would seem to be as a connection for barge canal traffic passing between the Hudson River and the East River, for railroad-car floats using the railroad stations in the southerly part and entering the East River, and for bringing of materials (building) to the adjacent parts of Manhattan and Bronx. An analysis of waterway traffic through the Harlem in 1922 showed that the number of vessels passing through the seven highway drawbridges varied from 76,262 at the Willis Avenue Bridge to 16,304 at the Broadway Bridge.

It was the opinion the traffic would be greatly increased if the present existing low-level bridges were scrapped for more modern and higher type.

In the contemplated development of the Harlem River Valley it is necessary to open up the Bronx Kills to river traffic. The channel must be adequate to give shipping from the State barge canals to points on Long Island a shorter and more direct route. Now or never is the time to do it. The proposition meets with the approval of Borough President James J. Lyons and every civic organization in our community. A public hearing on the Curley bill will be held in the city of New York in the near future by the Board of Engineers of the War Department. All those who are interested in this important proposed public improvement are invited to attend the hearing.

When Agriculture Prospers the Nation Will Prosper

EXTENSION OF REMARKS

OF

HON. HARRY B. COFFEE

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 15, 1937

RADIO ADDRESS OF HON. HARRY B. COFFEE, OF NEBRASKA, ON OCTOBER 30, 1937

Mr. COFFEE of Nebraska. Mr. Speaker, under leave to extend my remarks in the RECORD I include my radio address over the National Broadcasting System on the National Farm and Home Hour, October 30, 1937:

As a cattleman, I am glad to speak through the courtesy of the American National Live Stock Association on this National Farm and Home Hour about the biggest business in the United States—the business of agriculture—and the importance of the livestock industry in the field of agriculture.

There is no business in this country to compare with agriculture in volume, value, or number of people employed. According to the United States Department of Agriculture the estimated farm population on January 1, 1937, was 31,729,000, the total value of all farm land and buildings was $32,858,000,000, and the value of the livestock was over $3,000,000,000.

The livestock industry is the backbone of agriculture. It is by far the most important phase of agriculture. To get a clearer picture of the importance of the livestock industry to the Nation let me point out that in 1935 the gross farm income was approximately $8,000,000,000, of which livestock and livestock products accounted for 4½ billion dollars, and all farm crops, including forest products, totalled 3½ billion dollars. In other words, approximately 57 percent of the national farm income was derived from the sale of livestock and livestock products. In my own State of Nebraska livestock and livestock products account for about 70 percent of our farm income, and in the western range States this percentage runs into much higher figures.

Livestock is produced in every State in the Union. It is one of the leading industries in most of the States. According to the 1933 figures of the United States Department of Commerce, listing the 10 first manufacturing industries in the United States, meat packing ranks first, followed in order by petroleum refining, steel-works and roller-mills products, with motor vehicles in fourth position.

In the 17 Western States the livestock industry is of greater relative importance than it is in the Nation as a whole. In many of these western counties sheep and cattle furnish the main source of tax revenue that maintains the county governments.

To give you the relative importance of the principal farm commodities in gross income for 1935 I quote from the 1937 agricultural statistics, which are the latest published, as follows:

1. Milk	$1,680,000,000
2. Cattle and calves	920,000,000
3. Hogs	868,000,000
4. Chickens and eggs	871,000,000
5. Cotton lint and seed	698,000,000
6. Wheat	367,000,000
7. Truck crops	304,000,000
8. Corn	239,000,000

Of course, about 90 percent of the corn is marketed through livestock and as a consequence the average farmer is more interested in the price of cattle and hogs than he is in the price of corn itself.

Due to the severe drought last year, with the resultant loss of over 1,000,000,000 bushels of corn, there has been a shortage of fat cattle and hogs, which has resulted in abnormally high prices being paid for the small number of highly finished cattle that were on the market. Less than 5 percent of the cattle reaching the terminal markets were able to earn the higher prices that have helped to build up consumers' resistance to all beef. While early fall prices this year permitted the western cattle producer for the first time in 7 years to get a parity price for his feeder cattle, it should be noted that there never has been such a wide spread between the price of well-finished steers and the price of feeders. The western range producer has had only 2 years in the last 7 when he has obtained a price above cost of production for his cattle. In fact, since 1920 he has had only 7 years of profit.

The uncertainties of the future fat cattle market have made the Corn Belt feeder hesitant in buying feeder cattle, which reacts to the detriment of the western producer. Aside from the price to be paid for feeders, the western range producer, the Corn Belt farmer, and the dairy farmer all have a common economic interest in maintaining a stabilized price for livestock and livestock products. They have a common interest in protecting the domestic market against foreign competition.

Abnormally high prices bring consumer resistance and curtailed consumption which in the long run are to the disadvantage of the consumer as well as of the producer. The livestock industry wants to maintain a fair price level for its products; to eliminate the periodic high and low prices that have been so disastrous to the industry.

Parenthetically, it might be of interest to you to know that the Federal Trade Commission's inquiry showed that in 1935 the producer got only 40 cents of the consumer's dollar spent for beef; 42 cents went to the wholesale and retail distributor; to the packer went 13 cents; and to the transportation companies, 5 cents. The producer is interested in reducing to a minimum this price spread between the producer and the consumer.

The American National Live Stock Association, which ably represents the range cattlemen and State organizations of cattlemen west of the Missouri River, has opposed, and I think rightly, any processing tax on cattle which would either be added to the consumer's costs or deducted from the producer's price, thereby further increasing the spread between producer and consumer. In my capacity as a member of the Committee on Agriculture in the National House of Representatives I have opposed every proposal for a processing tax on cattle. Any tax on a perishable food commodity, such as livestock products, would tend to curtail consumption if passed on to the consumer. If it is not passed on to the consumer, it is taken off the producer in order to move the commodity into consumptive channels at a price the consumer will pay. Any obstacle or burden placed on livestock products tends to divert the consumer to competitive commodities.

It is desirable to encourage the consumer to purchase meat and dairy products in order to market advantageously our normal corn crop of approximately two and one-half billion bushels.

When the profits of the farm and ranch are increased, that increased purchasing power in the agricultural sections is immediately reflected in increased industrial activity and increased pay rolls. It is important to note the close parallel between farm income and factory pay rolls. When livestock and other farm commodities were selling a few years ago at less than half of the cost of production and hundreds of thousands of farmers and stockmen were going bankrupt, this lack of purchasing power was also reflected in the closing down of factories and in a consequent army of unemployed. The people of this country have learned that it is impossible for any one group or section of the country to prosper long at the expense of another group or section. Because of its primary importance, when agriculture prospers, labor and industry prosper. When agriculture suffers a loss of purchasing power, it is felt immediately throughout the Nation for the reason that, while 25 percent of the population live on the farms, a much larger proportion of the population depends either directly or indirectly on agriculture for a livelihood. Likewise, agriculture is vitally interested in the welfare of industry and labor because, when the factories are busy and labor is employed, the consumer has purchasing power to enable him to pay a fair price for the products of the farm and ranch.

When the importance of agriculture in our national economy is fully appreciated by the consumer, I am sure he will realize that in paying a fair price for agricultural products he is in turn safeguarding his own job as well as protecting a living wage for the industrial worker. Therefore, when you buy your bacon, lamb, beef, and butter, remember that the livestock industry provides

57 percent of the national farm income and furnishes the means for the producer to purchase industrial products.

It is in the interest of the general welfare of this Nation not only to maintain a fair standard of living for the wage earner but to maintain a fair price level for agricultural products. Since the World War, agriculture has not received its fair share of the national income. The value of farm lands and buildings in 1935 was $2,000,000,000 less than the value of farm lands and buildings in 1910. The farm population in 1935 was 200,000 less than the farm population in 1910. During those 25 years between 1910 and 1935, while the Nation's population grew nearly 40 percent and the national land area included in farms rose from 46 to 55 percent, the population on the farms actually declined. Although during the depression many families went back to the land in an effort to raise their own subsistence, the exodus from the farm continued from 1930 to 1935 to such an extent that 984,000 more people left the farm than went to it. More than 236 farms of every thousand were foreclosed during this period. From 1850 to 1920 farm land steadily advanced in price, but since 1920 the average price per acre has declined from $69 to $31.

How to maintain a fair balance of income for agriculture, labor, and industry challenges the Nation today. The maladjustment of income among the various economic groups helped to precipitate the depression which has cost the Government and the people of this country many billions of dollars. It is unfair to expect the wheat farmer, the cotton planter, or the livestock producer to sell his products at the world price and to pay a protected price for everything he buys. The high tariffs provided for industrial products and the lack of equal benefits for most agricultural products have tended to industrialize the United States at the expense of agriculture. Since 1922 the trend has been toward increased exports of industrial products and increased importation of foodstuffs. In fact, since 1924 we have been importing more foodstuffs each year than we have been exporting.

In my judgment, it is necessary to maintain a dual price level for agricultural products having an exportable surplus. It is the exportable surplus that determines the domestic price. If we have a hundred million bushels of wheat more than can be consumed in this country, the price level drops down to the world price level so that the exportable surplus can move out of this country into export trade. This is a typical example of the tail wagging the dog. Every American farmer knows the tariff of 42 cents per bushel on wheat is of no benefit when he has an exportable surplus.

I feel the Federal Government should provide the legislative machinery that will make it possible for the farmer to obtain an American price for that portion of his commodity domestically consumed and a lower world price for the portion sold on the world markets. If available Federal funds are not sufficient to maintain a dual price level on these exportable surplus commodities, then a means should be provided where an equalization fee could be charged to carry out the operation. This would entail no Federal subsidy, but would give agriculture the benefits of a dual price system at relatively small cost.

I was instrumental 2 years ago in securing for the benefit of agriculture a legislative provision referred to as section 32 of the Agricultural Adjustment Act, which sets aside 30 percent of all customs receipts of this country—approximately $100,000,000 annually—for the use of the Secretary of Agriculture to remove price-depressing surpluses. This section should be perfected so that it will be used for the purposes intended in maintaining stabilized prices. Under the provisions of this section the purchases may be diverted to relief channels, industrial uses, or may be exported. If judiciously handled, this $100,000,000 fund, with a clearer mandate from Congress, could go a long way toward financing a dual price system for agricultural commodities when price-depressing surpluses occur. The soil-conservation program is designed as a voluntary aid to farmers to hold crop production in balance and to maintain soil fertility, but it cannot prevent disastrous price slumps.

For instance, should we in a year or two get back on an export basis for pork and lard, what legislation have we to maintain a domestic price level? A demoralized pork price would affect beef, lamb, chickens, and all other competing foods; not only that, but corn and feed prices would be adversely affected. The price of hogs and fat cattle will finally determine what the feeder can pay for corn. If the feeder knew today that he would be able to get a good price for his fat cattle, lambs, and hogs, there would be no such pressure to lower the price of corn or feeder cattle in the West as has recently occurred. If a small surplus of lard and pork occurs, it should not be permitted to demoralize the domestic price. When pork products decline in value it affects the price of all livestock and poultry products, as well as corn, cottonseed, and other competing stock feed.

Because of its importance in our agricultural economy, any measure designed to aid agriculture must give primary consideration to the livestock industry. We must provide means of maintaining a fair price level in this country for the finished products of the farm and ranch. We must either expand our foreign markets and protect the American market against the competitive foreign imports or restrict production. We need to import millions of dollars of noncompetitive foreign goods annually, and there are many foreign countries that would buy our surplus commodities at a competitive price. We cannot afford to tear our wage scales down and reduce our standard of living to compete in world markets against their cheap labor with our products from the farm and factory. We can and should compete with that portion of products for which we have no need in this country. Many industries use this method today to dispose of their surpluses. Give agriculture the same opportunity. The Federal Government is the only means through which the millions of farmers in this country can operate such a system. Do this for the farmer by protecting the domestic market with an adequate tariff or quota and by means of a dual price system facilitate the removal of the exportable surplus.

Instead of relying entirely on control of production, the Federal Government can well afford to set up legislative machinery that will enable the farmers of this country to maintain parity prices on that portion of the commodity domestically consumed. It can provide for diversion to relief channels, industrial uses, and world markets of the exportable surpluses at the world price. This will make it possible to regain and retain the foreign markets for these surpluses when they are produced and at the same time prevent the surplus from demoralizing the domestic price level. Controlling the acreage does not control production. The weather man is a determining factor in that.

Furthermore, when production is curtailed, employment is curtailed in the producing, processing, transportation, and distribution of the product.

While there is no one panacea that can solve the agricultural problem, there are other provisions which, if enacted, would, I am sure, materially help the situation. The Government should provide laboratories to assist in developing new industrial uses for surplus agricultural commodities. Congress should enact legislation authorizing the Secretary of Agriculture to file applications with the Interstate Commerce Commission for the adjustment of freight rates on agricultural commodities. Industries are able to employ freight-rate experts to protect their interests. Farmers are not organized and generally are without the means of employing counsel to represent them in the adjustment of freight rates.

Congress should correct the inequalities of the 1930 Tariff Act and give agricultural commodities equal protection to that accorded industrial products.

There can be no justification for compulsory control of production on certain agricultural commodities so long as enormous quantities of competing foreign products are allowed to come into this country. We must protect the domestic market for the American farmer.

Agriculture should not be asked to make any future concessions in reciprocal trade agreements. Trade agreements should be made in which certain industries should make concessions that would open up foreign markets for our normal surpluses of wheat, pork, lard, and cotton.

The Argentine Sanitary Pact that has been slumbering in the Senate Foreign Relations Committee for the last 3 years should be put to sleep permanently. Any attempt to lift the embargo on importations of meat from any country having hoof and mouth disease among their livestock should be defeated. The United States is one of the few livestock countries of the world that is free of this disease. Importations of chilled or fresh meat from any country having this disease would be a threat to the entire industry. The Government spent millions of dollars in eradicating the last outbreak in this country. F. E. Mollin, secretary of the American National Live Stock Association, at Denver, has written an exceptionally good brief on this subject in opposition to the ratification of the Argentine Sanitary Pact, which I commend for your consideration. Ratification of this pact by the Senate would be a serious blow to the livestock industry.

There is a domestic market for all the beef produced in this country. Chief worries to the livestock industry are competing imports and a possible future surplus of pork products for which there are at present only limited foreign markets. Pork is the chief competitor of beef and as a consequence the cattlemen are very much interested in maintaining a fair price level for all meats. The price of pork affects the price of beef. Canned hams are coming into this country, principally from Poland, at the rate of more than a million pounds per week. This is the equivalent of the hams from over 60,000 hogs per week. These hams have been selling at wholesale in New York City for about 40 cents per pound. The tariff is only 3¼ cents per pound—too low to preserve the domestic market for the American corn and hog producer. At the last session I introduced a bill which would curb these importations and I hope this bill will receive early action by the Congress. There can be no justification for controlling the production of corn so long as these meat imports are allowed to come into this country in such volume. If corn acreage is drastically reduced some other crop will be planted in its place which may handicap the producers of other commodities. Give the American farmer a chance to supply the American market and he will adjust his acreage to fill the requirements. This will help relieve the pressure on those commodities with price-depressing surpluses. It will help stop the exodus from the farms and relieve the congestion of unemployment in the cities.

Our Committee on Agriculture is faced with a difficult task in its efforts to help certain agricultural producers who are in need of legislative aid without infringing upon the rights of others. Equality under the law is the inherent right of all American citizens. We cannot justify sectional or group benefits at the expense of others. The producers of all surplus commodities should be provided an opportunity to maintain a fair price level for the portion of their product consumed in this country and an opportunity to sell their exportable surplus at the world price on the same plan on which many industrial concerns now operate. They must be given the benefits of our protective tariff system if that system is to accord equal benefits to all American producers. When agriculture prospers, the Nation will prosper.

The Undistributed-Profits Tax Should Be Modified to Lessen the Burden on Small Business and Industry

EXTENSION OF REMARKS

OF

HON. JENNINGS RANDOLPH

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 15, 1937

LETTER FROM HON. JENNINGS RANDOLPH, OF WEST VIRGINIA

Mr. RANDOLPH. Mr. Speaker, in connection with the new tax program which will come before Congress for consideration, I have addressed a letter to Hon. FRED M. VINSON, chairman of the House subcommittee of the Ways and Means Committee, now considering the preparation of a national tax structure. This communication follows:

ELKINS, W. VA., *October 27, 1937.*

Hon. FRED M. VINSON, M. C.,
Washington, D. C.

MY DEAR FRED: I am addressing this letter to you in your capacity as chairman of the House subcommittee of the Ways and Means Committee now considering the preparation of a new national tax structure.

It is my firm feeling that—

(1) The undistributed-profits tax should be modified to lessen the burden on small business and industry.

(2) The tax on capital gains should be revised.

It is especially with the first that I shall deal in this letter.

At the time the undistributed profits tax legislation was passed I reluctantly joined in support of the measure because I felt that its good points outweighed its doubtful ones, in that it would force big corporations to pay out their earnings as dividends to investing stockholders and thus place money in circulation. I believed then that it would aid in preventing the piling up of unwarranted corporation surpluses, thus bringing about a stabilization of business, which would broaden the base of prosperity.

The purposes of the measure were proper, and no doubt dividends have been paid in some instances where otherwise no action would have been taken if the law had not been in operation. I have now come to the conclusion that there must be a modification of the law so that no penalization of business initiative and thrift will be continued.

Throughout my district there are many industrial enterprises the majority of which are small. We must not weaken such businesses, because in doing so we drain their reserves as to cripple expansion or fail to retain sufficient funds for the lean years. Certainly we must help the industry which shows a profit one year to use a part of that profit to bolster earnings in a bad year.

I am fearful that the present tax has worked not so much against the larger corporations, who over a long period of time have stored up huge reservoirs of surpluses, but against smaller and developing corporations who have been hindered in their growth.

Amendments to the law calling for the tax of profits only above a sound and reasonable reserve, with provisions made for factory expansion and plant construction, and corporations that are in debt, would seem to be vitally needed.

I trust that in the painstaking consideration of new tax legislation that you and your colleagues will bring before the Congress a tax program which will eliminate any apparent inequalities and other uncertainties which beset the taxpayer at this time. Encouragement should be given to prudent and honest business endeavor.

With assurance of highest esteem and kindest personal regards, I am,

Very sincerely yours,

JENNINGS RANDOLPH.

Balancing the Budget

EXTENSION OF REMARKS

OF

HON. WILLIAM P. LAMBERTSON

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, November 15, 1937

Mr. LAMBERTSON. Mr. Speaker, with millions of other Americans, I rejoice in the declarations of the President and his aides that they will embark upon a course of retrenchment and economy that the financial structure of the Nation may be preserved and at long last the Budget balanced.

No nation can possibly evade insolvency when its spending is at the ratio of 2 to 1 to the current income. No nation can stave off insolvency, balance its budget, or create values either by legislative action or by Executive order. Therefore, I hail these recent announcements of the President and Secretary Morgenthau as the beginning of a new era of restored confidence and increased business activity, all, of course, dependent on the actual execution of the plans for economy.

In a statement summarizing revised estimates on the 1938 Federal Budget, the President reveals that on September 30, 1937, the Public Works Administration had on its books undisbursed commitments for loans and grants aggregating $530,000,000. Many of these commitments undoubtedly are for projects which it would be possible to eliminate or postpone for an indefinite period. The President has signified his determination that all commitments which for one reason or another are canceled shall be wiped off the books and that the money saved shall be impounded and returned to the Treasury.

Besides these commitments which may be abandoned, there are certain other projects which may be halted by Executive order with great savings to the Nation. There is one project in particular which should be wiped off the books forthwith and the money returned to the Treasury.

Gentlemen, I refer to the proposed $30,000,000 second Thomas Jefferson Memorial in St. Louis, for which there is a Public Works Administration allotment of $3,300,000. In addition there is a W. P. A. allocation of $3,450,000 to this project, and the citizens of St. Louis have been victimized by a fake bond issue to the extent of another $2,250,000, so that there is presently available for this useless project the sum of $9,000,000, all of which can be saved by prompt Executive action.

Mr. Speaker, most of the Members of Congress know the uselessness and absurdity of this $30,000,000 project in St. Louis. All of you should know that Congress has never officially sanctioned the project with an appropriation.

To summarize the projected memorial briefly, I again charge "it was conceived to deceive and reeks with fraud, corruption, and graft." This memorial project in St. Louis had been touted by its promoters as a $30,000,000 enterprise in which the Federal Government was committed to plunge $22,500,000 as a work-relief measure that would provide employment for 5,000 persons for a period of 3 years. This nefarious scheme has been thoroughly debunked from beginning to end, and finally stands revealed as a gigantic real-estate-unloading scheme, which, if ever consummated, will feather the nests of the St. Louis promoters at the expense of the Nation's taxpayers. This is the kind of game the Federal Government can ill afford to play, for it is not worthy of the candle.

Long before the memorial project had been debunked by a courageous press aided by a group of determined St. Louis citizens, certain of the sponsors were powerful enough to get the ear of the President, and he was betrayed and deceived into declaring 37 blocks of commercial and industrial properties lying along the Mississippi River in downtown St. Louis an historic site within the meaning of the Historic Sites Act of August 21, 1935, and as a face-saving measure the President on December 21, 1935, allocated the sums of $6,750,000 to the project, provided it should be matched by $2,250,000 in cash by the city of St. Louis. The story of how the city's $2,250,000 was raised through the sale of bonds issued as the result of an election permeated with fraud and corruption constitutes one of the most sordid chapters in American civic annals. Even the sale of these obligations of a first-rate American city, with credit the highest, was accompanied by circumstances which are not above suspicion. In the 2 years and 4 months which have elapsed since the notorious days of 1935, when the promoters were busily deceiving the people, much water has gone over the dam, but the mills of fortune have refused to grind. An unkind fate has intervened to thwart

the promoters at every turn. They have collected and spent huge sums of money. They have sat silent and complacent as men have been publicly indicted for frauds in connection with their bond-issue election. They have raised no voice in protest when fraud was revealed in every single ward of the city of St. Louis in which the bond issue was given a favorable endorsement on the face of the returns. They have given silent comfort to the debauchers and despoilers of the ballot in St. Louis. Besides, they today carry on a campaign of publicity designed to divert attention from facts of the situation as they really are and to create public sentiment for an enterprise to say the least is more destructive than constructive.

Mr. Speaker, there are many ramifications to this St. Louis memorial promotion, but, above all things, I will briefly mention that there is every possibility the whole allocation of funds to the project constitutes an unconstitutional act by the President. This will eventually be decided by the courts.

Meanwhile there has come a time for action. The time has arrived for the President to wipe out this blot upon the magic carpet of America. The time has come to retrench and save by recalling the Executive order of December 21, 1935, to the end that "the great mass of the people be restored to confidence in their justice, their security, and their self-respect" as envisioned by our Constitution.

Mr. Speaker, to proceed further with this St. Louis memorial project will be an indication that all of the promises of the New Deal for retrenchment and economy lie buried with the civic virtue of a modern city on the banks of the mighty Mississippi.

The President's Message

EXTENSION OF REMARKS

OF

HON. ADOLPH J. SABATH

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, November 15, 1937

Mr. SABATH. Mr. Speaker, ladies and gentlemen of the House, I am certain that every honest and sincere American citizen will be pleased with the constructive recommendations embodied in the message of President Roosevelt to Congress.

Criticism can come only from those governed solely by political motives, those whose burning desire for a return to power make them blind to the welfare of the Nation, or from the professional gamblers and speculators who seek through a duplication of the 1929 crash to again enrich themselves from the misery of the millions.

I have faith in the American people, in the American system, and in American institutions. My confidence and whole-hearted belief in democratic processes has dictated my loyalty to the Democratic Party. I believe, as President Roosevelt believes, that the American businessman has the interest of the country at heart; that the success of the American businessman is the country's success. Likewise I believe, as I am sure he believes, that the greatest danger to our economic well-being is the professional speculator and gambler.

Never in the history of our country, or of any country, has such progress been made as we have seen in the 4 years from June 1933 to June 1937. It is a progress based on sane progressive plans and policies under the leadership of a humane and fearless President.

During these years millions have been reemployed at higher wages and under better conditions. Banks, many of which faced bankruptcy, were not only reopened, but the savings of depositors were made safe. Interest rates to States and municipalities, and for commercial purposes, were reduced. Thousands of factories closed for years have been reopened; others working at 20 percent or 25 percent capacity and many verging on bankruptcy have been stimulated and directly aided and losses turned to profits. Current dividends have not only been paid, but in many instances back dividends were made up. Too numerous to mention are the instances of industries whose production and profits have climbed above the peak days of 1928 and 1929.

There can be no denying that great strides have been made toward normalcy under President Roosevelt; yet we hear among us still the voice of reaction raised in criticism. The old order has given way to the march of progress, but those who crave the return of lost power will continue their attacks.

Up to August last practically every business and industry, with the exception of United States Steel, had more business on its books than even in the boom days of 1928 and 1929. Even United States Steel a few days ago for the first time in years resumed dividend payments on its common stock. But the gamblers and professional speculators, driven to cover by the Roosevelt administration, only awaited their opportunity to again fare forth and shear the lambs.

With world unrest and the Japanese penetration of China as a screen, and in utter disregard of consequences to the Nation, they have thrown the stock market into a decline by unloading stocks which they acquired during the Hoover debacle at 5 cents on the dollar. It may be that the ones who suffered most were those who gave their attention to the ticker rather than to their own business affairs, but repercussions were felt in every line. Out of all this has come the pending investigation of short selling, and I know that when the practices of the speculators and gamblers responsible for the stock-market break are revealed there will be action taken to prevent a repetition.

In the minds of many businessmen it is true that there are doubts with regard to some of the President's policies. I have talked to many of these businessmen in Chicago and found some few who have allowed the propaganda of the power seekers to influence their thinking. Some of them felt that the wage and hour bill would hurt them. Yet when it was put on the simple basis that it will not affect those who believe in paying a decent wage and doing away with unfair competition, they had no complaint with it.

Others argued that the Government is spending too much money for relief and for assistance to the farmer. Unfortunately profiteers have increased the cost of living, but the fact that farmers have been receiving much higher prices for their products has brought about increased purchasing power generally, which aided not only the farmer but labor and industry as well.

Some well-meaning and honest men are being misled by the propaganda of reactionaries, but in all fairness I ask those men to hearken back to other days, when the entire country pleaded with President Roosevelt to call a special session and to take over the leadership of business. He had to do it to save the country from complete demoralization. Then business asked but one thing, that they be kept from losing money or going bankrupt. Now, there are those who would have them forget about those days; those who seek to discredit the President by painting him as the opponent of business. Again I repeat that this administration is not against business. It is against the professional speculator and gambler, as well as the politician, whose only thought is personal power or self-aggrandizement.

Today in Washington there are a number of mayors here to urge that Federal aid be continued. They are naturally disturbed by rumors which have reached them, but they have only to look back a few years and make a comparison with other days to be reassured. I can recall only too well how 4 years ago I brought about a conference of mayors here in Washington. They despaired of feeding their hungry, of providing shelter and jobs. To them and to the country I will say that this administration did not fail them at that time nor will it fail them now. We should encourage their conference to the extent of at least receiving their suggestions, as I am sure that they have the interest of the country at heart and will cooperate with the President in his program.

Legislation of the Special Session of Congress

EXTENSION OF REMARKS

OF

HON. W. D. McFARLANE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, November 15, 1937

RADIO ADDRESS BY HON. W. D. McFARLANE, OF TEXAS, ON NOVEMBER 7, 1937

Mr. McFARLANE. Mr. Speaker, under permission given me, I desire to insert in the RECORD a copy of the radio address delivered by me at Dallas, Tex., Sunday evening, November 7:

Good evening, friends of the radio audience. I appreciate the invitation from WFAA and WBAP to use their broadcasting facilities in bringing you my thoughts regarding legislation of the special session of Congress.

REASONS FOR SPECIAL SESSION

The President, in his recent radio fireside chat, in calling the special session for November 15, said: "I do this in order to give the Congress an opportunity to consider important legislation before the regular session in January and to enable the Congress to avoid a lengthy session next year, extending through the summer." In clarifying his reason for calling the special session and the immediate work to be accomplished, he said: "The people of the United States were checked in their efforts to prevent future piling up of huge agricultural surpluses and the tumbling prices which inevitably follow them. They were checked in their efforts to secure reasonable minimum wages and maximum hours and the end of child labor. And because they were checked, many groups in many parts of the country still have less purchasing power and a lower standard of living than the Nation as a whole can permanently allow.

Americans realize these facts. That is why they ask government not to stop governing, simply because prosperity has come back a long way. They do not look on government as an interloper in their affairs. On the contrary, they regard it as the most effective form of organized self-help."

FAVOR RIGID CROP CONTROL

Since the adjournment of the last session of Congress 2½ months ago, in order to learn the views of my constituents, I began a tour of the 15 counties in my district, which has carried me into almost every town within the district, where I have met and spoken to more than 43 different groups of farmers, totaling more than 10,000 farmers, their wives, and children. At the close of each of these meetings I have asked all those who favor rigid crop-control legislation to be enacted by the next Congress to stand, and the sentiment expressed by the farmers as well as all present at these meetings has been almost unanimous, as only 12 persons out of more than 10,000 folks attending these meetings have voted against rigid crop-control legislation.

VOLUNTARY CROP CONTROL WON'T WORK

I find the farmers are thoroughly familiar with the chaotic conditions of the old laissez faire policy of the three previous administrations which forced them to produce more crops and to receive less for them than ever before. They well remember those conditions of 1931, 1932, and 1933, which caused them to overproduce more than a year's surplus of all agriculture products, and because of this overproduction (or underconsumption) the farmer received less for his products than ever before within the memory of our oldest citizens. I find the farmers fully realize the cause of our seventeen and one-half million bale crop of cotton and other agricultural surpluses was and is due primarily to the failure of the voluntary soil-conservation and domestic-allotment program of the past 2 years to function; that the farmers' greed for gain, which is no different from anyone else's greed for gain, caused a great number of the large landowners to fail and refuse to cooperate—which failure and refusal under favorable crop conditions destroyed the cooperative efforts of all others.

CAN'T UNDERSTAND SUPREME COURT ATTITUDE

I find the farmers were in the main well satisfied with the Agricultural Adjustment Act and the results obtained by it. They cannot understand why the Supreme Court should nullify this and other important pieces of legislation which have done so much for orderly control and marketing of their crops at a reasonable profit, and at the same time the Court has rendered so many unfair and unreasonable opinions favoring the different privileged groups at the expense of the great masses of our people.

SUPREME COURT SAYS CONTROL FOR PRIVILEGED GROUPS—NO CONTROL FOR AGRICULTURE OR LABOR

For example, the farmer and laborer are unable to understand why the Supreme Court will nullify legislation for their benefit, which legislation permits them to control their products and services and orderly market them and prohibit child labor, when the Supreme Court over a long period of time has permitted the different privileged groups to control their products and orderly market them and at the same time have allowed them to exploit child labor and has permitted sweatshop conditions to exist.

TAX EXEMPTIONS FOR THE CLASSES

Then, too, it is hard to understand the mind of the Supreme Court, whose decisions hold that the salaries of themselves and all Federal judges is not subject to income-tax payment nor any reduction, in spite of the sixteenth amendment, which provides, "The Congress shall have the power to lay and collect taxes on income from whatever source derived." And yet we find the Supreme Court through their decisions have continued to broaden the exemptions of the different privileged groups, exempting hundreds of millions of dollars from income-tax payment, which, of course, means that the rest of the people not so privileged by the Court must pay that much more additional taxes in order to take care of the running expenses of the Government. Let me refer to some of the Supreme Court's many decisions exempting the different privileged groups:

The Court held that stock dividends of corporations were not subject to income tax, losing over a billion dollars in revenue to the Government.

That all State, county, and municipal employees shall not pay any income tax, losing over $200,000,000 a year in revenue to the Government.

That the interest from State, county, and other local subdivisions of tax-exempt securities are not subject to income tax, thus losing over $200,000,000 annually in revenue, and many other such decisions too numerous to mention.

STATES' RIGHTS MYTH

And as to States' rights, you will find almost numberless decisions nullifying State rights and State statutes. Last year the Supreme Court in the case of the *Great Northern Railways* v. *United States* held that the local assessment of property tax cannot be made valid without the impossibility of being declared invalid by the Supreme Court.

FEDERAL REGULATION NULLIFIED

It is well known that the Supreme Court has nullified the effective enforcement of almost all Federal regulating bodies and commissions. These decisions include the nullification of our antitrust laws and of the powers of our Interstate Commerce Commission, Federal Trade Commission, Federal Power Commission, and so forth. Yet they do not hesitate without any specific constitutional power to go into the unlimited rate-making field to guarantee all the utilities, as shown by their decisions, an income of 7½ percent net not upon the actual investment of money in the corporation but upon their watered stock, their written-up, inflated values, their so-called goodwill, lawyers' fees, lobbying activities, advertising, and all these things that help them to perpetuate their complete monopoly which through the years has permitted them to keep the people from enacting any legislation, State or National, that will in any way reasonably regulate their rates based upon the actual amount of money the utilities have invested in them.

FARMERS AND LABORERS UNDERSTAND

I find the farmers and laborers generally now better understand the attitude of the Supreme Court that says that agriculture is a matter that must be handled by the different States, and that the Federal Government has no power to regulate this great industry, and that wages and hours and working conditions of men and children are matters that neither the Federal Government nor the State government has any power to regulate. Especially can they understand how the Supreme Court through their decisions has been favoring the privileged group at the expense of the rest of the people through the years.

The farmers know that the Supreme Court is thoroughly responsible for their present plight in the overproduction of cotton and grains because of their nullification of the Agricultural Adjustment Act. They well know how this act reduced the 13,000,000-bale carry-over of cotton and the other large surpluses of other commodities of 1932, and through compulsory crop control permitted orderly production which raised the price of cotton and all other basic farm commodities from 1933 to 1936 from two to five times the amount they were selling for in 1932.

COMPULSORY CROP CONTROL NECESSARY

The farmers fully realize that if they are ever to receive parity for their crops they must have rigid crop-control legislation, and an amendment to our loan and marketing acts to care for temporary surpluses when low prices threaten. They realize that base acreage must be set according to production records, and that the large subsidy payments now going to the large tractor farmers must be limited and more exemption given to the tenants and small farmers with a progressive bale or unit tax to be applied to surpluses to regulate the production of tractor and large-scale corporation farming.

A sufficient tariff should be placed on all basic agriculture commodities so as to guarantee the American market to the American farmer. Then with improved commodity loans on surpluses the Government can and should assist the farmers to prohibit ruinous prices during the marketing season.

By reducing the subsidy checks to the large farmer and raising the exemptions to the small farmer with the added bale or unit graduated tax on large scale production should raise sufficient

revenue so as to permit the orderly growth and marketing of all farm products.

WAGE AND HOUR LEGISLATION NECESSARY

It is just as important to enact legislation that will give the laborer a living price for his services as it is to enact rigid crop-control legislation to give the farmer a living price for his products. Without this stabilized buying power of these two large groups, the Nation will again be thrown into another depression which we are now striving to overcome.

ELIMINATE TAX LOOPHOLES

It is important that the next Congress, as soon as possible, eliminate the existing loopholes in our income-tax laws. Then if we could get the Mellon regime, now in charge of revenue enforcement, ousted from the Revenue Department, we should be able to better administer our revenue laws in the future, with justice to all and special privileges to none. It is well known according to Government records that at the present time due to existing loopholes and Supreme Court decisions more revenue is escaping taxation annually than is being paid into the Government.

MUST HAVE CHEAPER UTILITY RATES

It is important that the Supreme Court pass upon the administration's power program, and let it be known whether or not they will permit the people of the Nation to enjoy cheap electricity, and whether or not they expect in the future as in the past to allow the utilities to continue to dictate the rate policy for the Nation and collect many billions of dollars annually more than is a fair price for services rendered by these different utilities. The people fully realize now more than ever before how on these high utility rates including light, gas, telephone, telegraph, freight, and so forth, they are all added to the cost of doing business and are passed on from the manufacturer to the wholesaler, to the retailer, to the consumer, and these enormous overcharges of these different utilities, amounting annually to over $1,000,000,000 for electricity, and similar amounts for the other utilities, based upon volumes of business done does not permit this tremendous burden placed upon the shoulders of the farmer and laborer, the ultimate consumer, to be shifted from them to someone else; because they cannot control the price of their products or of their services they are thus forced to pay all these unreasonable charges.

WE MUST HAVE PEACE

While we always desire to offer our services in arbitration to all nations to aid in composing differences, I am in hearty accord with the President and all our people, that we will not become embroiled in any war or wars of other nations.

EQUAL RIGHTS TO ALL, SPECIAL PRIVILEGES TO NONE

Our great leader in the White House, recognising these inequalities, as shown by his splendid record of service, has had the courage to carry on and demand equal rights and opportunities for all, and special privileges to none. It seems that the 3½ years he lay on his bed of affliction have steeled him for the great task before him, that would have long ago weakened the average man.

His record of service rendered shows that he has a burning desire to seek, yes to fight for the rights of the greater number of our people to the end that these unreasonably high utility rates be lifted from their shoulders, that the tax loopholes in our revenue laws be eliminated so that the wealth of the Nation will be required to pay its just portion of taxes and that our standards of living be raised in keeping with our natural resources to where the great masses of our people can receive a living price for their products and a living wage for their services and will thus be able to enjoy some of the better things of life.

One Hundred and Fiftieth Anniversary of the Signing of the Constitution

EXTENSION OF REMARKS

OF

HON. ALBEN W. BARKLEY

OF KENTUCKY

IN THE SENATE OF THE UNITED STATES

Tuesday, November 16, 1937

ADDRESS OF THE PRESIDENT DELIVERED IN THE SYLVAN THEATER, WASHINGTON, ON THE ONE HUNDRED AND FIFTIETH ANNIVERSARY OF THE SIGNING OF THE CONSTITUTION OF THE UNITED STATES

Mr. BARKLEY. Mr. President, on the one hundred and fiftieth anniversary of the signing of the Constitution, President Roosevelt delivered an address which I believe should be preserved in the CONGRESSIONAL RECORD. I ask unanimous consent that it be inserted in the Appendix.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

My fellow Americans, tonight, 150 years ago, 38 weary delegates to a Convention in Philadelphia signed the Constitution. Four handwritten sheets of parchment were enough to state the terms on which 13 independent weak little republics agreed to try to survive together as one strong nation.

A third of the original delegates had given up and gone home. The moral force of Washington and Franklin had kept the rest together. Those remained who cared the most; and caring most, dared most.

The world of 1787 provided a perfect opportunity for the organization of a new form of government thousands of miles removed from influences hostile to it. How we then governed ourselves did not greatly concern Europe. And what occurred in Europe did not immediately affect us.

Today the picture is different.

Now what we do has enormous immediate effect not only among the nations of Europe but also among those of the Americas and the Far East, and what in any part of the world they do as surely and quickly affects us.

In such an atmosphere our generation has watched democracies replace monarchies which had failed their people and dictatorships displace democracies which had failed to function. And of late we have heard a clear challenge to the democratic idea of representative government.

We do not deny that the methods of the challengers—whether they be called "communistic" or "dictatorial" or "military"—have obtained for many who live under them material things they did not obtain under democracies which they had failed to make function. Unemployment has been lessened—even though the cause is a mad manufacturing of armaments. Order prevails—even though maintained by fear, at the expense of liberty and individual rights.

So their leaders laugh at all constitutions, predict the copying of their own methods, and prophesy the early end of democracy throughout the world.

Both that attitude and that prediction are denied by those of us who still believe in democracy—that is, by the overwhelming majority of the nations of the world and by the overwhelming majority of the people of the world.

And the denial is based on two reasons eternally right.

The first reason is that modern men and women will not tamely commit to one man or one group the permanent conduct of their government. Eventually they will insist not only on the right to choose who shall govern them but also upon the periodic reconsideration of that choice by the free exercise of the ballot.

And the second reason is that the state of world affairs brought about by those new forms of government threatens civilization. Armaments and deficits pile up together. Trade barriers multiply, and merchant ships are threatened on the high seas. Fear spreads throughout the world—fear of aggression, fear of invasion, fear of revolution, fear of death.

The people of America are rightly determined to keep that growing menace from our shores.

The known and measurable danger of becoming involved in war we face confidently. As to that, your Government knows your mind, and you know your Government's mind.

But it takes even more foresight, intelligence, and patience to meet the subtle attack which spreading dictatorship makes upon the morale of a democracy.

In our generation a new idea has come to dominate thought about government—the idea that the resources of the Nation can be made to produce a far higher standard of living for the masses if only government is intelligent and energetic in giving the right direction to economic life.

That idea—or more properly that ideal—is wholly justified by the facts. It cannot be thrust aside by those who want to go back to the conditions of 10 years ago or even preserve the conditions of today. It puts all forms of government to proof.

That ideal makes understandable the demands of labor for shorter hours and higher wages, the demands of farmers for a more stable income, the demands of the great majority of businessmen for relief from disruptive trade practices, the demands of all for the end of that kind of license, often mistermed "liberty", which permits a handful of the population to take far more than their tolerable share from the rest of the people.

And as other forms of government in other lands parade their pseudoscience of economic organization, even some of our own people may wonder whether democracy can match dictatorship in giving this generation the things they want from government.

We have those who really fear the majority rule of democracy, who want old forms of economic and social control to remain in a few hands. They say in their hearts: "If constitutional democracy continues to threaten our control, why should we be against a plutocratic dictatorship which would perpetuate our control?"

And we have those who are in too much of a hurry, who are impatient at the processes of constitutional democracies, who want Utopia overnight and are not sure that some vague form of proletarian dictatorship is not the quickest road to it.

Both types are equally dangerous. One represents cold-blooded resolve to hold power. We have engaged in a definite, and so far successful, contest against that. The other represents a reckless resolve to seize power. Equally we are against that.

And the overwhelming majority of the American people fully understand and completely approve that course as the course of the present Government of the United States.

To hold to that course our constitutional democratic form of government must meet the insistence of the great mass of our people that economic and social security and the standard of American living be raised from what they are to levels which the people know our resources justify.

Only by succeeding in that can we insure against internal doubt as to the worthwhileness of our democracy and dissipate the illusion that the necessary price of efficiency is dictatorship with its attendant spirit of aggression.

That is why I have been saying for months that there is a crisis in American affairs which demands action now—a crisis particularly dangerous because its external and internal difficulties reenforce each other.

Purposely I paint a broad picture. For only if the problem is seen in perspective can we see its solution in perspective.

I am not a pessimist. I believe that democratic government in this country can do all the things which common-sense people, seeing that picture as a whole, have the right to expect. I believe that these things can be done under the Constitution, without the surrender of a single one of the civil and religious liberties it was intended to safeguard.

And I am determined that under the Constitution these things shall be done.

The men who wrote the Constitution were the men who fought the Revolution. They had watched a weak emergency government almost lose the war, and continue economic distress among 13 little republics—at peace but without effective national government.

So when these men planned a new government, they drew the kind of agreement which men make when they really want to work together under it for a very long time.

For the youngest of nations they drew what is today the oldest written instrument under which men have continuously lived together as a nation.

The Constitution of the United States was a layman's document, not a lawyer's contract. That cannot be stressed too often. Madison, most responsible for it, was not a lawyer—nor was Washington or Franklin, whose sense of the give-and-take of life had kept the Convention together.

This great laymen's document was a charter of general principles—completely different from the "whereases" and the "parties of the first part," and the fine print which lawyers put into leases and insurance policies and installment agreements.

When the framers were dealing with what they rightly considered eternal verities, unchangeable by time and circumstance, they used specific language. In no uncertain terms, for instance, they forbade titles of nobility, the suspension of habeas corpus, and the withdrawal of money from the Treasury except after appropriation by law. With almost equal definiteness they detailed the Bill of Rights.

But when they considered the fundamental powers of the new national government they used generality, implication, and statement of mere objectives as intentional phrases which flexible statesmanship of the future, within the Constitution, could adapt to time and circumstance. For instance, the framers used broad and general language capable of meeting evolution and change when they referred to commerce between the States, the taxing power, and the general welfare.

Even the Supreme Court was treated with that purposeful lack of specification. Contrary to the belief of many Americans, the Constitution says nothing about any power of the Court to declare legislation unconstitutional; nor does it mention the number of judges for the Court. Again and again the Convention voted down proposals to give Justices of the Court a veto over legislation. Clearly a majority of the Delegates believed that the relation of the Court to the Congress and the Executive, like the other subjects treated in general terms, would work itself out by evolution and change over the years.

But for 150 years we have had an unending struggle between those who would preserve this original broad concept of the Constitution as a layman's instrument of government and those who would shrivel the Constitution into a lawyer's contract.

Those of us who really believe in the enduring wisdom of the Constitution hold no rancor against those who professionally or politically talk and think in purely legalistic phrases. We cannot seriously be alarmed when they cry "unconstitutional" at every effort to better the condition of our people.

Such cries have always been with us—and, ultimately, they have always been overruled.

Lawyers distinguished in 1787 insisted that the Constitution itself was unconstitutional under the Articles of Confederation. But the ratifying conventions overruled them.

Lawyers distinguished in their day warned Washington and Hamilton that the protective tariff was unconstitutional—warned Jefferson that the Louisiana Purchase was unconstitutional—warned Monroe that to open up roads across the Alleghanies was unconstitutional. But the Executive and the Congress overruled them.

Lawyers distinguished in their day persuaded a divided Supreme Court that the Congress had no power to govern slavery in the Territories, that the long-standing Missouri Compromise was unconstitutional. But a War between the States overruled them.

Lawyers distinguished in their day persuaded the odd man on the Supreme Court that the methods of financing the Civil War were unconstitutional. But a new odd man overruled them.

That great senatorial constitutional authority of his day, Senator Evarts, issued a solemn warning that the proposed Interstate Commerce Act and the Federal regulation of railway rates which the farmers demanded would be unconstitutional. But both the Senate and the Supreme Court overruled him.

Less than 2 years ago 58 of the highest-priced lawyers in the land gave the Nation (without cost to the Nation) a solemn and formal opinion that the Wagner Labor Relations Act was unconstitutional. And in a few months first a national election and later the Supreme Court overruled them.

For 20 years the odd man on the Supreme Court refused to admit that State minimum-wage laws for women were constitutional. A few months ago, after my message to the Congress on the rejuvenation of the judiciary, the odd man admitted that the Court had been wrong for all those 20 years and overruled himself.

In this constant struggle the lawyers of no political party—mine or any other—have had a consistent or unblemished record. But the lay rank and file of political parties has had a consistent record.

Unlike some lawyers, they have respected as sacred all branches of their Government. They have seen nothing more sacred about one branch than about either of the others. They have considered as most sacred the concrete welfare of the generation of the day. And with laymen's common sense of what government is for, they have demanded that all three branches be efficient; that all three be interdependent as well as independent; and that all three work together to meet the living generation's expectations of government.

That lay rank and file can take cheer from the historic fact that every effort to construe the Constitution as a lawyer's contract rather than a layman's charter has ultimately failed. Whenever legalistic interpretation has clashed with contemporary sense on great questions of broad national policy, ultimately the people and the Congress have had their way.

But that word "ultimately" covers a terrible cost.

It cost a civil war to gain recognition of the constitutional power of the Congress to legislate for the Territories.

It cost 20 years of taxation on those least able to pay to recognize the constitutional power of the Congress to levy taxes on those most able to pay.

It cost 20 years of exploitation of women's labor to recognize the constitutional power of the States to pass minimum-wage laws for their protection.

It has cost 20 years already—and no one knows how many more are to come—to obtain a constitutional interpretation that will let the Nation regulate the shipment in national commerce of goods sweated from the labor of little children.

We know it takes time to adjust government to the needs of society. But modern history proves that reforms too long delayed or denied have jeopardized peace, undermined democracy and swept away civil and religious liberties.

Yes, time more than ever before is vital in statesmanship and in government—in all three branches of it.

We will no longer be permitted to sacrifice each generation in turn while the law catches up with life.

We can no longer afford the luxury of 20-year lags.

You will find no justification in any of the language of the Constitution for delay in the reforms which the mass of the American people now demand.

Yet nearly every attempt to meet those demands for social and economic betterment has been jeopardized or actually forbidden by those who have sought to read into the Constitution language which the framers refused to write into the Constitution.

No one cherishes more deeply than I the civil and religious liberties achieved by so much blood and anguish through the many centuries of Anglo-American history. But the Constitution guarantees liberty, not license masquerading as liberty.

Let me put the real situation in the simplest terms. The present Government of the United States has never taken away and never will take away any liberty from any minority, unless it be a minority which so abuses its liberty as to do positive and definite harm to its neighbors constituting the majority. But the Government of the United States refuses to forget that the Bill of Rights was put into the Constitution not only to protect minorities against intolerance of majorities, but to protect majorities against the enthronement of minorities.

Nothing would so surely destroy the substance of what the Bill of Rights protects than its perversion to prevent social progress. The surest protection of the individual and of minorities is that fundamental tolerance and feeling for fair play which the Bill of Rights assumes. But tolerance and fair play would disappear here as it has in some other lands if the great mass of people were denied confidence in their justice, their security, and their self-respect. Desperate people in other lands surrendered their liberties when freedom came merely to mean humiliation and starvation. The crisis of 1933 should make us understand that.

On this solemn anniversary I ask that the American people rejoice in the wisdom of their Constitution.

I ask that they guarantee the effectiveness of each of its parts by living by the Constitution as a whole.

I ask that they have faith in its ultimate capacity to work out the problems of democracy, but that they justify that faith by making it work now rather than 20 years from now.

I ask that they give their fealty to the Constitution itself and not to its misinterpreters.

I ask that they exalt the glorious simplicity of its purposes rather than a century of complicated legalism.

I ask that majorities and minorities subordinate intolerance and power alike to the common good of all.

For us the Constitution is a common bond, without bitterness, for those who see America as Lincoln saw it, "The last, best hope of earth."

So we revere it—not because it is old but because it is ever new—not in the worship of its past alone but in the faith of the living who keep it young, now and in the years to come.

International Peace

EXTENSION OF REMARKS

OF

HON. WILLIAM H. KING

OF UTAH

IN THE SENATE OF THE UNITED STATES

Tuesday, November 16, 1937

ADDRESS OF THE PRESIDENT AT THE CEREMONIES MARKING THE DEDICATION OF THE OUTERLINK BRIDGE OVER THE MOUTH OF THE CHICAGO RIVER, CHICAGO, ILL., OCTOBER 5, 1937

Mr. KING. Mr. President, recently the President of the United States delivered an admirable address upon important questions at Chicago, Ill. I ask unanimous consent that the address may be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

I am glad to come once again to Chicago and especially to have the opportunity of taking part in the dedication of this important project of civic betterment.

On my trip across the continent and back I have been shown many evidences of the result of common sense cooperation between municipalities and the Federal Government, and I have been greeted by tens of thousands of Americans who have told me in every look and word that their material and spiritual well-being has made great strides forward in the past few years.

And yet, as I have seen with my own eyes, the prosperous farms, the thriving factories and the busy railroads—as I have seen the happiness and security and peace which covers our wide land, almost inevitably I have been compelled to contrast our peace with very different scenes being enacted in other parts of the world.

It is because the people of the United States under modern conditions must, for the sake of their own future, give thought to the rest of the world, that I, as the responsible executive head of the Nation, have chosen this great inland city and this gala occasion to speak to you on a subject of definite national importance.

The political situation in the world, which of late has been growing progressively worse, is such as to cause grave concern and anxiety to all the peoples and nations who wish to live in peace and amity with their neighbors.

Some 15 years ago the hopes of mankind for a continuing era of international peace were raised to great heights when more than 60 nations solemnly pledged themselves not to resort to arms in furtherance of their national aims and policies. The high aspirations expressed in the Briand-Kellogg Peace Pact and the hopes for peace thus raised have of late given way to a haunting fear of calamity. The present reign of terror and international lawlessness began a few years ago.

It began through unjustified interference in the internal affairs of other nations or the invasion of alien territory in violation of treaties, and has now reached a stage where the very foundations of civilization are seriously threatened. The landmarks and traditions which have marked the progress of civilization toward a condition of law, order, and justice are being wiped away.

Without a declaration of war and without warning or justification of any kind, civilians, including women and children, are being ruthlessly murdered with bombs from the air. In times of so-called peace ships are being attacked and sunk by submarines without cause or notice. Nations are fomenting and taking sides in civil warfare in nations that have never done them any harm. Nations claiming freedom for themselves deny it to others.

Innocent peoples and nations are being cruelly sacrificed to a greed for power and supremacy which is devoid of all sense of justice and humane consideration.

To paraphrase a recent author "perhaps we foresee a time when men, exultant in the technique of homicide, will rage so hotly over the world that every precious thing will be in danger, every book and picture and harmony, every treasure garnered through two milleniums, the small, the delicate, the defenseless—all will be lost or wrecked or utterly destroyed."

If those things come to pass in other parts of the world, let no one imagine that America will escape, that it may expect mercy, that this Western Hemisphere will not be attacked and that it will continue tranquilly and peacefully to carry on the ethics and the arts of civilization.

If those days come "there will be no safety by arms, no help from authority, no answer in science. The storm will rage till every flower of culture is trampled and all human beings are leveled in a vast chaos."

If those days are not to come to pass—if we are to have a world in which we can breathe freely and live in amity without fear—the peace-loving nations must make a concerted effort to uphold laws and principles on which alone peace can rest secure.

The peace-loving nations must make a concerted effort in opposition to those violations of treaties and those ignorings of humane instincts which today are creating a state of international anarchy and instability from which there is no escape through mere isolation or neutrality.

Those who cherish their freedom and recognize and respect the equal right of their neighbors to be free and live in peace, must work together for the triumph of law and moral principles in order that peace, justice, and confidence may prevail in the world. There must be a return to a belief in the pledged word, in the value of a signed treaty. There must be recognition of the fact that national morality is as vital as private morality.

A bishop wrote me the other day: "It seems to me that something greatly needs to be said in behalf of ordinary humanity against the present practice of carrying the horrors of war to helpless civilians, especially women and children. It may be that such a protest might be regarded by many, who claim to be realists, as futile, but may it not be that the heart of mankind is so filled with horror at the present needless suffering that that force could be mobilized in sufficient volume to lessen such cruelty in the days ahead. Even though it may take 20 years, which God forbid, for civilization to make effective its corporate protest against this barbarism, surely strong voices may hasten the day."

There is a solidarity and interdependence about the modern world, both technically and morally, which makes it impossible for any nation completely to isolate itself from economic and political upheavals in the rest of the world, especially when such upheavals appear to be spreading, and not declining. There can be no stability or peace either within nations or between nations except under laws and moral standards adhered to by all. International anarchy destroys every foundation for peace. It jeopardizes either the immediate or the future security of every nation, large or small. It is, therefore, a matter of vital interest and concern to the people of the United States that the sanctity of international treaties and the maintenance of international morality be restored.

The overwhelming majority of the peoples and Nations of the world today want to live in peace. They seek the removal of barriers against trade. They want to exert themselves in industry, in agriculture, and in business, that they may increase their wealth through the production of wealth-producing goods rather than striving to produce military planes and bombs and machine guns and cannon for the destruction of human lives and useful property.

In those nations of the world which seem to be piling armament on armament for purposes of aggression, and those other nations which fear acts of aggression against them and their security, a very high proportion of their national income is being spent directly for armaments. It runs from 30 to as high as 50 percent.

The proportion that we in the United States spend is far less—11 or 12 percent.

How happy we are that the circumstances of the moment permit us to put our money into bridges and boulevards, dams and reforestation, the conservation of our soil and many other kinds of useful works rather than into huge standing armies and vast supplies of implements of war.

I am compelled and you are compelled, nevertheless, to look ahead. The peace, the freedom, and the security of 90 percent of the population of the world is being jeopardized by the remaining 10 percent who are threatening a break-down of all international order and law. Surely the 90 percent who want to live in peace under law and in accordance with moral standards that have received almost universal acceptance through the centuries, can and must find some way to make their will prevail.

The situation is definitely of universal concern. The questions involved relate not merely to violations of specific provisions of particular treaties; they are questions of war and of peace, of international law and especially of principles of humanity. It is true that they involve definite violations of agreements, and especially of the Covenant of the League of Nations, the Briand-Kellogg Pact, and the Nine Power Treaty. But they also involve problems of world economy, world security, and world humanity.

It is true that the moral consciousness of the world must recognize the importance of removing injustices and well-founded grievances; but at the same time it must be aroused to the cardinal necessity of honoring sanctity of treaties, of respecting the rights and liberties of others and of putting an end to acts of international aggression.

It seems to be unfortunately true that the epidemic of world lawlessness is spreading.

When an epidemic of physical disease starts to spread, the community approves and joins in a quarantine of the patients in order to protect the health of the community against the spread of the disease.

It is my determination to pursue a policy of peace and to adopt every practicable measure to avoid involvement in war. It ought

to be inconceivable that in this modern era, and in the face of experience, any nation could be so foolish and ruthless as to run the risk of plunging the whole world into war by invading and violating, in contravention of solemn treaties, the territory of other nations that have done them no real harm and which are too weak to protect themselves adequately. Yet the peace of the world and the welfare and security of every nation is today being threatened by that very thing.

No nation which refuses to exercise forebearance and to respect the freedom and rights of others can long remain strong and retain the confidence and respect of other nations. No nation ever loses its dignity or good standing by conciliating its differences, and by exercising great patience with, and consideration for, the rights of other nations.

War is a contagion, whether it be declared or undeclared. It can engulf States and peoples remote from the original scene of hostilities. We are determined to keep out of war, yet we cannot insure ourselves against the disastrous effects of war and the dangers of involvement. We are adopting such measures as will minimize our risk of involvement, but we cannot have complete protection in a world of disorder in which confidence and security have broken down.

If civilization is to survive, the principles of the Prince of Peace must be restored. Shattered trust between nations must be revived.

Most important of all, the will for peace on the part of peace-loving nations must express itself to the end that nations that may be tempted to violate their agreements and the rights of others will desist from such a cause. There must be positive endeavors to preserve peace.

America hates war. America hopes for peace. Therefore, America actively engages in the search for peace.

Prevention of and Punishment for Lynching

EXTENSION OF REMARKS

OF

HON. WILLIAM E. BORAH

OF IDAHO

IN THE SENATE OF THE UNITED STATES

Tuesday, November 16, 1937

SPEECH OF HON. WILLIAM E. BORAH, OF IDAHO, IN THE SENATE OF THE UNITED STATES WEDNESDAY, AUGUST 11, 1937 (LEGISLATIVE DAY OF MONDAY, AUGUST 9, 1937)

Mr. BORAH. Mr. President, near the end of the last session of the Senate I made a speech on the antilynching bill, but in the rush of the closing hours of the session, and through fault of my own, I suppose, that speech was omitted from the RECORD. I ask that I may now have it inserted in the Appendix of the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

Mr. BORAH. Mr. President, I understand that the question before the Senate is the motion to take up what is called the antilynching bill.

The VICE PRESIDENT. The Senator from New York [Mr. WAGNER] has moved to take up a bill which the clerk has read by title and which the Chair understands is known as the antilynching bill.

Mr. BORAH. I am interested in the bill at this time as a constitutional question. From that viewpoint I think it is as important as any question we have had before us in recent days.

It is certain that, if this measure can be passed and sustained, many of the matters we have been discussing for months and months relative to the dual system of our government have been in vain, and anything we may consider in the future based upon the theory that we have a dual system of government will be equally in vain. If the Federal Government may go into a State and take charge of an individual or a group of individuals who have committed a crime wholly within the State and bring them under its jurisdiction, the last vestige of local authority has disappeared.

Mr. WAGNER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from New York?

Mr. BORAH. I yield.

Mr. WAGNER. The bill provides only for the prosecution of officials who may be guilty of the offenses set out in the bill. They may be prosecuted. A so-called mob is to be prosecuted by the State under State law.

Mr. BORAH. I am familiar with the terms of the bill, Mr. President. That is stating the other phase of the question I have just stated.

Mr. WAGNER. Mr. President, will the Senator yield for another question?

Mr. BORAH. I yield to any question the Senator wishes to ask.

Mr. WAGNER. In connection with the prior legislation, the Senator raised the question of constitutionality. As the bill now reads it deals only with the officials, and the members of a mob are subject to prosecution by the State authorities.

Mr. BORAH. What the Senator from New York proposes to do by his bill is to subject to the Federal jurisdiction the officers and officials of the respective States with reference to the enforcement of the criminal laws of the States.

Mr. WAGNER. As the agents of the States and on the theory that they have not afforded the equal protection of the laws. The courts have upheld that principle.

Mr. BORAH. As I understand the bill, Mr. President, it proposes to place State and local officials under the jurisdiction of the Federal Government in order to force them to prevent lynching. The justification for this measure, both in the language of the bill and in the contentions of its sponsors, is that in so doing the Federal Government is exercizing the power granted to it by the fourteenth amendment to the Constitution—that of forcing the States to secure to their citizens the equal protection of the laws. I think that is a fair statement of the bill.

As I understand, the authority for the bill is based solely upon the fourteenth amendment. I will ask the Senator from New York if there is any other provision of the Constitution which he thinks is applicable to the constitutional question relative to this bill.

Mr. WAGNER. I believe the proposed legislation to be justified under the fourteenth amendment.

Mr. MINTON. Mr. President, will the Senator from Idaho yield?

Mr. BORAH. I yield.

Mr. MINTON. Would not the proposed legislation be justified under another part of the fourteenth amendment on the ground that what is dealt with by the bill might be the denial of due process, which is also a part of the fourteenth amendment?

Mr. BORAH. I was speaking of the fourteenth amendment in its entirety. I assume that whatever justification there may be for the bill from a constitutional standpoint is based in some form or other upon the fourteenth amendment.

Mr. President, the fourteenth amendment declares, first, that—

> All persons born or naturalized in the United States and subject to the jurisdiction thereof are citizens of the United States and of the State wherein they reside.

Secondly, it declares that—

> No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States.

Third, it declares that no State shall—

> deprive any person of life, liberty, or property without due process of law.

Fourth, it declares that no State shall—

> Deny to any person within its jurisdiction the equal protection of the laws.

Everyone familiar with the history of the fourteenth amendment understands perfectly well that when it was proposed to give the Federal Government jurisdiction over the activities of the citizens within a State the North opposed it as earnestly as did the other portions of the country; and it was specifically intended, and thought to be specifically provided, that the fourteenth amendment should

deal solely with the action of the States as States; that it was not being undertaken, through the fourteenth amendment, to extend Federal jurisdiction to the internal activities or the internal doings of the States through their citizenship; but that if the State, through its organization, undertook to deny citizens their liberty, or to refuse them equality of treatment under the law, then the Federal Government could deal with the subject. But the fourteenth amendment dealt and deals only with State action.

That which called the fourteenth amendment into existence was the supposition at the time that some of the States were passing laws which were unfriendly to the colored race; and the amendment was designed to prevent the States, as States, from doing that thing.

I read from Guthrie on the fourteenth amendment:

While the application of the fourteenth amendment is universal and protects the individual from an arbitrary exercise of power by State authority, whether it be the legislature, the executive, or the judicial branch of State government, it must be borne in mind that the Federal courts cannot supervise or interfere with the internal affairs of a State unless some constitutional right has been invaded by State authorities. The wrongful actions of individuals, unsupported by such an authority, are not to be redressed under this amendment. They constitute merely private wrongs or crimes of the individual. The denial of the constitutional right must rest upon some State law or State authority for its excuse or perpetuation if the fourteenth amendment is to furnish any remedy.

Mr. Collins says regarding the fourteenth amendment:

The first section of the amendment is a prohibitory measure, and the prohibitions therein expressed operate against the States only. They bear no relationship to the acts of private persons within the State.

* * * * * * *

So far as the fourteenth amendment is concerned, the Federal Government would be powerless to prevent armed mobs of whites from driving Negroes out from a State or otherwise threatening or intimidating them in their attempt to exercise the privileges of citizenship.

Mr. Brannon says this on the fourteenth amendment:

The amendment applies only to State governmental action. Its first section does not operate upon the Federal Government but on that of the States it does; nor does it have any reference to action or conduct of individual to individual. That it is a restraint upon State action is very obvious from its words, they being words of explicit prohibition. * * * It is only the State that is prohibited, not individual action. It does not touch individual action. * * * It is hardly necessary to say again that the amendment does not touch the case of the individual or mob murder, as it deals not with acts of individuals but only with action by the State through its constituted authorities. Such murders by individuals or mobs are to be dealt with only by the States.

The Supreme Court, in the Civil Rights case, to which the able Senator from Indiana called attention some weeks ago, said:

It is State action of a particular character that is prohibited. Individual invasion of individual rights is not the subject matter of the amendment. It has a deeper and broader scope. It nullifies and makes void all State legislation and State action of every kind which impairs privileges and immunities of citizens of the United States or which injures them in life, liberty, or property without due process of law or which denies to any of them the equal protection of the law. * * * This is the legislative power conferred upon Congress and this is the whole of it. It does not invest Congress with power to legislate upon subjects which are within the domain of State legislation; but to provide modes of relief against State legislation or State action of the kind referred to. It does not authorize Congress to create a code of municipal laws for the regulation of private rights. * * *

Until some State law has been passed or some State action through its officers, or agents, has been taken, adverse to the rights of citizens sought to be protected by the fourteenth amendment, no legislation of the United States under said amendment nor any proceeding under such legislation can be called into activity; for the prohibitions of the amendment are against State laws and acts done under State authority. * * *

The wrongful act of an individual unsupported by any such authority is simply a private wrong or a crime of that individual; an invasion of the rights of the injured party, it is true, whether they affect his person, property, or his reputation; but if not sanctioned in some way by the State or not done under State authority, his rights remain in full force and may presumably be vindicated by a resort to the laws of the State for redress.

In the case of the United States against Harris, section 5519 of the Revised Statutes was under consideration. This statute provides in general that if two or more persons conspire or go in disguise upon the highway, and so forth, for the purpose of depriving either directly or indirectly any person, or class of persons, of the equal protection of the law, and so forth, they shall be punished by fine and imprisonment. The Supreme Court held this statute was void; that it was beyond the authority of Congress to legislate relative to individual crimes unless those crimes were associated with an express power under the Constitution. Speaking of the fourteenth amendment, the Court said:

It is a guaranty of protection against the acts of the State government itself. It is a guaranty against the exertion of arbitrary and tyrannical power on the part of the government and the legislature of the State, not a guaranty against the commission of individual offenses; and the power of Congress, whether express or implied, to legislate for the enforcement of such a guaranty does not extend to the passage of laws for the suppression of crimes within the State.

Mr. LEWIS. Mr. President, will the Senator from Idaho permit me to ask him a question?

Mr. BORAH. Certainly.

Mr. LEWIS. First, I would have the Senator understand that I would agree to any arrangement which would permit the bills indicated by the able leader to take their place for passage, and then the bill now being discussed; but, since this measure has been brought up, I ask my able friend from Idaho, as a lawyer, his viewpoint of the opinion of the Supreme Court of the United States touching the abstract question, where Mr. Justice White, in the Telegraph case, in Two Hundred and Twenty-seventh United States Reports, specifically decided against the distinction as to the application of the fourteenth amendment in accordance with what the able Senator has just now alluded to, a line of demarcation between State action and individual action. If I am not mistaken, the Supreme Court decided, through Mr. Justice White, that, while it was addressed to State action, it was also to be addressed to the acts of any individual and the conduct of any individual within the State. Am I wrong about that?

Mr. BORAH. I do not now recall the decision. Will not the Senator state more explicitly just what the Court decided?

Mr. LEWIS. May I read a memorandum which will probably refresh the Senator's memory?

Mr. BORAH. Certainly.

Mr. LEWIS. I refer to the case of *Home Telephone & Telegraph Co.* v. *Los Angeles* (227 U. S.). I refer particularly to where Mr. Justice White, speaking for the Court, said, on page 286:

The provisions of the (fourteenth) amendment as conclusively fixed by previous decisions are generic in their terms, are addressed, of course, to the States, but also to every person, whether natural or judicial, who is the repository of State power.

Does my able friend think there is a conflict between the last ruling he has just read and this decision?

Mr. BORAH. There is no conflict, in my judgment. Where it can be said that the State is acting, whether it is acting through the legislature or whether it is an unauthorized act by a State through some individual officer, of course the fourteenth amendment would apply. Where the action can be attached to the authority of the State, undoubtedly the fourteenth amendment would apply.

Mr. MINTON. Mr. President, what would the Senator say about inaction of State authorities, where it was their duty to act?

Mr. BORAH. For instance, if an officer of a State fails to do his duty, and fails to do his duty at the connivance of the State, undoubtedly it would be responsible; but if the State laws require an officer to do certain things, for instance, require him to protect parties in his custody, and he fails to do it, and thereby violates the laws of the State, how can it be said he is acting under the authority of the State?

Mr. MINTON. Mr. President, if he is an officer of the State, having the duty of seeing that the laws of his State are enforced, and he stands by and does nothing about the violation of the laws of his State, which inaction results in

injury to some person, may it not be construed that the State fails to act?

Mr. BORAH. I do not think so. So far as I know, in all the States there are ample laws for the purpose of protecting individuals against mob violence. If an officer fails to execute the laws of the State, how can it be said that he is acting under the authority of the State?

Mr. MINTON. Let me call the Senator's attention to the neglect on the part of officers of the State in the Scottsboro cases, which have recently been before the Supreme Court. In the case of Norris, I think it was, the only neglect stated was that there were in the county Negroes eligible for jury service, both as to the grand and the petit juries, but that over a great period of years, with this eligibility existing within the county, no Negro had ever been called to serve upon either a petit or a grand jury. Yet the Supreme Court held that by that mere neglect on the part of the State officers to call Negroes, the State had denied due process of law to the Negroes on trial in the Scottsboro case.

Mr. BORAH. Mr. President, I am familiar with the Scottsboro case.

Mr. MINTON. The Court went even further than that in what it held concerning the failure of the judge to provide counsel under the existing circumstances. When that portion of the opinion is read, one may think the opinion of the Supreme Court is rather far-fetched. The Supreme Court said that the defendants did not receive the kind of consideration of their constitutional right to have counsel that they should have had, and therefore that the lower court neglected to accord the defendants due process of law, and therefore it was a violation of their constitutional rights.

Mr. BORAH. Of course, the fourteenth amendment provides that no one shall be deprived of his life, liberty, or property without due process of law. That is, if the State enacts laws or if the State in any way provides a course of action which deprives or may deprive a person of life, liberty, or property, then the fourteenth amendment applies. But if any officer acts in violation of the laws of the State, the fourteenth amendment does not apply.

Mr. CONNALLY. Mr. President, I think the Senator will find on examination of the cases to which the Senator from Indiana refers that an affirmative showing of discrimination was made in them.

Mr. MINTON. No, Mr. President; there was not.

Mr. CONNALLY. I know that in many cases such a showing was made. I have not read the cases the Senator from Indiana has cited, but I know that in many cases to which I have had occasion to refer when practicing law a showing was made that the jury commissioners had for a long period of years excluded Negroes from jury lists. In those cases the courts held that discrimination had been shown.

Mr. MINTON. In the Norris case there was no discrimination, but over a long period of years no Negro had been called, and the Court said that was systematic or arbitrary exclusion; but there was no evidence that the jury commissioners had deliberately discriminated against the Negroes. They just did not call them.

Mr. BORAH. The Court was satisfied, of course, that the commissioners were acting in disobedience of the law.

Mr. MINTON. It could not be said that the commissioners were doing a positive, active thing in denying Negroes the right to sit on juries; and there was no evidence of that kind. The only thing that appeared was that Negroes had been eligible for years, and had never been called. That is all the record shows. The Court said that was a denial of due process, and that by that neglect on the part of State officers they had denied due process of law.

In the Norris case there was no evidence at all that there had been discrimination in the selection of the grand jury, but it was shown that there had been failure to call Negroes in the selection of the grand jury and in the selection of the petit jury. The only thing that appeared was that there was not a Negro on the grand jury, there was not a Negro on the petit jury, and that for years before that time there had not been. That is all that appeared in the case.

Mr. GEORGE. Mr. President, I think a very close examination of the rulings of the Court in the Scottsboro cases will reveal that they proceeded more particularly upon the denial of equal protection under the law, and held that when an officer of the law is given authority to do a particular thing in furtherance of due process, or in order to make effective due process of law, if he arbitrarily refuses to do that thing it is a denial of equal protection and, of course, is a denial of due process.

The cases go back in their reasoning to the old case of Yick Wo, a case decided a great many years ago. The Supreme Court in the Scottsboro cases undoubtedly went upon the theory that since there were numerous Negroes within the county who were qualified as jurors, and since none of them had ever been put in the box, that necessarily was evidence of an arbitrary abuse or exercise of power vested in a State official; and it goes, as I said, in its essential principles to a denial of equal protection of the law.

Mr. MINTON. Mr. President, under that statement of facts it could not have been anything more than a neglect on the part of a State officer to give Negroes a chance to serve on the jury, which they had not had for years.

Mr. GEORGE. Mr. President, if I may be pardoned, I think it can be said to amount to very much more. If the jury commissioners of the county are charged with the affirmative duty of putting a certain number of intelligent and upright citizens in the jury box, and habitually and constantly and over a long period of time no intelligent or upright person of a certain race, or of a certain creed, or of a certain faith, is found in the jury box, that on its face is evidence at least of failure to discharge an affirmative or positive duty placed upon the officer of the law in selecting qualified jurors.

Mr. BORAH. Mr. President, I desire to interrupt long enough to say that if all this is true, then all that the court decided was that under those circumstances the defendant had not had a fair trial in the light of the principles of due process of law. That is all the Court decided. The decision had no relationship, in my judgment, to the question of Federal legislation touching the subject matter covered in this bill.

Mr. GEORGE. None whatever. The Court said that the State had not given a fair trial under its laws, as guaranteed by the Constitution of the United States.

Mr. MINTON. If by that kind of neglect the State has denied due process of law to these negroes, then if its officers stand aside and let a negro be burned at the stake in the presence of the officers of the law, does not the Senator think the State in an even greater degree denies him due process of law, and that under the fifth section of the fourteenth amendment the Congress of the United States has authority to enact legislation for the enforcement of the fourteenth amendment? That is to say, if the State neglects to do something it should do, or does something it is prohibited from doing, the Federal Government has the right to step in and exercise its power to say that the State shall stay within the limitations of the fourteenth amendment.

Mr. BORAH. Let us take a crime not connected with mob action. Let us say an offense is committed against the laws of the State of Indiana, and the officers fail to do their duty in anticipating or arresting the criminals, and the officers fail to bring them to justice under the laws of the State of Indiana: May the Federal Government, on the theory that the State of Indiana is not capable through its officers of executing the law, take charge of the action, on the ground that the officers of the State of Indiana had neglected to perform their duty?

Mr. MINTON. No; but if there is a course of conduct on the part of police officers toward certain crimes in the State of Indiana which shows negligence on their part, and if certain crimes have a recurrence almost habitually in the State of Indiana, and if it can be shown that the recurrence of these crimes comes time after time in the State of Indiana, and that the authorities in Indiana just wink at them and let them happen, then I think the Federal Government may

step in and punish the officers of the State of Indiana who simply wink at the enforcement of the law.

Mr. BORAH. It seems to me the Senator is now discussing the weight of evidence, what would be necessary to be shown to prove that the officer had neglected his duty?

Mr. MINTON. It will always be necessary to have some showing or evidence that there was a neglect of duty.

Mr. BORAH. Yes; but the question of the jurisdiction of the officer of the State government does not rest on the question of the weight of evidence as to the particular transaction.

Mr. MINTON. No; but it rests upon the facts, and it may depend upon the weight of the evidence.

Mr. BORAH. Let us see what the bill says. We are far away from the subject covered by the bill. It says:

SEC. 2. Any assemblage of three or more persons which shall exercise or attempt to exercise by physical violence and without authority of law any power of correction or punishment over any citizen or citizens or other person or persons in the custody of any peace officer or suspected of, charged with, or convicted of the commission of any offense, with the purpose or consequence of preventing the apprehension or trial or punishment by law of such citizen or citizens, person or persons, shall constitute a "mob" within the meaning of this act.

That would embrace every machine-gun action in the large cities like Chicago and New York, where a few men group themselves together for the purpose of violating the law, or taking charge of and rescuing parties from the officers, hiding and concealing the parties. They would all come under the provisions of the bill, would they not?

Mr. MINTON. They would come under the definition of lynching, and that has to be connected up with the further fact that the State officer in relation thereto neglected his duty.

Mr. BORAH. We shall come to neglect of duty in a moment.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. CONNALLY. I think the authors of the measure anticipated what the Senator suggested and very carefully limited the bill by exempting gangster murders and labor wars.

Mr. BORAH. I should think they would.

Mr. CONNALLY. They are exempted, as shown upon page 7, where it is provided:

That lynching shall not be deemed to include violence occurring between members of groups of lawbreakers such as are commonly designated as gangsters or racketeers, nor violence occurring during the course of picketing or boycotting or any incident in connection with any labor dispute as that term is defined and used in the act of March 23, 1932.

It was anticipated that the general language would include those crimes by organized gangs and organized mobs, but the authors of the bill had the foresight to include a clause taking special, tender care of the two groups.

Mr. BORAH. It would seem so. Let us read that provision:

That lynching shall not be deemed to include violence occurring between members of groups of lawbreakers such as are commonly designated as gangsters or racketeers, nor violence occurring during the course of picketing.

I can understand why the latter should be excepted. It is a different nature of crime entirely; but why exempt the gangsters and racketeers and persons who own machine guns and have regular organizations in the underworld, with presidents and vice presidents and other officers whose business it is to rescue every man connected with their organization and take him out from under the control of the law?

Mr. MINTON. The bill leaves him right where the Senator wants to leave him. The racketeer groups, as between themselves when they are racketeering, would not have the law apply to them. If they are fighting among themselves or between themselves, there is no protection at all that can extend to either side of that fight.

Mr. BORAH. I understand; but why the exception by those who drew the bill?

Mr. MINTON. Because we do not want to extend the protection of the antilynching law to those engaged in gang warfare, to either one side or the other.

Mr. BORAH. I see that the gangster and the racketeer are more delicately dealt with than the three men who may undertake to organize a mob.

Mr. MINTON. Not at all. Both sides of the gang warfare are beyond the pale of the provisions of the bill. There is no attempt to give the benefits of the proposed law to either side engaged in gang warfare.

Mr. BORAH. But we have a community and a few people who are affected by the gangsters on both sides. I supposed we were protecting the public rather than the gangsters.

Mr. MINTON. The public would not be in on the lynching. None of the public would be lynched, and none of them would be within the definition of lynching unless on one side or the other of the gangster warfare.

Mr. BORAH. Why was it necessary to write it in the bill? Why was it necessary to incorporate in a bill based, as the able Senator from New York [Mr. WAGNER] said, upon the principle of law and order, of decent and orderly government, a provision to except from its operations the racketeer and the gangster?

Mr. MINTON. As I understand the bill, its purpose is to bring relief to the victim of the lynching as lynching is defined in the bill. We do not want to bring the benefits of the bill to either side of the gangs which are engaged in gangster warfare.

Mr. BORAH. That is manifest.

Mr. MINTON. It is not an attempt to protect gangsters at all.

Mr. BORAH. I do not see its object, then.

Mr. MINTON. It is not the desire to give gangsters the benefit of any action of Congress, to protect them in any way, shape, or form. It is only to provide that the proposed law shall apply where people have been denied the benefit of some law. This, of course, excludes gangsters altogether.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. BARKLEY. This provision would not apply where there was warfare or an encounter between gangsters and public officers. It is simply proposed to sanction one gang exterminating another, so it would not come under the term of "lynching."

Mr. BORAH. I apprehend that the victims of the gangster sometimes feel that they have been lynched.

Mr. BARKLEY. They may have been.

Mr. BORAH. They would not come under the provisions of the bill because they would be racketeers and gangsters. They might be lynched. Gangsters do lynch other gangsters; but they would not come under the terms of the bill, as I understand.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. CONNALLY. They would come under the bill by its general terms. If three or more men should lynch anybody, they would be subject to the law; but if they could prove they were gangsters, they would be exempt. That is what the bill provides. In other words, if a group of three otherwise law-abiding persons should lynch someone, under the terms of the bill they would be subject to the law; but if upon the trial they could prove that they were gangsters, they would be exempt.

Mr. BARKLEY. In that case the burden of proof would be on the Government to prove that they were not gangsters.

Mr. CONNALLY. I do not think so. That would be a defense. A man might be guilty of lynching, but, being a gangster, the law would protect him.

Mr. BORAH. All the mobs would have to do would be to attach to the activities of mobbing some of the activities of gangsters also, and if they were both mobsters and gangsters I suppose there would be some difficulty in determining to which jurisdiction they belonged.

Section 3 of the bill provides:

SEC. 3. Whenever a lynching of any person or persons shall occur, any officer or employee of a State or any governmental subdivision thereof who shall have been charged with the duty or shall have possessed the authority as such officer or employee to protect such person or persons from lynching and shall have willfully neglected, refused, or failed to make all diligent efforts to protect such person or persons from lynching and any officer or employee of a State or governmental subdivision thereof who shall have had custody of the person or persons lynched and shall have willfully neglected, refused, or failed to make all diligent efforts to protect such person or persons from lynching, and any officer or employee of a State or governmental subdivision thereof who, having the duty as such officer or employee, shall willfully neglect, refuse, or fail to make all diligent efforts to apprehend, keep in custody, or prosecute the members or any member of the lynching mob, shall be guilty of a felony and upon conviction thereof shall be punished by a fine not exceeding $5,000 or by imprisonment not exceeding 5 years, or by both such fine and imprisonment.

What is proposed by this bill is to make the Federal Government the sole judge of the performance of duty by every State officer. Is not that a fair statement? Every officer of a State where lynching takes place may be subjected to trial under another sovereignty; and the question of the discharge of his duty, of whether he had obeyed the law of his State or whether he had performed the duties belonging to his office, is to be determined by the Federal Government.

If a State officer may be subjected to trial under Federal law for failure to perform his duty in this respect, under what theory may not a State officer also be subjected to trial in a Federal court for failure to perform his duty in other respects with reference to the public interest or with reference to the enforcement of the criminal law?

In other words, if we should pass this bill, and it should be sustained, we should have established the principle and the precedent of enabling the Federal Government to supervise the conduct of every State officer with reference to the execution of the criminal laws of his State, and whether or not he has performed his duties as prescribed by the laws of the State; and there is no reason, unless it is impolitic, why the authority of the Federal Government should be limited to the punishment of the men who deal with mob violence and not include those who deal with other kinds of violence with reference to the rights of the citizen.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. MINTON. Does the Senator think the Federal Government might step in and pass a law to punish State officers who would participate with a mob in mobbing and lynching a man, when it was their duty under the law to protect him?

Mr. BORAH. No; I do not think they could. I do not think that could be done, any more than we could say to the sheriff of New York County, or the county in which the city of New York is situated, "Gangstering has been going on here for years. The public has suffered. You have failed to do your duty. We will try you, and punish you, for failing to do your duty to the State of New York."

Mr. MINTON. The Senator says he does not believe the Federal Government could step in and punish an officer who would participate in lynching or mobbing anybody.

Mr. BORAH. He would be committing a personal crime.

Mr. MINTON. And the Federal Government could not come in under the fourteenth amendment and protect anyone who received that kind of treatment at the hands of a law-enforcing officer?

Mr. BORAH. That is my contention.

Mr. MINTON. But the Senator knows that the Supreme Court has said, and the Senator agreed with me awhile ago when I cited the Scottsboro case, that if the officers of a State discriminate, or participate in excluding a Negro, for instance, from jury service, they have denied the defendant due process of law; but, according to the Senator, if they participate in lynching a man, they have not hurt him at all.

Mr. BORAH. In one instance the officer is proceeding under the authority of the State. He is proceeding under the laws of the State. Instead of executing them, however, he has violated the laws of the State. He is performing the duty of an officer in violation of the laws of the State. In the other instance he has broken away from the laws of the State. The State has no control over him. He is a criminal, and subject to punishment the same as any individual on the street.

The reason why the thing could be done in one instance and not in the other is because in one instance the State has designated what the officer shall do, and he fails to do what the State has designated that he shall do; but in the other instance the State has not designated that he shall join a mob. The State has said that he shall not join a mob. The State has laws to punish him for joining a mob. The State has laws to dismiss him from his office for joining a mob. I say, therefore, that the Federal Government may not come in and try a criminal for the violation of State laws that he has violated in disregard of the dictation of the State.

Mr. MINTON. Suppose the State officer does not join the mob, but merely stands by and does not protect the person who is mobbed. He does not do his duty by the person who is being attacked by the mob.

Mr. BORAH. I gave that illustration. Suppose that the officers of Chicago or of New York do not do their duty with reference to enforcing the law as the public thinks they should; that the public is not sufficiently protected; that a man cannot walk down the street without being seized by racketeers: Does the Senator say that the Federal Government may pass a law which shall subject those officers to trial by the Federal Government? I say "no." I say that the people of those States, under our dual system of government, makes those men responsible to them, and the men are responsible to them. It might just as well be said that a State might pass laws to try Federal officers who fail to do their duty.

Mr. LEWIS. Mr. President——

Mr. BORAH. I yield to the Senator from Illinois.

Mr. LEWIS. I beg the Senator to understand that I am greatly interested in what I feel to be the extension of Federal power and Federal authority over local government. I must concur that in the Harris case, and in one or two others of an earlier time, the position taken by the Senator is much justified; but I beg him to pause and think whether it is not true that the extension of the Federal power, whether he and I like it or do not like it, has been indicated to us by the Supreme Court of the United States in just the reverse of the position for which the able Senator contends, and which I should like to have been the principle. Will the Senator let me read him a brief passage from the Supreme Court of the United States on the very phase of the subject which he himself just this second has presented?

I take the liberty of calling attention to the fact that the proposition is laid down by the Supreme Court of the United States in almost the exact words that the able Senator has uttered here. Says the Chief Justice—then Mr. Chief Justice White, who, as we know, was from Louisiana, and not altogether without natural prejudices governed by geography—in the case of *Homes Telephone & Telegraph Co.* v. *Los Angeles* (227 U. S. 278, at p. 287):

As previously stated, the proposition relied upon presupposes that the terms of the fourteenth amendment reach only acts done by State officers which are within the scope of the power conferred by the State. The proposition, hence, applies to the prohibitions of the amendment, the law of principal and agent governing contracts between individuals, and consequently assumes that no act done by an officer of a State is within the reach of the amendment—

Meaning the fourteenth amendment—

unless such act can be held to be the act of the State by the application of such law of agency. In other words, the proposition is that the amendment deals only with the acts of State officers within the strict scope of the public powers possessed by them, and does not include an abuse of power by an officer as the result of a wrong done in excess of the power delegated. Here

again the settled construction of the amendment is that it presupposes the possibility of an abuse by a State officer or representative of the powers possessed and deals with such a contingency. It provides, therefore, for a case where one who is in possession of State power uses that power to the doing of the wrongs which the amendment forbids even, although the consummation of the wrong may not be within the powers possessed if the commission of the wrong itself is rendered possible or is efficiently aided by the State authority lodged in the wrongdoer. That is to say, the theory of the amendment is that where an officer or other representative of a State in the exercise of the authority with which he is clothed misuses the power possessed to do a wrong forbidden by the amendment inquiry concerning whether the State has authorized the wrong is irrelevant and the Federal judicial power is competent to afford redress for the wrong by dealing with the officer and the result of his exertion of power.

Does not my able friend find that the direct reverse of what he and I have been contending for years?

Mr. BORAH. Will the Senator permit me to take the decision?

Mr. LEWIS. Certainly.

Mr. BORAH. I think that during the night perhaps I can determine what Justice White meant by what he said.

Mr. LEWIS. I myself do not like the decision, but I must obey it and follow what the law is declared to be. I desired to bring to the Senator's attention both the viewpoints.

Mr. BORAH. Mr. President, I cannot discuss this decision very intelligently now, perhaps, but I notice that it is a matter of litigation in a civil suit, the Home Telephone & Telegraph Co. versus the City of Los Angeles, and the syllabi read:

One, whose rights protected by a provision of the Federal Constitution which is identical with a provision of the State constitution are invaded by State officers claiming to act under a State statute, is not debarred from seeking relief in the Federal court under the Federal Constitution until after the State court has declared that the acts were authorized by the statute.

A State officer was acting and claiming to act under the specific authority of the State, and that was the question which was involved. I read further from the syllabi:

The provisions of the fourteenth amendment are generic in terms and are addressed not only to the States but to every person, whether natural or judicial, who is the repository of State power.

Which I do not deny.

The reach of the fourteenth amendment is coextensive with any exercise by a State of power in whatever form exerted.

Under the fourteenth amendment the Federal judicial power can redress the wrong done by a State officer misusing the authority of the State with which he is clothed; under such circumstances inquiry whether the State has authorized the wrong is irrelevant.

Chief Justice White said in his opinion:

The appellant, a California corporation furnishing telephone service in the city of Los Angeles, sued the city and certain of its officials to prevent the putting into effect of a city ordinance establishing telephone rates for the year commencing July 1, 1911.

It was alleged that by the Constitution and laws of the State the city was given a right to fix telephone rates and had passed the assailed ordinance in the exercise of the general authority thus conferred. It was charged that the rates fixed were so unreasonably low that their enforcement would bring about confiscation of the property, and hence the ordinance was repugnant to the due process clause of the fourteenth amendment.

Here was an instance in which the city passed an ordinance fixing the rates of a telephone company, and the telephone company went into court and contended that the rates were so low as to result in the confiscation of its property. Therefore, the court invoked a well-established principle, that property cannot be taken without due process of law, and it happened within the State, and they applied the fourteenth amendment instead of the fifth amendment.

Mr. CONNALLY. Mr. President, the act was not done by the officer as an individual, but was done by him as a State officer, in the assertion of State power.

Mr. BORAH. Let us read further from the bill. First, there is section 3, which covers the question of neglect by officers in the performance of their duty. That is to be tried in the Federal court. I now read from the bill:

SEC. 4. Whenever a lynching of any person or persons shall occur, and information on oath is submitted to the Attorney General of the United States that any officer or employee of a State or any governmental subdivision thereof who shall have been charged with the duty or shall have possessed the authority as such officer or employee to protect such person or persons from lynching, or who shall have had custody of the person or persons lynched, has willfully neglected, refused, or failed to make all diligent efforts to protect such person or persons from lynching or that any officer or employee of a State or governmental subdivision thereof, in violation of his duty as such officer or employee, has willfully neglected, refused, or failed to make all diligent efforts to apprehend, keep in custody, or prosecute the members or any member of the lynching mob, the Attorney General of the United States shall cause an investigation to be made to determine whether there has been any violation of this act.

SEC. 5. (1) Every governmental subdivision of a State to which the State shall have delegated functions of police shall be responsible for any lynching occurring within its territorial jurisdiction—

Every city, every county shall be held responsible for any lynching that takes place within its jurisdiction. If I misread it, I should be glad to be corrected.

Mr. WAGNER. Read on.

Mr. BORAH. I will read on. That is what I am going to do this evening—

Every such governmental subdivision shall also be responsible for any lynching occurring outside of its territorial jurisdiction, whether within or without the same State, which follows upon the seizure and abduction of the victim or victims within its territorial jurisdiction.

Every such governmental subdivision, county or city, "shall be responsible for any lynching occurring outside of its territorial jurisdiction, whether within or without the same State, which follows upon the seizure and abduction of the victim or victims within its territorial jurisdiction."

This is an attempt to make all the people of a county, all the people of a city, responsible in damages for the action of three or four men in lynching some particular individual.

Mr. WAGNER. Will not the Senator read on?

Mr. BORAH. Yes; I will read on.

Any such governmental subdivision which shall fail to prevent any such lynching or any such seizure and abduction followed by lynching shall be liable to each person injured, or to his or her next of kin if such injury results in death, for a sum not less than $2,000 and not more than $10,000 as monetary compensation for such injury or death: *Provided, however,* That the governmental subdivision may prove by a preponderance of evidence as an affirmative defense that the officers thereof charged with the duty of preserving the peace, and citizens thereof when called upon by any such officer, used all diligence and all powers vested in them for the protection of the person lynched: *And provided further,* That the satisfaction of judgment against one governmental subdivision responsible for a lynching shall bar further proceedings against any other governmental subdivision which may also be responsible for that lynching.

As I understand that, if a lynching takes place in the county of Ada, the entire county, in the first instance, is held responsible for any damages which may arise by reason of the lynching. That is the first proposition. In the second place, they are held responsible for any damage which may occur in the next county, or outside of the State, by reason of the seizure within that county.

There may be but one defense to that charge—not that the people of the county are a law-abiding people, utterly opposed to any such criminal action, utterly opposed to the action of the officers—but the only defense is that they be permitted to try to prove that the officer discharged his duty. That is the only defense provided for here.

I do not believe such a provision would stand. I would say that it would certainly be a strange proposition if one sovereignty could enter the jurisdiction of another sovereignty and undertake to impose damages upon the subdivision of that second sovereignty.

I read from the bill:

(2) Liability arising under this section may be enforced and the compensation herein provided for may be recovered in a civil action in the United States district court for the judicial district of which the defendant governmental subdivision is a part. Such action shall be brought and prosecuted by the Attorney General of the United States or his duly authorized representative in the name of the United States for the use of the real party in interest, or, if the claimant or claimants shall so elect, by counsel employed by the claimant or claimants, but in any event without prepayment of costs.

How would anyone enforce that kind of a law? Suppose a judgment were obtained against a county, and suppose the county commissioners should refuse to levy a tax to pay for

it, would they also be subjected to trial? Would the Federal authorities take charge of the entire organization of the county?

Mr. MINTON. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. MINTON. Why not bring a mandamus suit against them and compel them to do their duty?

Mr. BORAH. Mr. President, a mandamus suit to compel officers to levy a tax has not always been sustained, by any means; and here is an effort of the Federal Government to establish a liability upon the subdivision of the State government. There must be a certainty about the tax, and the justice of the tax, before a mandamus suit will follow. But when it comes to asking one sovereign——

Mr. MINTON. But in the mandamus suit the question could not be raised as to the validity of the tax because that would be a collateral attack.

Mr. BORAH. Certainly that question could be raised.

Mr. MINTON. In the mandamus suit?

Mr. BORAH. In the mandamus suit the question certainly could be raised as to the legality of the tax, and the Court would raise it of its own motion if there were any question about it, because a mandamus is a most extraordinary writ and never issues when the Court has any doubt about the righteousness of its issuance.

Mr. MINTON. A tax is levied to settle a judgment. If the tax is invalid, it is because the judgment is invalid; is it not?

Mr. BORAH. Not necessarily; but that is likely to be the main issue.

Mr. MINTON. That certainly seems to me to be the case. If the tax is invalid, it is because the judgment is invalid. If you bring a mandamus suit, you certainly could not raise in that mandamus suit the question of the validity of the tax, as that would be a collateral attack upon the judgment.

Mr. BORAH. Who would bring the mandamus suit?

Mr. MINTON. The person who had the judgment.

Mr. BORAH. The individual, or the Government of the United States?

Mr. MINTON. No; the individual in whose favor the judgment was rendered.

Mr. BORAH. Then after that the Federal Government would step out?

Mr. MINTON. The Federal Government would not then have any place in the picture, because the individual would have recovered his damages under the statute.

Mr. BORAH. I have wondered since I began to read this bill when the Federal Government would depart, and I suppose that would be the time.

I continue to read from the bill:

> If the amount of any such judgment shall not be paid upon demand, payment thereof may be enforced by any process available under the State law for the enforcement of any other money judgment against such a governmental subdivision.

Would the State officers be anxious to enforce that judgment after they had been tried and found guilty of willfully neglecting to do their duty?

Mr. McKELLAR. Mr. President, suppose the State officers refused to enforce the writ of mandamus. Where would the citizen be then? He would be just where he started, it seems to me; and I have no doubt that the State officers would refuse to enforce the writ.

Mr. BORAH. I continue to read:

> Any officer of such governmental subdivision or any other person who shall disobey or fail to comply with any lawful order or decree of the court for the enforcement of the judgment shall be guilty of contempt of that court and punished accordingly. The cause of action accruing hereunder to a person injured by lynching shall not abate with the subsequent death of that person before final judgment but shall survive to his or her next of kin.

I desire to say to the Senators from New York that that provision will have to come out of the bill or it will be very long debated. I shall never consent, so long as I have the physical power to prevent it, that the Federal Government shall be authorized to bring suit against a county or a city of the State, and whose people may be perfectly innocent of any connection whatever with the crime, and punish them for the individual action of three or four persons. It is a perfect outrage to contemplate projecting the Federal Government into the domestic affairs of the State, into the county affairs of the State, into the city affairs of the State, in order to accomplish the ends of this bill.

Opening of Federal Reserve Building

EXTENSION OF REMARKS

OF

HON. ROBERT F. WAGNER

OF NEW YORK

IN THE SENATE OF THE UNITED STATES

Tuesday, November 16, 1937

ADDRESS OF THE PRESIDENT, DELIVERED ON THE OCCASION OF THE OFFICIAL OPENING OF THE FEDERAL RESERVE BUILDING, OCTOBER 20, 1937

Mr. WAGNER. Mr. President, I offer for the CONGRESSIONAL RECORD the speech delivered by the President of the United States on the occasion of the official opening of the Federal Reserve Building on October 20, 1937. I ask unanimous consent to have it inserted in the RECORD.

In this address the President pays a splendid and fitting tribute to the distinguished senior Senator from Virginia [Mr. GLASS], who richly deserves the praise accorded him. We all hold him in the highest esteem, and he is worthy of the greatest commendation.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. Chairman, ladies, and gentlemen, you have come here this afternoon for something more than a mere formality. This structure is worthy to rank among the foremost of the Capital's architectural achievements, and you and I have gathered here to pay tribute to the beauty and dignity of line and form wrought by those who conceived and executed this building.

But we are conscious of a larger meaning in this brief ceremony—of the role that the Federal Reserve plays in the broad purpose which this Government must serve. That purpose is to gain for all of our people the greatest attainable measure of economic well-being, the largest degree of economic security and stability.

To advance the country toward this goal is the real mission of the Federal Reserve System. It cannot be attained by that System alone, but neither can it be reached without the proper functioning of our monetary and credit machinery. That machinery must be steadily perfected and coordinated with all other instruments of government to promote the most productive utilization of our human and material resources. Only in that way can we hope to achieve and maintain an enduring prosperity, free from the disastrous extremes of booms and depressions. Only in that way can our economic system and our democratic institutions endure.

Nearly a quarter of a century has passed since the Federal Reserve System was established. Its creation, out of the Nation's banking experience from the beginning of the Republic, was due to the statesmanship of President Wilson, and to the courageous leadership in the Congress for which the senior Senator from Virginia, CARTER GLASS, will always deserve the Nation's gratitude.

It is fitting that President Wilson's portrait in bronze should have the place of honor in the main entrance to this building. And it is appropriate that the words inscribed under it should be taken from his first inaugural address. Let me quote them:

"We shall deal with our economic system as it is and as it may be modified, not as it might be if we had a clean sheet of paper to write upon; and step by step we shall make it what it should be."

Those penetrating words admirably apply to our banking system, which must be constantly alert to changing conditions in order that it may be prepared to adapt itself to the growing and changing needs of our people in their daily life and work.

The Federal Reserve System, as it was originally established, was adapted to the pre-war world and brought about a great improvement in the money system. Steps were taken in 1917 to adapt it to the urgent necessities of a war-ridden world. In mobilizing the country's gold reserves and in facilitating the Government's vast financing operations, the Reserve System performed a vital role in the winning of the war.

It is clear now, in retrospect, that if further changes to meet post-war conditions had been made in our banking system in the 1920's, it would have been in a far better position to moderate the forces that brought about the great depression. But from the end of the war until we were in the midst of economic collapse a decade later, no changes were made in the banking structure to make it function more effectively in the public interest.

Since that time the Nation has done much to improve its banking system. It must continue step by step to make the banking system what it should be. We must not complacently suppose that we have achieved perfection. We have provided for the insurance of deposits for the benefit of the great mass of small depositors. By the Banking and Security Exchange Acts of 1933, 1934, and 1935, the Federal Reserve System was given increased power to improve banking conditions and to aid the Government in combatting practices which were evil in their results. Those powers have been concentrated to a greater degree than before in a single public body, so that they can be used promptly and effectively in accordance with the changing needs of the country. 1937 is not 1913; nor do we want to turn the hands of the clock back.

The Federal Reserve System, tested by nearly a quarter of a century of operation, is a public institution capable of adaptation to future as it has been to past needs and conditions. It is a piece of machinery vital to the Nation's steady progress toward the goal of a sounder banking system capable of contributing its full share to lasting economic progress and well-being.

The Board of Governors, whose building we are dedicating today, was reconstituted by the Banking Act of 1935. To this public body Congress has entrusted broad powers which enable it to affect the volume and the cost of money, thus exerting a powerful influence upon the expansion and contraction in the flow of money through the channels of agriculture, trade, and industry. In this way much can be done toward the maintenance of more stable employment. Much can be done to aid in achieving greater stability of the true value of the dollar.

By their nature these important powers are of public concern and the responsibility for their exercise is properly vested in a public body. Much as they may contribute to the country's progress, monetary powers possess no peculiar magic. They are not omnipotent. To be effective in performing their function, they must be closely coordinated with the other major powers and policies of Government which influence the country's economic life.

The Federal Reserve System as it exists today is better adapted than ever before to play its part in common with the other instrumentalities of government in the attainment of that increasing well-being for all of our people, which is the fundamental objective of all government.

I dedicate this building to progress toward the ideal of an America in which every worker will be able to provide his family at all times with an ever-rising standard of comfort.

Addresses by the President at Cleveland and Toledo, Ohio, October 5, 1937

EXTENSION OF REMARKS

OF

HON. ROBERT J. BULKLEY

OF OHIO

IN THE SENATE OF THE UNITED STATES

Tuesday, November 16, 1937

RADIO ADDRESS OF THE PRESIDENT, MADE FROM THE PRESIDENTIAL SPECIAL TRAIN AT CLEVELAND, OHIO, AND REMARKS AT TOLEDO, OHIO, ON OCTOBER 5, 1937

Mr. BULKLEY. Mr. President, I ask permission to have inserted in the RECORD a radio address delivered by the President from the Presidential special train at Cleveland, Ohio, under the auspices of the New York Herald Tribune Forum of Current Events. Also, I ask permission to have inserted in the RECORD the President's extemporaneous remarks at Toledo, Ohio.

There being no objection, the address and extemporaneous remarks were ordered to be printed in the RECORD, as follows:

RADIO ADDRESS OF THE PRESIDENT AT CLEVELAND, OHIO

To you who are attending this Forum on Current Events, I again extend my good wishes and my congratulations on its success.

I am speaking from the railroad train in Cleveland on my way home after a 2-weeks' trip to the coast and back, and it is, therefore, natural, perhaps, that my thoughts at this moment run to travel.

I do not want to detract in any way from the value of a forum when I say that no human being can possibly get a complete picture or a rounded conception of any national problem without traveling through the country and talking with people in every walk of life in every section of the Nation.

The professor and student in a university, the newspaper editor and the reporter, the man in public life and his local constituent, can and do learn greatly by much reading, much study, and much discussion, especially if the reading, the study, and the discussion cover all sides of any given question. But the result of it all is almost inevitably tinged with provincialism or narrowness if it is not supplemented by "field work." By "field work" I mean not merely personal observation of the actual practice involving the immediate problem in the home town but also observation in a field which covers the entire Nation.

I knew a man once who, after graduation from college with a bachelor of arts degree, kept right on by taking a degree in science, a degree in law, a degree in medicine, and several graduate degrees in other subjects. When I knew him he was 45 years old and had been at college for more than a quarter of a century. He was a walking encyclopedia but had never been outside of his home town, and he was about the most bigoted, narrow-minded, unsophisticated, and generally impossible person I have ever met.

It is unfortunately true that in respect to public affairs and national problems, the excellently educated man and woman form the least worth-while opinions, for the simple reason that they have enough education to make them think that they know it all, whereas actually their point of view is based on associations with others who in their geographical outlook are about 1 inch wide.

That is why, in the utmost good humor, I hope that in the days to come our educated and thoughtful citizens will make some special efforts to know their own country better.

A distinguished editor of the Tribune once suggested that young men should go west. I would amend this by suggesting that men and women, old and young, should go not only to the west of Horace Greeley, but all the way to the coast—should go south and north and east.

And in their travels, may I repeat a suggestion which I once gave to a young man in New York who thought he knew it all. I said, "Take a second-hand car, put on a flannel shirt, drive out to the coast by the northern route and come back by the southern route. Don't stop anywhere where you have to pay more than $2 for your room and bath. Don't talk to your banking friends or your chamber of commerce friends, but specialize on the gasoline-station man, the small-restaurant keeper and farmers you meet by the wayside, and your fellow automobile travelers."

The forum is a grand institution. We ought to have more of them, but they ought to be supplemented by an intensive drive to get people to know their own country better. It is a grand country and we can all be proud of it.

INFORMAL, EXTEMPORANEOUS REMARKS OF THE PRESIDENT, TOLEDO, OHIO

I have had a wonderful trip all the way out to the coast and back, and I wish you could have all been with me.

I am glad to have a chance to stop in Ohio. When I was out in the State of Washington I heard a very interesting story that tells its own lesson.

The man who was building that great Grand Coulee Dam, which is about 500 feet high and the largest dam that man has ever built in all the ages, told me that a certain prominent citizen of Ohio had come out there and had said, "What good is it going to do Ohio to spend $50,000,000 in Washington?"

So the man who was building the dam said, "I will tell you what I will do. I will bet you a hat that on any part of this project that you pick I can show you some material that has been manufactured in Ohio."

I think that is a pretty good lesson for us all, to show the national unity of the country and how the success of one part of the country affects the success of every other part.

As you know, that is one of our objectives, to have a rounded prosperity, not only in the industrial centers but out in the farming areas and down in the South. That is one way that we, as a Nation, can go ahead.

We have started on the road, and I think we are getting there. It is good to see you.

Address by the President at Boise, Idaho

EXTENSION OF REMARKS

OF

HON. JAMES P. POPE

OF IDAHO

IN THE SENATE OF THE UNITED STATES

Tuesday, November 16, 1937

INFORMAL, EXTEMPORANEOUS REMARKS OF THE PRESIDENT AT BOISE, IDAHO, SEPTEMBER 27, 1937

Mr. POPE. Mr. President, recently the President of the United States, during a visit to Boise, Idaho, made an address dealing with the problems of the day, and I ask that his remarks be inserted in the CONGRESSIONAL RECORD.

There being no objection, the addess was ordered to be printed in the RECORD, as follows:

Governor Clark—and I am going to say what Senator BORAH said—"Friends, and neighbors," I shall never forget this morning.

When I look back on today's visit to Boise I shall think chiefly of two things: First, your beautiful tree-lined streets; and, secondly, your children.

And I take it, being a Roosevelt, that you are following the Roosevelt creed, and that the population is no going to die out.

You know, there is something about children and trees that makes me think of permanency—the future. It is not by any means the sole task of the Presidency to think about the present. One of the chief obligations of the Presidency is to think about the future. We have been, in our 150 years of constitutional existence, a wasteful nation, a nation that has wasted its natural resources and, very often, wasted its human resources.

One reason why a President of the United States ought to travel throughout the country and become familiar with every State is that he has a great obligation to think about the days when he is no longer President, to think about the next generation and the generation after that.

That is one reason why I am particularly glad on this trip to see a part of Idaho which I have never seen before. I had traveled through the eastern part of the State and the northern part of the State, and now I am seeing something new, something that makes me very proud of this part of the country.

And in these travels I am not just thinking of the—what shall I call them?—the more or less petty problems of the day, the quarrels, the disputes of the moment. I am trying to think about the bigger objectives of American life, to think about planning. Planning is not much of a word, but there isn't any better one.

I am trying to think about how we are going to make a better America for those children that I passed this morning. I am trying to think about the conservation of our water resources; to think about the better distribution of and a greater prosperity for agriculture; to think about the saving of our timber; to think about a better coordination of our industrial activities, of a better distribution of control over these industrial activities—that sounds like Senator BORAH—and to think, incidentally, of the influence that the United States can have on the rest of the world in behalf of peace—and that sounds like Senator POPE and Senator BORAH, too.

I wish I could physically take the time to spend more days and more weeks going around the country. There was an old mythological character by the name of Antaeus, who was supposed, every time his foot touched the ground, to redouble his strength. When I go about the country after long weeks and months tied up in Washington, which, incidentally, is one of the narrowest places in the world, I feel that I regain strength by just meeting the American people.

So, my friends, I am grateful to you for giving me this wonderful reception today in the capital of this State. I am grateful to you for coming and saying "howdy" to me, just like the plain folks we, all of us, are.

Some day, having made your acquaintance once, I want to come back and renew it. I have had a wonderful morning.

Addresses by President on Western Trip

EXTENSION OF REMARKS

OF

HON. ALBEN W. BARKLEY

OF KENTUCKY

IN THE SENATE OF THE UNITED STATES

Tuesday, November 16, 1937

ADDRESSES OF THE PRESIDENT AT ST. PAUL, MINN., FARGO, N. DAK., GRAND FORKS, N. DAK., BONNEVILLE DAM AND TIMBERLINE LODGE, OREG.

Mr. BARKLEY. Mr. President, I ask unanimous consent to have printed in the RECORD divers and sundry speeches made by the President on his recent trip through the West.

There being no objection, the addresses were ordered to be printed in the RECORD, as follows:

ADDRESS OF THE PRESIDENT AT ST. PAUL, MINN., OCTOBER 4, 1937

I am glad to return to St. Paul after an absence of less than a year. I appreciate the welcome to this State given me by my old friend, Governor Benson.

I cannot come to Minnesota, however, without thinking of another old friend, who has passed on, Floyd Olson, whose memory as a great liberal leader will always be with us.

This morning in Grand Forks I spoke of the pressing need for national legislation to preserve soil fertility and safeguard farmers' income. For 3 years the Agricultural Adjustment Act was a great cornerstone in the new and permanent structure that we Americans are trying to rear on the ruins of the old. That cornerstone was destroyed by the verdict of the Supreme Court. It has been partly, but only partly, replaced by the Soil Conservation Act. The national farm act, which I hope the Congress will pass, will, I am confident, preserve and strengthen the present soil-conservation program, and at the same time give us provision against the piling up of unmanageable surpluses and provide for storage of reserve food supplies in an ever-normal granary.

It must be repeated over and over again that such a policy is intended not only to maintain farmers' prices by holding down huge surpluses which destroy those prices, but also to assure adequate supplies of food to the consuming public in the event of severe and widespread drought. Farmers and processors alike realize, I am sure, that there must be a wholly adequate supply of food for the Nation at reasonable prices. There must never be a shortage of food—nor must the price of food rise so greatly that the consuming public cannot afford to eat.

On my trip to the Pacific coast and back I have found overwhelming evidence in favor of that twin piece of legislation which, like the crop bill, is intended to replace a cornerstone which was knocked out by the Supreme Court. The wage and hour legislation proposed for the benefit of those industrial workers who are processing products that will move in interstate commerce, is, of course, not intended to restore all of the National Industrial Recovery Act. But it is intended to restore certain fair standards for the workers of the Nation. It is intended to prevent overlong hours of labor. It is intended to establish a reasonable minimum wage, and it is intended to end child labor in every State in the Union.

As in the case of farm legislation, a wage and hour and child-labor law will undoubtedly accomplish two great purposes first, an increase in employment, and, secondly, an increase in the total of the Nation's income.

As a result of both of these the actual cost of relief for the unemployed should decrease, and existing taxes—not higher taxes—should make the financial problem of local and State and Federal Governments more easy.

It is axiomatic that no part of the country can truly prosper if its standards of living and its standards of pay are far below those of all the other parts of the country. Therefore I am looking for substantial support for wage and hour legislation from every part of the country—North, East, West, and South.

A prominent manufacturer told me the other day that because of the expansion of his business he is looking for a new site for a new factory. He said that he and his directors had definitely decided against locating in any of the communities which had held out as an attraction low wages and unrestricted hours of work. He is locating his new plant in a community which pays high wages, works the men and women 40 hours a week, gives them Saturdays and Sundays off, and maintains a high standard of living.

The more I study the subject the more I become convinced that it does not pay any community or any region in the long run to maintain low wage or low living standards. Throughout the Nation we are working toward fairly uniform standards of pay and work in every section and in every community. And the only exception to this will give some effect to a small differential based on an actual lower or an actual higher cost of living in some communities or sections as compared with the average of the country.

This greater uniformity is being encouraged every day by the amazing progress that has been made in transportation during the last few years. People are traveling more and getting to know their neighbors one hundred or five hundred or a thousand miles away for the first time.

The interchange of goods between different parts of the country is also making amazing strides. In this part of the Nation the new channel from the Twin Cities to St. Louis is a good illustration of what I mean. You have long known by interest in its development. Last year I had planned a trip by boat from St. Paul and Minneapolis to New Orleans. Next year I hope to make it.

You, the people of Minnesota, have proved in the past that you favor progress and continued progress in government. You are not wild-eyed radicals. You believe in a constitutional democracy, as I do. You understand me when I speak in national terms. You believe with me that the businessman will most greatly prosper if the workers and the farmers prosper.

We have worked toward a common goal in the past and our cooperation is by no means at an end.

INFORMAL, EXTEMPORANEOUS REMARKS OF THE PRESIDENT, FARGO, N. DAK., OCTOBER 4, 1937

Governor Langer, my friends of Fargo, I am glad to come back here again, and I wish I could stay here longer. I am glad to note that North Dakota is so much better off this year than it was last year.

I want to tell you what I have said on several occasions on this trip, that I greatly wish that all of the calamity howlers and narrow-minded stay-at-homes could have gone across the continent with me.

You know, it is natural for people to be fearful of or antagonistic to things and places that they have never seen. I know a good many people who consider themselves national authorities on this subject or that who have never been west of the Mississippi, and some who have never been west of the Hudson.

Yes; it pays to travel. We get a much bigger perspective and a lot of knowledge.

I remember a story that President Wilson told about North Dakota. He and his family, when he was president of Princeton, were spending the summer in England, and one Sunday morning

they went to church. The rector of the church got up and said, "The Bishop of North Dakota will preach today. We are to have the pleasure of having a sermon from the Bishop of North Dakota, and, by way of explanation, let me tell you that North Dakota is one of His Majesty's colonies."

I heard another story the other day in a letter from the American Ambassador in Mexico City, Josephus Daniels. One day he got a letter from a friend of his in Chicago, who wrote, "I am contemplating a business trip to Mexico City. Do you think it would be safe for me to come and bring my wife and daughter with me?" A few hours later a Mexican friend of his came to the Embassy and said, "Mr. Ambassador, I would like to go to the Chicago Exposition. Do you think it would be safe for me to take my wife and family to Chicago?"

The Ambassador told the gentleman from Chicago and the gentleman from Mexico that both trips would be eminently safe, so they went and they had a wonderful time.

I believe that if more of us could get around the country—and this year travel has increased enormously—the more national we will be in our point of view. That is why these trips that I take every year in the United States have been of very, very great help to me in running the job of President. Although some people have suggested that I ought to "coast"—ought to stay in the White House and just sit home by the fire and have a good time in the next 3 years—I am not going to take their advice.

So I hope I will have the pleasure of seeing you good people in North Dakota once more in the next 3 years.

ADDRESS OF THE PRESIDENT AT GRAND FORKS, N. DAK., OCTOBER 4, 1937

I regret that the necessities of the schedule brought me through the greater part of North Dakota by dark. Last night, however, I saw a portion of the drought area of eastern Montana—a situation akin to yours in the western part of this State. We can at least be thankful that the rains and the crops in this valley, and, indeed, in the eastern part of both Dakotas and most of Minnesota, have been far more plentiful than last year.

On this intensely interesting trip I have had another view of that northern and western part of the United States which is so greatly dependent for its prosperity on agriculture and its sister—forestry. I am more than ever convinced of the importance of continuing our national policy of working toward a better economy by stabilizing and improving the life of the average family.

I received the other day a letter from one of the only two living former members of the Supreme Court of the United States.

I have not asked his permission, but I am certain that he will not mind my reading to you three sentences from his letter, because they express so beautifully the thoughts of so many of us. He says:

"In this season of grave reflection it gives me greatest comfort and happiness to realize that politically and socially through all my long life my earnest sympathies have gone out and my earnest efforts have been exercised for the great numbers of my neighbors who were living in intolerable conditions while a few of us under discriminating laws of our own making were enjoying much more than a fair share of the bounties of Nature and governments.

"The confidence that this has been and is unnecessary and socially unwise, and can and should be corrected in large measure by rational and social legislation, is at bottom the reason, my dear Mr. President, why I see eye to eye with you in your effort to accomplish in 8 years what should have been in process of accomplishment through the last 40 or 50 years.

"My conviction is definite that the most difficult charges for our political adversaries to answer at the bar of history will be their opposition to the adoption of civilization's only process for peaceably settling disputes between nations, and their callous indifference and opposition to civilization's other demand that our neighbors be given at least a modest share in the comforts of life."

And he goes on to speak of what we are doing by introducing into our national life and legislation something at least of the influence of the Golden Rule—the inauguration of a trend toward better things which very certainly can never be halted or turned back. And finally he pays me the finest compliment any man could have in his lifetime. He says, "Of course, you have fallen into some errors—that is human, but you have put a new face upon the social and political life of our country."

If ever I get to be 80 years old, like Mr. Justice John H. Clarke, I hope that I will have the same spirit that still seeks better things for my neighbors.

In seeking the betterment of our farm population, no matter what part of the country they live in, no matter whether they raise cotton or corn or wheat or beets or potatoes or rice, the experience we have today teaches us that if we would avoid the poverty of the past, we must strive today—not tomorrow—toward two objectives.

The first is called "better land use"—using the land in such a way that we do not destroy it or harm it for future generations, and in such a way that it will bring to us the best year-in and year-out return as a reward for our labors. This we are doing at least in part today by educating the users of land, by putting back into grass or trees land which should not be under the plow, by bringing water to dry soil which has immense possibilities for profitable use, and by helping farm families to resettle on good land. The money we are spending on these objectives is already coming back as increased national income and will be repaid, in the long run, many times over.

The other objective is the control, with the approval of what I believe is the overwhelming sentiment of the farmers themselves, of what is known as crop surplus.

Any one crop, wheat or cotton or corn, for example, is like any widely used manufactured commodity like bricks or automobiles or shoes. If, for instance, every shoe factory in the United States were to run on a three-shift basis, turning out shoes day and night for 2 or 3 years, we would have such a surplus of shoes in the United States that that surplus would have to be sold to the public, in order to get rid of it, at far less than the actual cost of manufacturing the shoes.

The same thing holds good of wheat or cotton or corn. We should remember, incidentally, that the prosperity of the wheat growers helps the prosperity of the cotton growers, because you in the Northwest have more money to buy more articles made out of cotton, and the prosperity of the cotton growers helps the growers of wheat, for the Cotton Belt is enabled to buy and eat more bread.

If an enormous surplus of wheat piles up in the hands of buyers and speculators, you know from past experience how the price of wheat will drop almost out of sight the following year. Neither you nor I want to repeat the experiences of 1932.

Therefore, I believe that it is essential to our national economy that we have something to say about the control of the major crop surpluses. The Supreme Court has ruled, in a divided opinion, that the Government cannot make a contract with a farmer by which acreage is fixed either downward or upward. I have never subscribed to the constitutional theory that agriculture is a purely local matter and that it has, therefore, no national scope.

Perhaps it will be held constitutional for the Government to say to a farmer, "If you do thus and so, the Government will do thus and so." As a matter of common sense, I cannot see very much practical difference between the two methods. In the one case, the farmer voluntarily enters into a contract; in the other case, he voluntarily does something with the knowledge that the Government on its part will do something. One is a contract; the other is a promise. The result is the same.

I feel certain that a majority in both Houses of the Congress will heed the wish of most of the farmers of the Nation in enacting crop surplus-control legislation. And it is my thought that legislation toward that end ought to be passed at the earliest possible moment.

Because this legislation was not passed at the last session, it is too late for it to have any bearing on the winter wheat which is now in the ground. Many farmers do fall plowing against next spring's seeding, and in some parts of the Nation crops, such as cotton, are actually planted in late February and early March.

Even after a bill is passed and becomes law on the signature of the President, it takes a month or two before it is humanly possible to set up the machinery in all parts of the country to carry out the provisions of the new law. If, therefore, new legislation is to affect the 1938 crops, haste seems to be important from every angle.

I am happy to come back to North Dakota, and I hope that the coming year will bring you still further along the road to prosperity.

ADDRESS OF THE PRESIDENT AT BONNEVILLE DAM, OREG., SEPTEMBER 28, 1937

Today I have a feeling of real satisfaction in witnessing the completion of another great national project, and of pleasure in the fact that in its inception, 4 years ago, I had some part. My interest in the whole of the valley of the great Columbia River goes back to 1920 when I first studied its mighty possibilities. Again, in 1932, I visited Oregon and Washington and Idaho and took occasion in Portland to express views which have since, through the action of the Congress, become a recorded part of American national policy.

Almost exactly 3 years ago, I inspected the early construction stages of this dam at Bonneville.

The more we study the water resources of the Nation, the more we accept the fact that their use is a matter of national concern, and that in our plans for their use our line of thinking must include great regions as well as narrower localities.

If, for example, we had known as much and acted as effectively 20 and 30 and 40 years ago as we do today in the development of the use of land in that great semiarid strip in the center of the country which runs from the Canadian border to Texas, we could have prevented in great part the abandonment of thousands and thousands of farms in portions of 10 States and thus prevented the migration of thousands of destitute families from those areas into the States of Washington and Oregon and California. We would have done this by avoiding the plowing up of vast areas which should have been kept in grazing range and by stricter regulations to prevent overgrazing. At the same time we would have checked soil erosion, stopped the denudation to our forests and controlled disastrous fires.

Some of my friends who talk glibly of the right of any individual to do anything he wants with any of his property take the point of view that it is not the concern of Federal or State or local government to interfere with what they miscall "the liberty of the individual." With them I do not agree and never have agreed because, unlike them, I am thinking of the future of the United States. My conception of liberty does not permit an individual citizen or group of citizens to commit acts of depredation against Nature in such a way as to harm their neighbors, and especially to harm the future generations of Americans.

If many years ago we had had the necessary knowledge and especially the necessary willingness on the part of the Federal Government to act on it, we would have saved a sum which, in the

last few years, has cost the taxpayers of the Nation at least $2,000,000,000.

Coming back to the watershed of the Columbia River, which covers the greater part of the States of Oregon, Washington, Idaho, and a part of Montana, it is increasingly important that we think of that region as a unit, and especially in terms of the whole population of that area as it is today and as we expect it will be fifty and even a hundred years from now.

I appreciate and I understand fully the desire of some who live close to some of the great sources of power in this watershed to seek the advantages which come from geographical proximity.

More than 8 years ago, when I became Governor of the State of New York, we developed plans for the harnessing of the St. Lawrence River and the production of a vast amount of cheap power. The good people who lived within a few miles of the proposed dam were enthused by the prospect of building up a huge manufacturing center close to the source of the power—another Pittsburgh—a vast city of whirling machinery. It was a natural dream, but wiser counsels prevailed and the government of the State laid down a policy based on the distribution of the proposed power to as wide an area as the science of the transmission would permit.

We felt that the Governor and the legislature of the State owed it to the people in the smaller communities for hundreds of miles around to give them the benefit of cheap electricity in their homes and their farms and their shops. And while the St. Lawrence project is still on paper, I have no doubt of its ultimate development, and of the application of the policy of the widest possible use when the electric current starts to flow.

That is why in developing electricity from this Bonneville Dam, from the Grand Coulee Dam, and from other dams to be built on the Columbia and its tributaries, the policy of the widest use ought to prevail. The transmission of electricity is making such scientific strides today that we can well visualize a date, not far distant, when every community in this great area will be wholly electrified.

It is because I am thinking of the Nation and the region 50 years from now that I venture the further prophesy that as time passes we will do everything in our power to encourage the building up of the smaller communities of the United States. Today many people are beginning to realize that there is inherent weakness in cities which become too large and inherent strength in a wider geographical distribution of population.

An overlarge city inevitably meets problems caused by oversize. Real-estate values and rents become too high; the time consumed in going from one's home to one's work and back again becomes excessive; congestion of streets and other transportation problems arise; truck gardens disappear because the back yard is too small; the cost of living of the average family rises far too high.

There is doubtless a reasonable balance in all of this, and it is a balance which ought to be given more and more study. No one would suggest, for example, that the great cities of Portland, and Tacoma, and Seattle, and Spokane should stop their growth, but it is a fact that they could grow unhealthily at the expense of all the smaller communities of which they form logical centers. Their healthiest growth actually depends on a simultaneous healthy growth of every smaller community within a radius of hundreds of miles.

Your situation in the Northwest is in this respect no different from the situation in the other great regions of the Nation. That is why it has been proposed in the Congress that regional planning boards be set up for the purpose of coordinating the planning for the future in seven or eight natural geographical regions.

You will have read here, as elsewhere, many misleading and utterly untrue statements in some papers and by some politicians that this proposed legislation would set up all-powerful authorities which would destroy State lines, take away local government, and make what people call a totalitarian or authoritarian or some other kind of a dangerous national centralized control. Most people realize that the exact opposite is the truth—that regional commissions will be far more closely in touch with the needs of all the localities and all the people in their respective regions than a system of plans which originates in the Capital of the Nation. By decentralizing as I have proposed the Chief Executive, the various Government departments, and the Congress itself will be able to get from each region a carefully worked-out plan each year—a plan based on future needs, a plan which will seek primarily to help all the people of the region without unduly favoring any one locality or discriminating against any other.

In other words, the responsibility of the Federal Government for the welfare of its citizens will not come from the top in the form of unplanned, hit or miss appropriations of money, but will progress to the National Capital from the ground up—from the communities and counties and States which lie within each of the logical geographical areas.

Another great advantage will be served by this of planning from the bottom up. Under our laws the President submits to the Congress an annual Budget—a Budget which, by the way, we expect to have definitely balanced by the next fiscal year. In this Budget we know how much can properly be expended for the development of our natural resources, the protection of our soil, the construction of our highways and buildings, the maintenance of our harbors and channels and all the other elements which fall under the general heading of public works. By regional planning it will be vastly easier for the executive branch and the Congress to determine how the appropriations for the following year shall be fitted most fairly and equitably into the total amount which our national pocketbook allows us safely to spend.

To you who live thousands of miles away in other parts of the United States, I want to give two or three simple facts. This Bonneville Dam on the Columbia River, 42 miles east of Portland, with Oregon on the south side of the river and Washington on the north, is one of the major power and navigation projects undertaken since 1933. It is 170 feet high and 1,250 feet long. It has been built by the Corps of Engineers of the War Department, and when fully completed, with part of its power installations, will cost $51,000,000. Its locks will enable shipping to use this great waterway much further inland than at present, and give an outlet to the enormously valuable agricultural and mineral products of Oregon and Washington and Idaho. Its generators ultimately will produce 580,000 horse power of electricity.

Truly, in the construction of this dam we have had our eyes on the future of the Nation. Its cost will be returned to the people of the United States many times over in the improvement of navigation and transportation, the cheapening of electric power, and the distribution of this power to hundreds of small communities within a great radius.

As I look upon Bonneville Dam today, I cannot help the thought that instead of spending, as some nations do, half their national income in piling up armaments and more armaments for purposes of war, we in America are wiser in using our wealth on projects like this which will give us more wealth, better living, and greater happiness for our children.

ADDRESS OF THE PRESIDENT AT TIMBERLINE LODGE, OREG., SEPTEMBER 28, 1937

In the past few days I have inspected many great governmental activities—parks and soil protection sponsored by the Works Progress Administration; buildings erected with the assistance of the Public Works Administration; our oldest and best known national park under the jurisdiction of the National Park Service; great irrigation areas fathered by the Reclamation Service; and a few hours ago a huge navigation and power dam built by the Army engineers.

Now I find myself in one of our many national forests, here on the slopes of Mount Hood.

The people of the United States are singularly fortunate in having such great areas of the outdoors in the permanent possession of the people themselves—permanently available for many different forms of use.

In the total of this acreage the national forests already play an important part in our economy, and as the years go by their usefulness is bound to expand.

We think of them, perhaps, as having the primary function of saving our timber resources, but they do far more than that; much of the timber in them is cut and sold under scientific methods and replaced on the system of rotation by new stands of many types of useful trees. Our national forests, in addition, provide forage for livestock and game; they husband our water at its source; they mitigate floods and prevent the erosion of our soil. Last, but not least, our national forests will provide constantly increasing opportunity for recreational use. This Timberline Lodge marks a venture made possible by Emergency Relief work, in order that we may test the workability of recreational facilities installed by the Government itself and operated under its complete control.

Here, to Mount Hood, will come thousands of visitors in the coming years. Looking toward eastern Oregon with its great livestock-raising areas, they will visualize the relation between the cattle ranches and the summer ranges in our forests. Looking westward and northward toward Portland and the Columbia River, with their great lumber and other wood-using industries, they will understand the part which national-forest timber will play in the support of this important element of northwestern prosperity.

Those who will follow us to Timberline Lodge on their holidays and vacations will represent the enjoyment of new opportunities for play in every season of the year. Among them will be many from the uttermost parts of our Nation, travelers from the Middle West and the East and the South—Americans who are fulfilling a very desirable objective of citizenship—getting to know their country better.

Addresses Delivered by the President at Havre and Fort Peck, Mont.

EXTENSION OF REMARKS

OF

HON. JAMES E. MURRAY

OF MONTANA

IN THE SENATE OF THE UNITED STATES

Tuesday, November 16, 1937

ADDRESSES BY THE PRESIDENT AT HAVRE AND FORT PECK, MONT., OCTOBER 3, 1937

Mr. MURRAY. Mr. President, during President Roosevelt's recent trip to the West he made a few extemporaneous

remarks at Havre and at Fort Peck, Mont., which were recorded, and which I ask permission to have inserted in the CONGRESSIONAL RECORD.

There being no objection, the addresses were ordered to be printed in the RECORD, as follows:

INFORMAL, EXTEMPORANEOUS REMARKS OF THE PRESIDENT AT HAVRE, MONT.

Good morning.

I am glad to be back in Montana after an absence of 1 week.

I am particularly interested in seeing this part of the country, because I have got to plan ahead and you have got to plan ahead and the Congress has got to plan ahead for the use of more water.

I was talking last night with JIM MURRAY about that problem of water and we agreed that in a drought area like eastern Montana probably the time has come—and that applies to big sections of other States as well—the time has come to use our W. P. A. work, not in building any more armories or school stadiums or streets but to put it into the building of dams.

This morning I smiled all the way through breakfast because I happened to see an editorial, not in a paper here but in a Great Falls paper, that talked about "balancing the budget of our resources." That is something that is well worth thinking about. It said that because we have made money in wasting and eroding large human resources and piled up nominal wealth in securities and bank balances, we have lost sight of the fact that the natural resources of our land—our permanent capital—are being converted into those nominal evidences of wealth at a faster rate than our real wealth is being replaced.

That is well worth thinking about. That is the unbalanced budget that is most serious and it is to balance that budget that the great program of conservation and useful public works is being carried out. The success of that form of budget balancing is just as important to the future of America as that of the Treasury, important as that may be.

As a matter of fact, the Treasury is all right and we are balancing that Budget—you needn't worry—but, in addition to it, we are going to use every effort to balance the budget of our human and our natural resources.

I have had a very wonderful trip. I have seen a lot and I have learned a lot. I wish a whole lot of other people from back East and from Washington, D. C., could take trips like this.

I am going on down to Fort Peck to see the largest earth dam in the world. Yesterday I saw the largest concrete dam in the world. All of them are intended to do just what I have been talking about—to give people a better chance—and I believe that is what the American people want and are going to get.

It has been good to see you all this morning. I wish I could stop off longer and see this country. I have been here before, you know. I wish I could go up to Glacier. I wish I could drive in an automobile, because I can see more that way than from the rear platform of a train.

I hope to come back and see you again soon.

INFORMAL, EXTEMPORANEOUS REMARKS OF THE PRESIDENT AT FORT PECK, MONT.

Governor Ayers and, I can almost say, my old friends of Fort Peck, because some of you were here 3 years ago—3 years have come and gone, and I see a great change. When I was here before there was just the beginning of a dam, and now it is about three-quarters finished.

I have been thrilled by it not only because it is four times bigger than any other earth-filled dam in the whole world but because of what it is going to do for the people of Montana and the whole Missouri Basin.

It is another illustration of what we have been doing in the past 3 or 4 years. During that time we have given useful work to millions of unemployed citizens; we have brought water to dry places, we have increased and cheapened the use of electricity, and we have completed literally thousands of projects of immediate usefulness in every county and every State of the Union.

But, most important of all, the Nation as a whole has understood the long-range purpose of our policies. The Nation has understood that we are building for future generations of our children and grandchildren, and that in the greater part of what we have done, the money spent is an investment which will come back a thousandfold in the coming years.

I wish that lots of people could have taken this trip with me out to the coast and back. I wish in particular that a certain type of citizen could have taken it—the "doubting Thomases."

Not long ago a very important businessman of New York City came to see me to talk about the one thing that lay nearest to his heart, the balancing of the Budget. Well, I told him I thought it was pretty important and that we were going to get it balanced next year. Then I asked him if he had ever read the Budget. He said, "No." I asked him how much he would save in the coming year if he could, and he said, "Oh, two or three billions of dollars." And then came my question which always stumps people of his kind. I said, "Just where would you cut expenses?" He hemmed and hawed, and he hemmed and hawed some more, and he couldn't tell me where he would save money, although he was saying to the Nation, through the newspaper he owned, that it was perfectly simple to do it.

Well, I pressed him on it, and finally he said this: "Why, you could save half the cost of relief by putting every family onto the dole. Every family that is out of a job or starving, put them on a dole the whole year round. Most important of all, you can stop building, right away, these silly public works like Fort Peck and the Grand Coulee and Bonneville Dams. Stop all this flood-control business. Stop all this irrigation business."

When I suggested to him that his program would bring terrific hardship on several million families of Americans, he finally told me what his real philosophy of life was. He said, "All this business of helping people is ruining the country. Look at my taxes. I have to pay half of all my income in Federal and State and local taxes."

And I happened to know what that gentleman's income was—$400,000 a year. And that "poor" man thought that he was going to the poorhouse because, after paying his taxes, he only had $200,000 a year left.

Well, they are not all like him. Most of the attacks being made on American policies come from people who do not know the United States, come from people who have never been out through the great West, come from people who do not understand the problem, for example, of the drought area. They are people who do not understand the obligation that the government of the locality and of the State and of the Nation has to try to do everything they possibly can to make possible a decent living for the citizens within their borders.

Yes, they are the kind of people who do not understand when JIM MURRAY and JIM O'CONNOR come into my office week after week and make perfect nuisances of themselves and say to me, "Mr. President, we have got to have power developed at the Fort Peck Dam." They are the kind of people that say, "Why, there is all the power in the world up there; why add any more to it?"

They are the kind of people who cannot understand the interest—my interest, JIM MURRAY'S interest, JIM O'CONNOR'S interest, JERRY O'CONNELL'S interest—in the development of the Yellowstone, of the Milk, of the Gallatin, of the Big Horn, and of a lot of other rivers right in this State.

One thing I have always specialized in ever since I started collecting postage stamps at the age of 10 years is geography, and especially the geography of the United States. I think I realize, as all of you good people do, that we can do many things and we are going to do many things for the preservation of our water out through the dry areas of the country and in taking people off land where they cannot possibly live and give them a chance to farm on good land.

That is the kind of policy your Government should have and must follow. I believe that the people, not only of Montana but of every other State in the Union, are appreciative of the fact that we know where we are going and intend to go there.

Address by the President at Spokane, Wash.

EXTENSION OF REMARKS

OF

HON. LEWIS B. SCHWELLENBACH

OF WASHINGTON

IN THE SENATE OF THE UNITED STATES

Tuesday, November 16, 1937

INFORMAL, EXTEMPORANEOUS REMARKS OF THE PRESIDENT, SPOKANE, WASH., OCTOBER 2, 1937

Mr. SCHWELLENBACH. Mr. President, on October 2, 1937, the President of the United States made a brief, extemporaneous address at Spokane, Wash., which I ask permission to have printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

My friends, I am sold on the State of Washington. I have had a wonderful few days, and I wish very much that I could spend weeks instead of days seeing more of the State because I am certain about the future of the Northwest. I am very certain of the contribution it is going to make to our Nation in the days to come, not only in the building up of population but in the building up of the right kind of population, the right kind of people, by using the resources of this great region for the benefit of mankind.

Today I have seen the largest structure that any human beings, so far as history records, have ever undertaken, the Grand Coulee Dam. I am thrilled by it, as all of you are.

I want to leave with you just one suggestion:

There are parts of this Nation that are not as favored as the Northwest. Mistakes have been made. They have cut off their timber. Their land is played out, or they plowed up prairie land which is now blowing away. I am thinking about those people as well as you people. You have got room for them here in the Northwest where they can make homes, where they can live happily and prosperously.

I am asking your cooperation in helping your fellow Americans, who are less favored than you are, to make a new start in life. I know what your response, what your hospitality, is going to be.

Although I leave the State very soon, I am not leaving for good by any means because, as you know, part of my family lives in this State.

I am going to come back again in the next 3 years and take a "look-see" once more.

In the meantime, remember that you are in my thoughts, that we people in Washington—I mean Washington, D. C.—though it is a long way off, are remembering the Northwest, remembering its great possibilities, remembering, incidentally, the fine representatives in the House and in the Senate, that you have sent to us.

And so this is au revoir, it is not good-bye. I will be back to see you soon.

The Function of the Bench and Bar

EXTENSION OF REMARKS

OF

HON. CARL A. HATCH

OF NEW MEXICO

IN THE SENATE OF THE UNITED STATES

Tuesday, November 16, 1937

ADDRESS BY HON. DENNIS CHAVEZ, OF NEW MEXICO, BEFORE THE NEW MEXICO STATE BAR ASSOCIATION, OCTOBER 8, 1937

Mr. HATCH. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by my colleague the junior Senator from New Mexico [Mr. CHAVEZ] before the New Mexico State Bar Association at Santa Fe, N. Mex., on October 8, 1937.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

As a member of the New Mexico Bar, I feel no hesitancy in speaking before its members among whom I was not so long ago an active practitioner. And without fear of being supercritical of the faults as well as the virtues of this group of which I am still a member, frankly discuss our merits and demerits.

The profession of law, it has been said, is a jealous mistress. Be this as it may, our conjugal virtue should not lead us to the mistake of so idealizing our chosen profession to the point where we are blinded as to its shortcomings and failures.

Recent expressions of the American Bar Association, the parent organization of such bodies as this, composed of representatives of the bar of every State in the Union, it would appear, indicate an unwillingness to listen to any discussion on the part of the people or of Government functionaries, of the part the bench and bar play in our daily lives. As lawyers we are prone to idolize and too ready to defend any criticism of either lawyers or judges, courts, statutes, or constitutions, dicta or precedent. The law of "stare decisis" and "res adjudicata" is so firmly imbedded in our legal thought that we with difficulty realize that in this rapidly changing world, just as we discarded the ox cart for the sulkey, then changed to a model T and are now dissatisfied unless we are driving a Packard eight, that the "Rule in Shelley's Case" no longer fits our modern life.

The machine age with its consequent capitalistic development and concentration of wealth; the concentration of population in large centers; displacement of workers with machines; the closing of our last frontiers and the changing of the West from a pioneer section to intensively populated centers—all these changes of the past half century have brought with them basic changes in our economic, social, and political life and thought. Theories of Government generally accepted today, half a century ago would have been considered revolutionary and almost treasonable.

To solve present-day problems with our face toward the past only, with our only guide and theory and philosophy of life and of government of those who lived in another age, is to act with short judgment. I do not say we should disregard the lessons of the past, the wisdom of the ages to which we are heirs. But this is certain, if we would safely guide the Ship of State through these new and dangerous passages, we must be cognizant of the shoals and reefs which these modern upheavals have cast in hitherto unblocked channels which dangers were unknown to the ancient mariner.

The point I desire to make is this: As our economic life changes, the rules under which that life is to be lived must change. Lawyers as a whole, it seems to me, are the last to recognize these truths that they must break loose from that ultraconservative view that the law is a definite, unmovable pillar of righteousness, whose rules of procedure, whose constitution, codes, and precedents are a beacon light which for all time, unchanged and untampered with, shall always point the way to life, liberty, and happiness.

No one has more reverence for established law and for our Constitution than I. To my mind, however, our Constitution is not solely a written instrument, the original of which reposes in the Hall of Archives in Washington. It is more than that. It is the unwritten thought, engraven in the hearts of every free-born American, which God forbid ever be erased, that the will of the people is sovereign and that their desire expressed in accord with the will of the majority shall be the law by which we live.

When we view millions of poorly fed, poorly housed American citizens clamoring for work which is unavailable—this in the midst of a land of wealth, where there is plenty for all were there a proper distribution of those gifts with which God has endowed this wonderfully bountiful country of ours—without posing as a proponent of a division of the wealth—it is reasonable to say that new problems of life must be met with new rules governing those lives. And here is where the bench and bar, in my opinion, must learn their lesson. They, too, must join the march in this rapidly changing life we are living.

All of these observations lead directly to this: That it is apparent that when our economic structure has reached the point where it does not solve the present problem of our economic life, as it was apparent a few years ago, of necessity the sovereign power of the Nation must project itself into the conduct of our affairs if we would have preserved for us a government for the people. And by this I mean a government under which every individual has the opportunity not only to enjoy life and liberty but also happiness which necessarily includes a roof to cover him and food for his family. Yet, from the bench and from the bar throughout the country in times when thousands upon thousands were out of work, and their families hungry, we heard the loudest protests of the Government going into business; of the Government employing men; of the unconstitutionality of laws which sought to regulate hours of labor, distribution of commodities, price of commodities, old-age security and likewise.

Have we solved the problem? No; but we have gone a long ways. It would be truer to say we will never solve the problem. It will be a constantly changing picture. This can be said. We have passed the first milestone. We did when under the guidance of a leader who subscribed to the philosophy that justice is the first concern of mankind; that human rights and human needs are paramount to legal traditions; that the rights of all are paramount to the needs of a few; that it is the function of government to insure for every citizen the right to live, and the right to work, and the right to a living wage.

We have broken away from the fetters of the past. We see a new horizon ahead. In our journey toward that horizon the importance of the bench and the bar cannot be overestimated. It has been truly said that the more government projects itself into the affairs of men, the bench and bar become not only the arbiters but the last bulwark of the citizens. It is true today as when spoken by Aristotle centuries ago that "Justice is the first concern of mankind." It is the function of the bench and the bar to insure this justice. Justice we often think of only in connection with the administration of criminal law. It goes further. It includes the right of opportunity for every free-born American to enjoy in proportion to his industry and his efforts the right to live and raise his family free from the specter of want and hunger.

I have no fear for the future. We have grown powerful and prospered under our form of government. So far as our Constitution is concerned, it is our fundamental law. We have changed it 21 times to suit changing conditions. We may change it 21 times more. Some day we may replace it with a more adequate one. With due reverence to those who laid the foundations of our Government, they were in no wise either infallible or all-knowing. Wise men in their day, just and able, they gave us what we have today. Our function is not to cling to what they left as they left it but to carry on with the same patriotic spirit, with the same love for justice and freedom, jealous ever that no part of that heritage of freedom they left us shall ever be lost.

I thank you.

Address by the President at Marshalltown, Iowa

EXTENSION OF REMARKS

OF

HON. GUY M. GILLETTE

OF IOWA

IN THE SENATE OF THE UNITED STATES

Tuesday, November 16, 1937

INFORMAL, EXTEMPORANEOUS REMARKS OF THE PRESIDENT, MARSHALLTOWN, IOWA, SEPTEMBER 23, 1937

Mr. GILLETTE. Mr. President, the President of the United States honored the State of Iowa recently on his

western trip by making a short address at the city of Marshalltown, Iowa, on September 23, 1937. I ask unanimous consent that his remarks may be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

I am glad to come back to Iowa after an absence of nearly a year. As you know, this is not a campaign trip, but it is merely doing what I think every President ought to do, and that is once a year to try to see something of the country at first-hand.

I believe that on this trip so far things are a good deal better than they were in 1936.

At this particular moment I have to be very careful of what I say, because upon the front platform of this car they are making a record on a disc. And, also, the newspapermen in the club car, who are connected with this back platform by this instrument [indicating microphone], are taking everything down, trying to get a real story that will appear in the headlines. So I have got to disappoint them once more.

As a matter of fact, I know a lot of you good people here are interested in one of the objectives of Government—the stability of crop prices. It is one of the big things that we have let slide this year, and we know what happens to the country when corn and cotton and wheat and other major crops fluctuate up and down the scale and people haven't got any idea when they plant their crops what they are going to get for them when they reap them.

That is something, I believe, that modern civilization must solve and can solve; and I am not speaking in a party spirit, as you know. I think the time has come when the Government can devise ways and means which will stabilize prices that farmers get for what they grow. And I believe, too, that that can be done without bankrupting the Government.

On this trip I am talking to many people about methods to be used in obtaining those ends. You know a lot of people mix up objectives with methods, and sometimes, when they don't like the objectives, they say "Oh, yes; we do like the objectives, but we don't like the methods proposed by this particular fellow." Well, I am not in love with any particular methods, but I am in love with the particular objectives which the people are after and I am after.

That is why tomorrow, when I will be in the beet-sugar area and cattle area, I will be trying to get at first-hand what the people are thinking about, and trying to get at first-hand the methods to be used in gaining the objectives, because I am certain that we are together as to what those objectives are.

I said I was not going to make a speech, but I seem to have made one.

I suppose that in the last 25 years I have seen a good deal more of the United States than almost anybody in public life except Jim Farley. I am keen to see more of it, and I propose to keep on traveling.

Many thanks.

Administration and Its Judicial Control

EXTENSION OF REMARKS

OF

HON. TOM CONNALLY

OF TEXAS

IN THE SENATE OF THE UNITED STATES

Tuesday, November 16, 1937

ADDRESS DELIVERED BY HON. M. M. LOGAN, OF KENTUCKY, BEFORE AMERICAN BAR ASSOCIATION AT KANSAS CITY, MO., SEPTEMBER 28, 1937

Mr. CONNALLY. Mr. President, on September 28 last the junior Senator from Kentucky [Mr. LOGAN] delivered a very able and interesting address before the American Bar Association at Kansas City, Mo., on the subject of administration and its judicial control. I ask that the address may be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

While I esteem it an honor and a distinction to be invited to address this body of lawyers, I am not unmindful of the difficulties which confront any man who talks to a group of lawyers.

They are all that they claim to be; that is, the most important citizens in any community; but the lawyer has always had one difficulty, and it is hard for him to overcome it, if it is possible at all. He opposes change, perhaps in the belief that if there should be change pertaining to any subject in which he is interested, the law that he knows, or at least a part of it, would be repealed and he would be forced to learn new procedure, new interpretations, and, perhaps, new ideas, which might float in upon him either by his own desires or against his wishes.

I have an old friend in Kentucky who is a circuit judge, and, of course, he holds court in the different counties which make up his district. In Kentucky, a circuit judge is one of the most important men in the State. This particular judge drives over his district in a 1922-model Ford car. He is laughed at by his associates and jeered at by the boys and girls. His appearance on the streets and highways endangers the safety of others, but none of these things is sufficient to induce him to buy a new car. He has the money, he is not stingy, he likes to spend his money lavishly, but he says that if he should get a new car he would not understand the improvements that have been added to it, which would necessitate his learning about new gadgets and, consequently, he takes a chance on injuring himself or his neighbor.

Some lawyers are that way. Perhaps none who are here, but I know some who are against all progress; and perhaps it is well to have some of that kind, because it is true that the lawyer is important not only in professional and business life, but the great statesmen of the Nation have been drawn from among the lawyers. One needs but to scan the roster of the Members of the United States Senate to be convinced that the liberal-minded men, those who are searching for new ways to serve the people, Senators such as the late Senator Couzens, the late Senator Cutting, Senators Norris, Borah, Wagner, to mention only a few of the older ones, are outstanding in their profession. There are very few reactionary lawyers in the United States Senate, and I am persuaded that perhaps there is no great number in the country at large, if they take the time to master the questions confronting the Nation.

Now, one of the most important questions that confront us today, and one that intimately concerns the whole people as well as the lawyers of the country, is the question of public administration. And arising out of public administration and a concomitant to it is the question of administrative adjudication. In the not distant future there is going to be a reorganization of administrative agencies along the line of greater efficiency, coordination of functions, and administrative economy.

Perhaps the most difficult problem to be encountered in such a reorganization, and certainly the one which most intimately concerns the lawyer, is the problem of administrative adjudication, or judicial control. This is a problem for practical lawyers and should be seriously met. The bar cannot afford to sit on the side lines, nursing individual or group prejudices, content with the old model, while political scientists work out the problem along the line of pure theory.

Perhaps we can better appreciate the problem if we first examine our administrative system as it is.

In the days following the formation of the Union, when industry was small and largely rural, when transportation was confined to the waterways and the overland trail, and travel to the saddle and the stagecoach, the demands upon government were comparatively few, and the problems of administration correspondingly simple.

Today the country has expanded into a vast empire. Rural communities have become large industrial centers. Great metropolitan areas have replaced the small towns. Concrete highways have replaced the overland trails. Railroads afford rapid transportation and, with automobiles and airplanes, have replaced the saddle and stagecoach. The local grocery has become a chain store and the proprietor, a clerk. The small industrial enterprise has been merged with the large corporation, and a majority of the population has become vassals in an industrial feudalism.

Moreover, modern machinery has replaced the workers and a large portion of the people have become permanently unemployed.

The genius of a great commercial people, in the greatest commercial age the world has ever known, has developed methods of production to the point of saturation but has failed to provide economic hospitalization for the social casualties resulting from these methods. Every machine invented, every important method of production and distribution, every improvement in transportation and travel have been potential causes for some form of social regulation that has or may become a problem for government.

In the light of expanded Government activity old definitions of what things are of Government concern have been revised. General welfare has loomed large in the new definitions, and Government responsibility has taken on a new meaning. Today society has become tremendously complex; the problems of government have become legion and their solution increasingly difficult. In this situation Government has sought and found new methods and new agencies of administration to efficiently handle its increased business.

Administrative agencies in Government may be defined to include all of those agencies through which the public business of the state is transacted. They derive their authority from the Constitution, from the statute laws, and from rules, regulations, and orders formulated in pursuance to and by the sanction of the legislative will. The development of such agencies in our Government has until recently been unitary, without any real coordinating control. Congress, having the power, created new agencies for the work in hand, often without regard to the fact that some other agency was engaged in related activities. Thus the administrative branch of the Government developed, as it were, by accretion in the form of new agencies charged with new activities and endowed with new powers. Naturally this form of growth resulted in much duplication and overlapping of activities, but it also resulted in the building up of a very definite system of administrative law within the constitutional limits as set by judicial approval.

In the study of administrative organization in the United States it is well to remember that our Federal administrative system was not copied from Europe, although during the latter period of the Revolution there was a strong tendency to compliment France in numerous ways, ranging all the way from French fashions to offi-

cial terminology; nor is it due to long-range planning by the constitutional fathers. American administration is distinctively American, due in its creation to the same experiences and resourcefulness that created and has perpetuated the American Government. It has been a continuous evolution—often experimental, sometimes rapid in its development, sometimes slow, and again moving forward with a tremendous impetus—from the days of colonial independence to the adoption of the Constitution, and from 1789 to 1937 it has been characterized by an ingenuity and resourcefulness distinctly American.

The history of administrative organization has therefore been one of change, both as to the method of organization and the functions of the executive departments.

During that critical period in American history from Lexington, 1775, to Philadelphia, 1789, when the Thirteen Colonies were engaged in the struggle for independence from Great Britain and in the formation of the Union, the executive power was exercised by the Continental Congress. The exercise by Congress of the administrative functions resulted in such confusion that it soon became apparent that these functions should be delegated.

At first these delegations were made to its own members, but the cumulation of onerous duties with the consequent delay and failure soon forced the delegation of administration, at least to some extent, to persons outside of Congress. This laid the foundation for administrative improvement, which continued after the war, and the committees employed by Congress to administer its resolutions came to have some degree of permanency. The system was improved under the Articles of Confederation and some degree of separation of administrative functions was obtained. Here, however, it stopped and, until the Constitution was adopted, Congress continued to give attention to administrative details. This exercise by Congress of administrative detail caused Jefferson, in a letter to Carrington, to advocate a separation of executive and legislative powers in the new Government, but the main defect in the system, as Hamilton so aptly put it, was "in confounding legislative and executive functions in a single body." On account of their experience under British rule the Colonies were reluctant to centralize power in one person, and Congress delegated to boards, committees, and advisory bodies the business of administration. It was soon found that the exercise of administrative authority by special committees was impractical, and that a centralization of authority and control was necessary. Thus we find at the end of the period of the Confederation a trend toward a single-executive authority in administration responsible to the Congress. This was probably due to Alexander Hamilton more than any other one man, although at the end of this period it is said to have met with the approval of a majority of the statesmen of the time and had proved more efficient than either committee or board control.

DEVELOPMENT AND TREND

For approximately 100 years after the adoption of the Constitution public administration in the Federal scheme was concerned largely with governmental activities, such as the State,[1] War,[1] Navy,[2] and Treasury Departments.[3] The Post Office[4] and Interior Departments[4] and the Agriculture Department,[5] which was organized at the end of this period, represent large and important activities impressed with a social character, as is the Department of Commerce, established in 1903, as the Department of Commerce and Labor, and the Department of Labor, established in 1913.

The First Congress of 1789 included in the Judiciary Act of that year a provision for an Attorney General of the United States, whose duties were to prosecute and conduct all suits in the Supreme Court in which the United States was concerned, and to give his opinion upon questions of law when required by the President or the heads of the departments. When Cabinet meetings were inaugurated by Washington in 1791 the Attorney General regularly met with the Cabinet, although he was not placed at the head of an executive department until 1870, when the Department of Justice was organized. Thus was inaugurated a centralized control over the administration of legal affairs.

This centralized control is not, however, complete, and the legal work of various departments and independent administrative establishments is by no means all under the supervision and direction of the Attorney General. Much of the supervision over departmental legal matters is merely nominal. For example, the Treasury Department has its own legal organization under the General Counsel, while the prosecution of appeals before the circuit courts and the Supreme Court is by the Department of Justice. The office of the Judge Advocate General of the War Department is not subject to the supervision of the Attorney General.

The administrative organization of the Department since 1870 has been characterized by the extension of its activities into fields not contemplated when the office of the Attorney General was first created. Among these are included the supervision of penal institutions, supervision of pardons, commission to codify criminal laws, Bureau of Insular and Territorial Affairs, Bureau of Investigation (1907), and the Bureau of Criminal Identification. Special assistants to the Attorney General are in charge of its various bureaus and also serve as solicitors to the other departments of the executive branch. The organization is along the line of administrative functions and centralized control.

In 1824 Chief Justice Marshall, in the famous case of *Gibbon v. Ogden*, stated that commerce was traffic and intercourse, commercial intercourse in all its branches, including navigation, and could be regulated by Congress under the power conferred by the Constitution, excepting where it was entirely intrastate. In describing the power, the Chief Justice said it is the power to regulate, the power to prescribe the rule by which commerce shall be governed.

Subsequent decisions of the Court have steadily expanded the concept of commerce and have extended, with congressional legislation, the Federal control to such things as transportation, communication, bridges, foods and drugs, agriculture, lotteries, unfair competition in business, prison-made goods, alcoholic beverages, fuel, labor relations, securities, and business in general.

The first important regulatory legislation was the Interstate Commerce Act of 1887, under which one of the most outstanding administrative agencies in the Federal system was set up—the Interstate Commerce Commission. Within the 50 years since the establishment of the I. C. C. there has been developed in our administrative system, either within the executive departments or as independent agencies outside of the departments, nearly 100 agencies or tribunals exercising judicial or quasi-judicial functions in adjudicating disputes that arise in the administration of government.

Administrative agencies created to regulate and control the economic resources of the country have increased tremendously in recent years. Among these activities is the regulation of waterpower. At first this was applied to the regulation of dams on navigable streams in 1906. Then came the Federal Waterways Commission in 1917, followed by the Federal Water Power Act of 1920, which provides for a control through a system of licensing. In 1924 the Inland Waterways Corporation was created, and in 1933 the Tennessee Valley Authority was established as a new and gigantic experiment in this field.

So in the field of finance, labor, agriculture, research, banking, reconstruction, housing, insurance, public works, rural electrification, farm and commodity credit, social security, foreign trade, and conservation relief regulatory bodies have been developed, usually as boards, commissions, or administrators, charged with special administrative activities. As the process of administration has developed, administrative adjudication of disputes has become an integral part of the functioning of these regulatory authorities, either directly because they are established to settle particular types of disputes or, as is generally the case, because adjudication results from their operations.

Formerly administrative concepts have been very largely restricted in jurisdiction to disputes which arise between administrative agences and private persons. It may be noted that this field is being broadened to include disputes between two or more private persons. This may seem to shock our concept of public administration, until we consider that the reason for the enlargement of jurisdiction lies in the fact that a created administrative authority is especially charged with the exercise of this function because its exercise by an administrative authority is thought more fitting than if exercised by the courts. For example, arbitration authorities such as labor boards decide disputes between employer and employees, or the Interstate Commerce Commission decides disputes between shipper and carrier.

The development of our administrative system has been accomplished with little regard for the doctrine of the separation of powers strictly construed. This has been due in part to the manner in which it has been developed and in part to the fact that administration is government in action and must function continuously and in detail. We therefore find the executive departments and most of the special agencies and tribunals exercising in some degree all the powers of government.

The doctrine of the separation of powers came to us from the French political philosophy of Montesquieu and has effected the development of administrative adjudication quite differently in the two countries. In France there has been developed a system of administrative courts that have jurisdiction over all cases arising out of administration. These courts are entirely distinct from the law courts. The result has been the development of a body administrative public law, termed "droit administratif." In the United States, on the other hand, the separation of powers has resulted in giving the control of administration to the law courts, with the result that administrative law has developed along the lines of private rather than public law.

The question of how far a precise separation of powers is either possible or desirable in practice is becoming increasingly complex. In the regulatory field and in many of what may be termed the proprietary functions of government such as revenue and contracts where the action is between the citizen and the state it is of the greatest importance that the officers charged with the rule-making power do not sit as final judges in the controversy arising under the rules which they have established. But the administrative authorities must be left free to make administrative determinations in the first instance in order that government may function. Certainly we cannot settle the question on a purely theoretical basis, and any disposition of it must take into account the fact that the separation of powers is a basic concept, the practical application of which must take into account conditions which are constantly changing; it must meet the demands of

[1] 1789.
[2] 1798.
[3] Established 1789—Postmaster General became a member of President's Cabinet in 1829—became executive department in 1872.
[4] 1849.
[5] Department of Agriculture created in 1862—administered by Commissioner of Agriculture until 1889, when it became an executive department.

government as a living institution. This idea has characterized the growth of our American concept of administration from the narrow view of the framers of the Constitution to the present sphere of administrative action.

In the primitive state we find all the powers of government exercised by one person or by a group of persons. Gradually as the state developed and the problems of government increased these powers have been delegated to the king's council, or the king's court, or the king's officers. At first commingled, their separation was an evolution due to practical necessity.

The mingling of administrative and judicial powers in a single authority arose quite naturally in the development of government and gave no particular concern unless used as a means of oppression. The average man is not interested in where the power reposes unless and until its exercise interferes with his liberties or it is called to his attention by flagrant abuses. Separation of powers, in the early history of the English law was largely the result of natural evolution under existing social conditions. "In some cases an officer who was primarily an administrator would, in the course of time, gradually acquire judicial duties, as in the case of the sheriff; in others it was the judge who turned administrator, as in the case of the justice of the peace." As the social order became more complex and population increased and gravitated to civic and industrial centers, necessity led to the establishment of new administrative officers who took over some of the administrative powers and duties formerly held by the judicial officers, and new judicial officers took over judicial powers formerly held by administrative officers.

Quasi powers have come to assume a large place in our administrative terminology. This has, in some measure, been the result of the unitary development of our administrative agencies without any definite general provision for administrative control. That such agencies may be so planned and controlled as to retain all of the effective powers that they now possess within the spirit of the separation of powers seems evidence if we examine the reasons which underlie the separation of powers in government.

Perhaps the most potent of these reasons in the mind of the framers of the Constitution was to prevent the concentration of power in the hands of a single person. It concerned the political organization of the Government and not the administrative organization.

We must concede that there is an interrelation of these powers and that they may be so distributed as to minimize any abuse of power by one agency or individual. It is only where individuals or agencies charged with an administrative duty, exercise in relation and in addition thereto a legislative or judicial function without any check or proper restraint by the legislative or judicial branches of government that any real danger from abuse of power through interrelation arises. In most cases such powers, although they may be technically termed sublegislative or judicial, are largely administrative in character and might be separated or apportioned as to function with a decided resulting improvement. A very striking example of such confusion of powers and the results accomplished by their separation is found in the Treasury Department where, in 1924, the quasi-judicial functions of the Bureau of Internal Revenue were eliminated and Congress established the United States Board of Tax Appeals with purely judicial powers, to review the administrative determinations of the Bureau. This was a distinct forward step in administrative procedure, thoroughly in harmony with the doctrine of the separation of powers. The doctrine of the separation of powers is rooted in the notion of individual liberty and the protection of private property, and it is of interest to note that the first great expansion of administrative regulatory agencies was due to this same notion of the protection of the individual and of private property from the encroachment of powerful or organized interests, and in the establishment and development of these agencies the end desired was considered of more importance than a strict adherence to the separation of powers. In administrative organization it is well to keep in mind the necessity for efficient and economic functioning, and we must not lose sight of the fact that constitutional disposition of powers is not in its first analysis an administrative question. Such problems can only be solved through departmental organization, which considers a blending of powers to secure the maximum protection of individual rights.

Procedure in the ordinary processes of administration is informal. No particular rules are ordinarily formulated or published. In the case of independent tribunals, boards, and commissions there has been developed very elaborate rules which are published. In most cases the statute creating the tribunal gives it the power to formulate its own rules of procedure. These rules are very much alike in the different regulatory authorities. There are, however, enough differences in the substance and methods of procedure to cause great confusion among lawyers who find it exceedingly difficult to practice before several different tribunals where they must not only know in general what the procedure is but must familiarize themselves with the details in each tribunal in order to properly conduct a case and protect the interest of clients. On the whole the procedure is fairly adequate and complete. No general standards have been developed either by law, regulation, or practice, and there is some tendency toward rigidity. There is no general Federal bar admission which would enable attorneys to practice before all of the Federal departments and special tribunals. Attorneys are required to be admitted to practice before particular departments or tribunals and may be disbarred from one while continuing to practice before others.

Since most of the authorities within Government departments are responsible to the head of the department, an appeal lies from their decisions to the head of the department. In many cases their opinion is merely advisory. Their acts, although of a judicial nature, are administrative in character, and their decisions are self-executing; that is, they require no further act to make them valid and may be enforced by such means as the refusal of a license or a certificate of convenience or necessity, refusal of the entry of goods, seizure and destruction of goods, the assessment and collection of taxes, or the imposition of penalties. It is only when there is an objection to the action taken that it does not take effect immediately. These authorities may not be said to exercise any judicial control over administration, but rather exercise in general a part of the administrative process in settling disputes that arise in the functioning of government. For example, there are about 30 authorities within the Department of Agriculture which pass upon appeals from such things as grades, standards, inspection. They are not controlling the inspection or grades, but are merely giving a new and more expert examination of the products.

In most instances there is an administrative review of the acts of regulatory authorities, and a judicial review is provided for in almost all cases. Just how far this review extends varies greatly, and it is always necessary to go to judicial decisions to determine its extent.

In the regulation of business by the Federal Trade Commission, the courts have exercised a far-reaching control, particularly by the doctrine that what is an unfair method of competition is not a question of fact but of law, while in the case of transportation or communication they have exercised very little control. The control over administration generally, and more especially regulatory authorities, is in the ordinary courts. In particular cases such special tribunals as the Board of Tax Appeals, the Court of Claims, the Customs Court, and the Court of Customs and Patent Appeals, exercise a large control of administration within their limited jurisdiction, and are building up a body of somewhat uniform administrative law. In the final analysis, however, the 10 circuit courts of appeals and the United States Court of Appeals for the District of Columbia hear and finally determine most of the cases involving appeals from administrative action. Review by the Supreme Court is by writ of certiorari in most cases and is so discretionary that only a very small proportion of the cases ever reach that body.

If you happen to be in the courtroom on a day when the Supreme Court is handing down its decisions, you will find a surprisingly large number of cases there decided have to do with questions arising out of administrative public law. If you will examine a volume of the Federal Court Reports, you will be impressed with the large proportion of cases reported involving questions of administration. If you carry your investigation a little further and examine the reports of such administrative tribunals as the Interstate Commerce Commission, the United States Board of Tax Appeals, or the Customs Court, the Court of Customs and Patent Appeals, and the Court of Claims, you will appreciate that only a small fraction of the questions arising in the administration of Government ever find their way into the appellate courts, and you can form some notion of the nature and extent of the judicial control of administration, and the tremendous amount of time required of the courts for the consideration of administrative questions.

Administrative law as developed by our Federal courts is based upon common-law concepts which emphasize individual property rights and duties rather than upon public law concepts and duties. The result is an increasing trend toward technical construction which does not come to grips with the realities of the present-day economic situation. In recent times our philosophy of government has been undergoing many changes, and the notion of individual concern is being subordinated to the notion of general concern; individual welfare is being submerged into the welfare of the group.

The State is an ideal concept of society organized for the promotion of social intercourse and the protection of the welfare of the members of the group. It has no physical existence and must exercise its functions through individuals. These individuals represent the State and act for it in the administration of government.

In order that government may function smoothly and economically, its agents must be organized along the line of greatest efficiency, and so coordinated that every department will function in its own sphere and in its relation to other departments so as to give the maximum service with a minimum cost. For the cost of government must be paid by the people, and this burden should be made as light as possible. Certainly it should not be increased by inefficient administration. Nor should adjudication of controversies arising out of administrative action be so expensive as to deny to the average citizen a determination of his rights.

It is to administrative law that the individual must have recourse when his rights are violated. Just so far as administrative organization delimits the sphere of action of the administration, it indicates what are the rights of the individual which the administration must respect, and in order to prevent the Government from violating them, offers to the individual remedies for the violation of his rights.

Any reorganization of our administrative system should have in mind, economy in administration, coordination of activities; along the line of efficiency, simplification, uniformity of procedure before

the administrative tribunals, and judicial control of administration by administrative courts and tribunals in order to build up an administrative jurisprudence adequate to cope with modern social and business conditions in the spirit of public law. This result could best be accomplished by the establishment of an administrative court of appeals to review the decisions of the lower administrative tribunals with a final review by the Supreme Court in cases involving constitutional questions.

Reciprocal Trade Agreements and Agriculture

EXTENSION OF REMARKS

OF

HON. WILLIAM E. BORAH

OF IDAHO

IN THE SENATE OF THE UNITED STATES

Tuesday, November 16, 1937

ARTICLE BY HON. ARTHUR CAPPER, OF KANSAS

Mr. BORAH. Mr. President, I ask unanimous consent to have printed in the RECORD an article published in the Saturday Evening Post of November 13, 1937, written by the senior Senator from Kansas [Mr. CAPPER] on one of the phases of the farm question, which will soon be considered.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Saturday Evening Post of November 13, 1937]

GOOD OLD NEIGHBOR SAM

(By Senator ARTHUR CAPPER)

The idea of being a good neighbor, internationally, appeals to me because I believe in peace and despise war. I am sold on the theory that there is a place in this world for the practice of cooperation among individuals and among nations. I believe it is possible for folks to get along together if they are so minded and if all of them are willing to play ball.

But in a long life I have learned that cooperation is a two-sided affair that requires mutual concessions to achieve mutual benefits. I also have learned that if you allow good-neighbor impulses to lead you into sentimentality and the granting of too generous concessions to your neighbor without insisting that he be equally liberal and considerate in his treatment of you, you destroy the very basis on which neighborliness and friendship can long exist. When your neighbor figures you as an easy mark or a sentimentalist, he is tempted to take advantage of you and chisel for himself at your expense. One can be kind and generous and friendly and expect that friendship to be permanent only if one insists that others act similarly.

As it is with individuals, so it is with nations. A good-neighbor policy among nations will fail if one is more generous than the others and makes concessions that are not returned in kind. The man or nation that insists on being treated fairly and squarely has the respect of his fellows. The one that does more than his share and permits the other fellow to evade his rightful obligations soon loses the respect of his neighbors and becomes the victim of his own lack of realistic intelligence.

AN EASYGOING UNCLE

In principle I am fully in sympathy with the good-neighbor policy as enunciated by Secretary of State Cordell Hull. The United States should be a good neighbor to other nations. But in being a good neighbor it should be realistic and not sentimental; it should be generous, but should demand generosity in return; it should be considerate but should expect consideration. The United States, in its promotion of amiability among nations, must not always be the one who buys the candy or stands the treat, else it will become, as I fear it already has become, the world's easy mark. I heartily commend Secretary Hull for the efforts he has put forth in behalf of world peace up to now, except for his reciprocal trade-agreement policy. He has charted a course that is intelligent and farsighted and wholesome—one this Nation should persist in following.

I am convinced, after 2 years' observation and experience, that in following the good-neighbor policy in negotiating reciprocal trade agreements the United States has been too anxious to show its neighborliness and too generous in demonstrating it either to merit or retain the wholesome respect of other nations, which is so vitally necessary if a true good-neighbor policy is to persist and bear fruit in peace.

Under the generalization of the unconditional most-favored-nation clause in our tariff treaties, we are making tariff concessions to upwards of 70 nations without being in the position either to demand or expect reciprocity in concessions on their part.

They benefit automatically, and without the slightest obligation to return the favor, from any concession in the matter of tariff reductions or lowering of quotas that the United States makes to any other nation. In other words, they get something for nothing; they are not asked to do their duty in being a good neighbor, but to be the beneficiary of our generosity without obligation. We buy the candy. They eat it. But they do not buy any candy for us to eat. Permanent neighborliness cannot persist on that basis, nor should it.

I feel that this generalization of the most-favored-nation clause is a fundamental fault in the tariff policy of our State Department, weakening our position and defeating the very high purpose which actuates Secretary Hull. It is my conviction that each trade agreement should involve the two signatories and no more. It should be an agreement regarding mutual concessions, beneficial to both, and not one-sided. The United States should get as much as it gives. Sentiment should be excluded. Unless both nations profit from it, the agreement is of dubious value. In pursuit of peace and world amiability the United States cannot afford to weaken itself to strengthen others, else we run the risk of minimizing our influence toward the goal we seek.

A separate trade agreement should be negotiated with each nation, if it is willing, and the terms should be equitable as between all, in proportion to the concessions mutually made. All nations should get the same terms, provided they are willing to give the same terms. If they are not willing to do that, they should not expect special generosity on the part of the United States.

Although trade agreements that have been negotiated have promoted reciprocity as between signatories to some extent, they have not maintained the principle of reciprocity so far as concerns 70 nonsignatory nations which benefit equally under the terms of the most-favored-nation clause. And because of that gift to the 70 or more nations who have not signed agreements with us, without mutual return, the United States, in many instances, no longer is in a position to offer concessions to them in return for equally beneficial treatment by them in world trade.

I am committed, and have been for many years, to the doctrine of true reciprocity in foreign trade. The tariff policy of the United States, prior to the initiation of the reciprocal-trade-agreement plan, has been based on true, or let me say actual, reciprocity for many years. It has worked well. It would be working well today, had it been given opportunity, such as was urged upon the administration repeatedly by those who took a realistic view of our foreign-trade problem and who knew just how tough was the situation we were up against.

If ever there was a time when the United States should have been a Yankee trader, and swapped favor for favor, it was during recent years, when our exports sank to the lowest level in our history. Our job was to use every legitimate means in our power to aid our agriculture and our industry in selling their surpluses abroad and to be hard-boiled in our insistence that "if we buy of you, you must buy of us; if we lower our tariff, you must lower yours; if we buy your coffee, or your vegetable oils, or your manganese, or your wood pulp, then you must buy our cotton, our wheat, our pork." That, to my mind, is reciprocity. Letting into this country, through lowering the tariff, the same agricultural products we can produce doesn't strike me as being reciprocity. I consider it stupid and destructive. Yet we have done it, and farmers have been the victims.

THE CONCERN OF ALL

Because I have seen serious harm resulting to large groups of our nationals, particularly farmers, and because I fear the harm will be still more serious in the future, I am impelled to protest against a continuation of our present reciprocal trade agreement policy and to seek to awaken the public to a full realization of what is happening and the dangers to them in permitting the policy to be pursued.

I am not approaching this question from a partisan point of view. In my opinion, it is not a partisan matter. It is the concern of all the people, whether they be Democrats or Republicans or members of any other political party. Farmers are concerned; laborers are concerned; so are industry and the Government itself.

The only approach that should be made to a discussion of this question is a careful consideration of the facts and an evaluation of them to the end that the interests of the citizens of the United States be carefully conserved, while, at the same time, we do our best to treat the rest of the world fairly and squarely.

I contend that through the operation of the reciprocal trade agreements American agriculture is being sold down the river; that we have opened our rich domestic market to foreign nations for the sale of agricultural products which we can produce and the production of which, in recent years, we have been curtailing by Government persuasion, making it possible for foreign nations, with cheap land and cheaper labor, to send the same products to compete with our farmers in the United States market.

The net result of reciprocal trade agreements and the generalization of the most-favored-nation clause has been not to increase greatly our exports of surplus agricultural products such as cotton, grains, and livestock products, but to increase our exports of certain manufactured products which enjoy a highly protected position in our domestic market. Not all of our manufacturers are so benefited; some have been injured, just as agriculture has been harmed by our too generous admittance to this country of the products of cheap foreign labor. American workers have lost their jobs on this account, and if it continues more of them will lose their jobs. Perhaps as a whole industry has fared little better than our agriculture.

FAVORING THE FOREIGNER

Because reciprocal trade agreements permit many competitive agricultural products to enter this country at lower tariff rates, they have created potential threats to the maintenance in our domestic market of a level of prices for farm products that will yield farmers at least cost of production and a fair profit for that portion of their production consumed at home. Because the American market has been opened to agricultural production from foreign countries, especially those products competitive with our own production, development and extension of agricultural production in foreign countries has undoubtedly been encouraged. And at the same time that this is happening the policy of the United States has been to restrict production of crops and livestock in this country. You cannot blame the foreigner for taking advantage of a situation that favors him at our expense. He is not and never has been his brother's keeper. The rich American market is the envy of every other nation on earth. They covet the opportunity to get into it even to the extent that some of them are willing to subsidize their exports to do it.

Neither our industry nor our agriculture can afford to let this happen. And, as I will show later, it is not necessary for us to open our domestic market extensively to foreign goods that compete seriously with our own production, either in industry or agriculture, in order to enable foreign nations to build up in this country large credit balances with which, if they so desire, they can buy our crops and our merchandise. Those credits can be obtained from other sources, and they have been so obtained, to the tune of billions of dollars. But the record shows that those credits have not been used to buy the crops and goods we have for sale, but rather they have been diverted to the purchase of our stocks and bonds and the purchase of raw materials and manufactured products in other countries which were better Yankee traders than the United States has proved to be. The credits are actual. Surely, by being realistic about it all, instead of sentimental, we could have bargained with our foreign neighbors and persuaded them to use some of these credits to buy our cotton and our other surplus crops and commodities. They do it with others. They can be induced to trade thus with us.

In the United States Department of Commerce a large staff is maintained to collect statistics in respect to our foreign trade and to keep a record of what is taking place. That record is startling to those of us who have a deep interest in agriculture and its well-being.

I don't like to think of a restricted agriculture in the United States. It isn't my idea of what is good for the farming industry. I prefer an expanding agriculture, or at least the maintenance of a high level of production, so that our farmers, and especially boys and girls on the farms, will have a better opportunity. Restriction of production is the antithesis of my hope. In recent years it has been justified, perhaps, by world conditions that became a mess and by adoption of tariff policies by other countries that were inimical to the United States and were a potent factor in the piling up of our surpluses.

The surplus emergency is largely over, except for cotton, and our restrictive policy on cotton has encouraged other countries to expand their production to the extent that the South may have permanently lost part of its world market, although we have had millions of bales of cotton in warehouses for several years which could have been sold on a competitive basis or bartered.

I do not believe restriction of agricultural products should be carried to the extent that we are forced to import crops and products which we can produce efficiently.

No one will question the ability of the United States farmer to produce butter, meat and meat products, corn, or wheat. They are lines in which we excel. What do the reports of the Department of Commerce show with respect to these products?

FIGURES TELL THE STORY

In 1936, for instance, the United States imported 152,459,000 pounds of meat products, as compared with 65,362,000 pounds in 1934. Imports were nearly as large in 1935, being 115,059,000 pounds.

Butter is another example. In 1934 we imported 1,253,000 pounds. In 1935 this jumped to 22,675,000, and in 1936 it amounted to 9,874,000 pounds.

In 1936 the United States imported 399,000 head of cattle, and in 1935 365,000 head, as compared with 59,000 head in 1934.

We imported 2,959,000 bushels of corn in 1934, but our imports increased to 43,242,000 bushels in 1935 and amounted to 31,471,000 bushels in 1936.

Now let us see what has been happening this year. Statistics on imports are available only for the first 6 months of 1937. During this period we imported 96,556,000 pounds of meat products, as compared with 80,229,000 during the first 6 months of 1936. In this period we imported 9,592,000 pounds of butter, almost as much as we took during the whole of 1936. Our imports of cattle in the 6 months' period of 1937 totaled 308,840 head, while in all of 1936 we imported 399,000 head.

In the first 6 months of 1937 we imported 52,165,000 bushels of corn, as compared with 5,662,000 in the same period of 1936, and 31,471,000 for all of 1936.

That shows clearly the highly unfavorable position agriculture currently occupies.

Let us look at our foreign-trade practices as a whole, including industrial as well as agricultural products.

From July 1934 to July 1935 our total exports were $2,085,092,000. From July 1935 to July 1936 our total exports were $2,374,159,000, or an increase of $289,067,000.

During those same periods our agricultural exports were $668,713,000 and $766,304,000, respectively, showing an increase of $97,591,000.

Now, look at imports. From July 1934 to July 1935 our imports totaled $1,789,153,000. During the following fiscal year they were $2,206,788,000, an increase of $417,635,000.

During the same periods our agricultural imports were respectively: $933,844,000 and $1,139,949,000, showing an increase of $206,105,000.

Agricultural exports increased $97,591,000 while agricultural imports increased $206,105,000, a balance of $108,514,000, obviously unfavorable to agriculture.

In 1934–35, from July to July, industry's exports were $1,416,379,000, and the year following they were $1,607,855,000, an increase of $191,476,000. All other imports in 1934–35 were $855,309,000 and in 1935–36 they were $1,066,839,000, an increase of $211,530,000.

While agricultural exports increased during this time by $97,591,000 all other exports increased $191,476,000.

Now, it is peculiarly enlightening that for a gain of $97,591,000 in agricultural exports we increased agricultural imports by $206,105,000, and for an increase in all other exports of $191,476,000 we increased all other imports $211,530,000.

If one can figure any advantage either to farmers or industry from that situation, which reciprocal trade agreements and their benefits to nations with whom we have not negotiated have helped bring about, then he must not have studied arithmetic in the same schools most of us attended. One would have to have a new deal in mathematics, in my opinion, to reach such a conclusion. I am old-fashioned enough to prefer grammar-school arithmetic in doing my figuring. But I will say this: If one could figure any advantage out of what has happened for either American agriculture or industry, it would be in favor of American industry. My conviction, however, is the advantage has gone to the agriculture and industry of foreign lands.

HOW THE TREATIES WORK

Before getting away from statistics, let us see what is happening to our trade with two of the countries with which we have negotiated reciprocal trade agreements.

In 1935, January–November inclusive, our exports to Canada totaled $301,434,000 and under the reciprocal trade agreement our exports have been increased in 1936 to $351,381,000. Our imports from Canada in 1935, same period, were $259,551,000, and they increased in 1936 to $336,802,000.

In 1935, January–November inclusive, our exports to Belgium were $52,121,000, and they decreased to $51,546,000 in 1936, while our imports from Belgium increased from $35,865,000 to $52,292,000 in 1936.

Now, our total exports in 1935 to all nations totaled $2,059,400,000 and in 1936 they amounted to $2,223,500,000. Our imports in 1935 from all nations totaled $1,860,500,000, but increased during 1936 to $2,174,500,000.

In other words, while our exports to all nations increased about 8 percent, our imports from all nations increased 16.9 percent.

Our experience under a reciprocal trade agreement with Sweden is enlightening. It went into effect August 5, 1935. From August 1, 1934, to December 31, 1934, we imported from Sweden goods valued at $16,290,540, and exported goods valued at $15,618,813.

From August 1, 1935, to December 31, 1935, we imported from Sweden goods valued at $21,774,691, and we exported to Sweden goods valued at $18,134,641. Imports increased $5,484,151, and exports increased $2,515,828.

ULTRANATIONALISM DOMINATES

It is important to American farmers to know that in the reciprocal trade agreements negotiated up to the end of 1936 there were included 88 reductions in tariffs on agricultural products and provisions granted to signatories and automatically extended under the generalization of the most-favored-nation clause to 70 other nations which made no concessions in return.

The greatest obstacle in the way of any expansion of the foreign trade of the United States is without doubt the practice on the part of foreign nations of instituting quotas on imports of goods, the erection of trade barriers, and the utilization of discriminatory practices against the importation of goods of other nations. The world pretty largely has gone nationalistic. Practically every country has been attempting in every way possible to increase its production of agricultural products. Many nations are paying exceedingly high subsidies in order to encourage production of wheat and other grain. These quotas and trade barriers interfere with the normal movement of international trade.

One of the arguments originally presented in favor of the institution of reciprocal trade agreements was that such agreements would tend to break down these barriers. Wherever an agreement has been negotiated, I feel that it has, to a considerable extent, lowered these barriers to trade so far as the particular country with which it was negotiated is concerned. But certainly it has had no effect whatsoever on lowering the barriers in the seventy-odd other countries to which its terms were applied under the most-favored-nation clause.

What has happened to our foreign trade with two countries with which we have no trade agreements? England is one of them.

During the first 11 months of 1936 our exports to England increased 2 percent over the same period in 1935. On the other hand, there was an increase of 24 percent in our imports.

We have no reciprocal trade agreement with Norway. In 1936 our exports to Norway increased 14 percent, but our imports increased 31 percent.

What do foreigners think of this? I quote from an editorial in the London Economist: "It is fully possible that Great Britain has already gained more from the concessions made by the United States and her treaties with other nations than could be obtained in a direct Anglo-American treaty." In my opinion, the Englishmen are right. You can see that in their own estimation they feel they have benefited very materially as a result of our adherence to the policy of generalizing the most-favored-nation clause.

On the other hand, the situation might have been radically different if we had said to England and Norway and some 70 other countries: "Gentlemen, we should like to increase our trade with you. We are in a position to grant you certain concessions. We shall be glad to do so if at the same time you will make concessions to us. We can both profit from such a trade. We are not interested, however, unless this arrangement can be to our mutual advantage."

It is my opinion that if we had taken this attitude we would have been in a position to do some profitable swapping that would have redounded to the benefit of our foreign trade and that would have been beneficial now and in the future to our agriculture.

The United States does not have to buy agricultural products, particularly those of a competitive nature, or vast amounts of manufactured goods made by cheap labor, from foreign nations to enable them to obtain credits in this country with which our products could be purchased. Dollar exchange can be and is being obtained in this country by foreign nations in other ways, but because we haven't been very realistic in our foreign policy, this dollar exchange is not being utilized to the extent it would have been under a different and more persuasive policy. I think the most-favored-nation clause is pretty much to blame also.

THE CASE OF FOREIGN CREDITS

Dollar exchange, obtained by foreign nations by selling their products in the American market and through other means that I will explain later, is only in part used for the purchase of American farm and manufactured products for export, the larger portion being employed for the repatriation of depreciated bonds of foreign origin, for the purchase of American securities, and for the establishment of large dollar credits in this country which are good for the purchase of commodities anywhere in the world.

Secretary of Agriculture Henry A. Wallace, in 1934, foresaw what might happen and what has happened as a result of our efforts to increase importations of foreign goods so that other nations might be enabled to purchase our products, including agricultural products. In his annual report for 1934, Secretary Wallace stated "That the foreign-trade program would involve the risk of producing results other than those expected. The purchasing power which foreigners can obtain in the United States market, were they permitted to sell their goods here, might be left on deposit or invested in American securities." How well he could see ahead to what has occurred and how prophetically he spoke.

Our importation of foreign goods, particularly agricultural products, has been heavily increased since the reciprocal trade agreements have been in effect, resulting in a definite increase in the purchasing power of foreign nations in the United States market. At the same time our exports, though enjoying some increase, have not grown so rapidly as our imports. This is particularly true of exports of farm products.

But the purchasing power of foreign nations in the American market is not fixed or limited by the amount of our importation of their commodities or manufactured goods. Many other items enter into it. For several years we have been heavy purchasers of gold, until, on September 22 last, we had $12,693,000,000 of the metal. Likewise we have been buyers of silver, of which we have acquired large quantities. For these we have paid in credits to foreigners which could have been used for the purchase of American products for export.

In addition, our nationals have expended many millions in overseas travel, in remittances to relatives abroad; large sums have been paid to foreigners in the form of interest on bonds held by them and dividends on stocks of American corporations which they own. All these yield credits which could have been employed in the purchase of American products for export. Our gold imports alone during 1934 and 1935 amounted to $2,872,931,000, and of silver $421,904,000, and since then have been high.

A balance sheet drawn from official figures by George N. Peek, then special adviser to the President on foreign trade, shows that in 1934 net credits obtained in this country, after all transactions were balanced, amounted to $970,000,000. In 1935 a similar balance sheet shows that foreigners had a net balance to their credit of $1,929,000,000.

According to George N. Peek, our exports in 1935 increased but 5 percent in quantity. It is evident, therefore, that this huge credit of nearly $2,000,000,000 was not used to buy large quantities of farm and manufactured products for export. It is known, however, that vast amounts of it were used in the purchase of foreign bonds in this country at depreciated prices; for the purchase of stocks and bonds of American corporations and for the establishment of dollar credits which could be employed in the purchase of commodities anywhere in the world.

WANTED—A YANKEE TRADER

Just because we buy their goods or their gold, and give them purchasing power in the American market, it does not follow, and it has not followed, that foreign nations will buy our products for export on their own initiative and without persuasion. Our trade agreements help them to get their goods into our market; in a few instances they offer inducements for the signatory nations to buy some of our exports, if they wish, but more than 70 other nations get the same concessions and are under not the slightest obligation to reciprocate. Under our trade-agreement policy we do not insist that if we buy from them they must buy from us. We have in no sense acted as Yankee traders.

The National Industrial Conference Board reports that the United States does not have to import more goods than it exports to enable foreigners to pay their debts to this country. Invisible imports make available to foreigners each year dollar exchange vastly in excess of the amount required to pay for the American export surplus. This surplus, in the period from 1922 to 1934, totaled $7,803,000,000. In the same period, two invisible imports—tourist expenditures and immigrant remittances—provided foreigners with $10,610,000,000 of dollar exchange. During the same period, while our merchandise exports exceeded our merchandise imports by $7,803,000,000, our total imports of goods and services, all of which provided foreigners with dollar exchange, to be used for the purchase of American goods or for other purposes, as they saw fit, amounted to $95,827,000,000.

This study lends no support to the theory that American agricultural exports would be materially increased by lowering the American tariff and thus increasing imports and foreign purchasing power. The board further stated that if foreign purchasing power were to be increased by means of larger American imports, foreigners might use their additional purchasing power to buy things in the United States or elsewhere. If they should buy in the United States, their choice of goods would be determined by their own needs and desires, and not by the needs of American agriculture. America's farmers, in any event, would probably benefit but little, the board states, as the great bulk of America's exports consists of industrial goods, not agricultural products.

WHEN "GOOD NEIGHBORS" LOSE

Julius Klein, former Assistant Secretary of Commerce, says: "A dubious angle to the Hull agreements is the fact that the biggest beneficiaries of our tariff reductions are, in several cases, not the country with which the given agreement was made. The law was drawn to 'generalize' the tariff cut to extend it to all foreign shippers of any nationality (except Germans and Australians). In other words, we are making outright gifts to these other countries, which are not in the given trade agreement, without getting anything whatever in return from them. This is certainly carrying the 'good neighbor' idea to the height of benevolent philanthropy. We make an agreement with Switzerland to cut our duty on cotton cloth, and behold, the chief beneficiary is Japan. Similarly, we let our Brazilian friends have a reduction in our tariff on their manganese because of favors which they are extending to us, and it develops that we have really done a big favor to Soviet Russia, which is much the largest foreign shipper of manganese to us—all without any commitment in either of these cases in our favor on the part of Japan or Russia. We concede to Belgium a lower rate on cement and iron bands, but the chief beneficiaries are other countries from whom we are obtaining no corresponding compensations."

There are three other objections I have to reciprocal trade agreements as now being administered. Under the law they can be made operative without the consent of the Senate. I am in favor of an amendment that would require ratification by the Senate of each of these reciprocal trade agreements before they become effective. It is intended by the Constitution that the Senate should pass upon treaties, and, in effect, these trade agreements are treaties. Nearly all the 16 nations with which the State Department has negotiated these agreements require ratification by their parliaments before the trade agreement becomes effective. The Canadians, for instance, are too intelligent to allow a trade agreement to become effective until their parliament ratifies it. Surely we ought to exercise the same care in protecting the rights of our own citizens.

The second objection is that reciprocal trade agreements for the most part have been negotiated in secret, and open hearings have not been held on the actual terms of the various agreements. Before final decision with respect to them is reached, I think citizens should have opportunity to protest against any of the terms in a reciprocal trade agreement they consider harmful or unfair. Such an opportunity would be given if these agreements were subject to ratification by the Senate.

My final objection is that reciprocal trade agreements tend still further to concentrate authority in the hands of the Executive or the hands of a strong central government, and thereby swing away from the principles of democratic and representative government, which, in my opinion, is highly dangerous and, so far as tariff action is concerned, quite unnecessary.

The Reciprocal Trade Agreement Act represents an undue delegation of legislative authority. The power of the executive branch to incorporate the most-favored-nation clause in these agreements should be abrogated. The provisions of these agreements should be restricted to apply only to articles which are the growth, production, or manufacture of the foreign country with which the agreement is entered into.

WHAT THE FARMER KNOWS

William R. Castle, former Under Secretary of State, in an article in the Women's National Political Review, writes, pertinently, thus:

"There are excellent arguments in favor both of the general most-favored-nation principle and the reciprocal principle in trade. Both ideas are good in themselves, but are antagonistic to each other—one might almost say mutually exclusive. Curiously enough, the present administration has tried to combine them. The result of

this almost impossible combination is that when trade treaties are under negotiation, the United States has nothing real to offer to the nation with which we are supposedly bargaining, since every concession made to that nation is equally a concession to every other nation.

"There is no doubt that the trade agreements have been injurious to American agriculture, especially considering the drought, as the immense increase in the imports of certain foodstuffs which can equally well be produced here proves. In other words, you cannot successfully plan international trade in advance, any more than you can chart domestic economy. You can remove unnatural and unfair barriers.

"These trade agreements are undemocratic because they are essentially revenue measures and Congress has renounced its authority. They are one more link in the chain of events leading to centralized executive authority. Until very recently, they have been unfair to our own citizens, because those affected by them have not been given proper hearing. They have been unfair to labor because they have thrown many men out of work and would inevitably lower American standards of living if their most ardent supporters had their way. Steady and persistent opposition and criticism of their faults has forced the Department of State to correct a large part of these faults but has not yet induced the administration to submit the agreements for approval to the two Houses of Congress."

Finally I wish to emphasize the fact that the harmfulness of the Hull tariff program which unquestionably tends strongly to free trade in which he believes to American agriculture is widely recognized by the farmers themselves. The National Grange is opposed to the reciprocal trade agreement policy as now administered. So are the National Cooperative Milk Producers' Federation the National Cooperative Council the National Dairy Union, the American National Livestock Association, and the Farmers' Educational and Cooperative Union of America, among others.

The farmers aren't being fooled by reciprocal-trade agreements. They know they are getting the worst of it.

Expenditures of the Federal Government

EXTENSION OF REMARKS

OF

HON. CARTER GLASS

OF VIRGINIA

IN THE SENATE OF THE UNITED STATES

Tuesday, November 16, 1937

SPEECH BY HON. HARRY F. BYRD, OF VIRGINIA, DELIVERED BEFORE THE ACADEMY OF POLITICAL SCIENCE AT NEW YORK CITY, WEDNESDAY, NOVEMBER 10

Mr. GLASS. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by my colleague the junior Senator from Virginia [Mr. BYRD] before the Academy of Political Science in New York City, Wednesday, November 10, 1937, on the subject of Expenditures of the Federal Government.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

You have invited me to speak on the expenditures of the Federal Government, a subject that has interested me more than ever before because of my investigation as chairman of the Senate Select Committee to Investigate Federal Agencies for Purposes of Government Reorganization. It is a big subject because the Federal Government has spent in 7 years the incredible sum of $47,000,000,000; and it is a vital subject because the prosperity of each American citizen depends on the preservation of the credit of the Nation. We have added twenty-two billions to the public debt, and we are still adding day by day and hour by hour, and it is inevitable that the national credit will be impaired unless we retrench.

In the limited time assigned me it is difficult to cover the vast and complicated problem; hence, for the sake of brevity, I shall eliminate most of the fractions and speak in billions, as the Government spends in billions.

Anyone in Washington today who discusses public finance in terms of less than a billion is regarded as a piker. Yet to spend a billion of dollars in a year requires the disbursement of about $2,000 every minute of every day and night, including Sundays.

Today at Washington a public man is a liberal in proportion to how liberal he is with other people's money. Those of us in the Senate and House of Representatives who speak from time to time against gigantic waste and extravagance that have exceeded any expenditure in the world's history are berated as tories and reactionaries; as hard men, completely indifferent to human suffering. Yet not a man in Congress today who has spoken and voted for economy and efficiency would hesitate to vote the sums necessary to protect any American against hunger and cold, and I believe would support sound and logical expenditures, within the ability of the people to pay, to improve the conditions of those who do not now enjoy a decent standard of living.

It is easier to spend than to save. It is easier for a public official to respond to the pressure and propaganda of organized minorities than to attempt to merit the approbation of the inarticulate citizens who favor economy but do not take the trouble to express themselves either by voice or ballot. When the protection of public money against extravagant expenditure ceases to be a virtue and a Representative is mainly judged and rewarded by the magnitude of the appropriations he obtains for his district or State, economy and efficiency—most difficult at the best—become that much harder to accomplish.

Public spending grows by what it feeds on. The independent struggle of the individual to make a living for himself often weakens before the temptation to go on Government relief. Of course, there are thousands of cases for which public relief is necessary, but it is certain that money from the Government in different forms, and I include in this observation the businessman who seeks to borrow Government money at lower interest rates than he could obtain it elsewhere, establishes a powerful paid army to fight any retrenchment that may stop or reduce the payment to them of money collected from the taxpayers. Once Federal employees believe they have a vested right to their jobs, once new departments and bureaus are established and allotted public funds and extended public privileges, including the free use of the mails for propaganda to prevent the loss of their jobs, once emergency spending is continued beyond the emergency, the stream of expenditures becomes an overwhelming flood which only heroic measures can keep from engulfing the Nation.

I am only a businessman. I do not believe in destructive economy, as my public record will prove. I favor adequate support for the functions of Government. I readily agree that the activities of Government must expand in times of emergency and that in normal times the aid of the Government can properly and wisely be used to improve the condition of all the people. But I do say that a mandate for progress and welfare without a mandate for solvency is a mandate impossible of fulfillment and most likely a mandate for disaster.

A program to spend billions in the effort to increase social justice is limited, within reason, by the ability of the Nation to pay and still maintain our system of Government. It is quite true that human values may be conserved and promoted by better health, better housing, and better living, and that these are much more important than property values; yet, social security built upon debt is a house built upon the sands. True liberalism requires the Government to keep its resources unimpaired, to prevent distress and to cooperate with the localities in providing for the poor in emergencies, because it is the poor who suffer the most when business is bad and unemployment increases. Other emergencies will come and we must not exhaust our resources to the extent that we cannot meet the responsibilities of the next one.

In speaking tonight I will talk very frankly of the serious significance of huge Government spending. I speak as a friendly critic. I am a member of the political party, many of whose leaders actually claim credit for the expenditures of the last 4 years. The Republican Party likewise cannot deny its share of responsibility. Five billions of our present debt was created under Mr. Hoover; and a majority of Republicans in the Senate and the House voted for most of the appropriations that made possible our present spending program and created the new indebtedness of the last 4 years. It is only fair also to recall that many businessmen and other citizens urged spending as a panacea for the depression. The slogan, "Prime the pump and spend ourselves back to prosperity," became exceedingly popular and the Congress was urged to enact bigger and greater appropriations.

I shall not consume time in generalities and in the exposition of accepted economic principles. We know that the Budget must be balanced soon or disaster must inevitably come. We know that excessive taxation is a barrier to future progress and destructive of present prosperity. But there is yet time to save this perilous situation. The credit of the Government is still sound, but will not remain sound if we continue to spend on the present extravagant and enormous basis.

I am not an alarmist. I am conscious of the great financial resources of America. However, in 6 years the increases in the Federal debt have been more than four times the total and complete wealth of my own State of Virginia—a wealth that Virginians have been accumulating by frugality and industry for more than 300 years. Virginia is an average State in wealth and population, so that our new debt represents the total value of all the property of every character owned by citizens of four sovereign States of average wealth and population. We cannot safely dissipate so much of our resources.

This enormous debt today becomes more disturbing as we face the prospect of new debts caused by continuing deficits. The time has come to begin to retire this debt created in the emergency of the depression, as we did after the World War; yet spending is not being reduced and the Federal income is dwindling.

President Roosevelt admirably and eloquently expressed the supreme importance of maintaining sound fiscal policies when he said on October 19, 1932: "We all know," said the President, "that our own family credit depends in large part on the stability

of the credit of the United States. The credit of the family depends chiefly on whether that family is living within its income, and so it is with the Nation. If in some crisis," continued Mr. Roosevelt, "it lives beyond its income for a year or two, it can usually borrow temporarily on reasonable terms. But if, like a spendthrift, it throws discretion to the winds, is willing to make no sacrifice at all in spending, extends its taxation to the limit of the people's power to pay, and continues to pile up deficits, it is on the road to bankruptcy."

The President was right. The credit of the United States is the foundation upon which our system of credits must rest. Destroy faith in the credit of the Nation and our whole system of credits will collapse. The Federal Government has no power to create wealth. It can print those counters we call money, but real wealth is created by the application of human industry to the national resources. Real wealth is mostly the wealth that comes either from the surface of the earth or from the riches beneath the earth. New wealth is not the result of new theories of finance or banking or ingenious legislation. Ladies and gentlemen, it is a dangerous thing to spend wealth faster than new wealth is captured from God's eternal granary. And yet this is what we have done in prodigal fashion. For 6 years consecutively our expenditures by the Federal Government alone have greatly exceeded each year the combined gross value of all agricultural products and all the products of mines, even after inflating the farm income by Government payments. This has never occurred before in the history of America except in the 2 years of 1918 and 1919, when we did more than our part to finance the most expensive war in history.

The justification assigned for vast public spending has been the need of overcoming conditions created by the depression that Mr. Roosevelt inherited when he came into office in 1933. I was in the Senate during those trying days and I give full credit to the President and the Congress for the many brave and necessary things that were done to relieve distress and restore confidence.

Five years have passed and our recovery justified the President in saying in Wyoming on September 24 last, "The greater part of the emergency is over." We cannot continue indefinitely emergency remedies.

In 1930 the gross debt of the Federal Government was sixteen billions. It had been reduced from the World War peak of twenty-six billions by the payment of about a billion each year during the twenties. On November 6 the direct gross debt of the Federal Government was the startling and stupendous sum of $37,019,677,682.77. In addition, our Government has guaranteed in full the obligations of 25 wholly owned Government corporations and partially guaranteed the obligations of 10 semi-Government corporations. This contingent liability is approximately five billions, and all this makes the total direct and contingent obligations today approximately forty-two billions. It is true that this gross debt is subject to such credits as may come from recoverable assets and the ultimate liquidation of the 35 corporations whose obligations have been guaranteed by the Government in whole or in part. However, an examination of these numerous guaranteed Government corporations discloses a ramification of their liabilities and assets that confuses the most experienced economic experts. Years will pass before the recoverable value can be appraised and the actual credit on the present forty-two billion gross liability of our Government be determined.

I feel completely safe in saying that the credits and recoverable assets shown in the Government reports have been grossly overestimated. Take, for example, the Reconstruction Finance Corporation. The Government purchased $500,000 of stock and about $4,000,000,000 of notes of this Corporation. The stock and the notes are carried on the Government reports at face value, leaving the impression that the total assets represent sound values and will ultimately be recovered into the Treasury to reduce the public debt. This conclusion is accepted by the public by reason of the confidence in the soundness and efficiency of the chairman, Mr. Jones.

However, the Brookings Institution, employed by the Senate Committee on Reorganization, recently disclosed that two and a half billions of the assets of the R. F. C. were diverted for relief expenditures and to pay the regular expenses of other agencies and for other expenditures, none of which is recoverable. So today the stock of the R. F. C. is valueless, and the notes are not worth more than 50 cents on the dollar in recoverable assets. Yet only recently the Corporation issued a financial statement showing and claiming a surplus of one hundred and fifty millions as of December 31 last.

Why was this devious and misleading method adopted by the officials responsible for recording appropriations? An inquiry from me to a high Budget official brought the response that the only reason he could assign was the desire to avoid huge totals in the regular appropriation bills. Mr. Jesse Jones, the able Chairman of the R. F. C., is not responsible for this confusing statement. I happen to know that he has been endeavoring to have the balance sheet, as issued by the United States Treasury Department, corrected in order that it may reflect the true facts. But even Jesse Jones, as able a businessman as he is, cannot collect from Harry Hopkins money already spent for relief. Either two and a half billions should be appropriated to maintain the integrity of the R. F. C. assets or legislation should be passed to write down the securities to true value.

The financial reports of the Government should be an example of clear and candid statements such as the Government requires by law from private business, and it punishes any businessman who violates this proper law by imprisonment. The complexity of the contingent liability of the Government and the difficulties of liquidation cannot be discussed in the limited time of my address, yet we should realize that the losses in guaranteed obligations—and such losses are certain to be large—must be met some day as a Government expense and either added to the direct debt or paid by current taxes. The Federal Government has endorsed with full recourse the notes of these numerous corporations and, like any other endorser, must pay if the maker of the obligation fails to pay.

The Twentieth Century Fund, an independent fact-finding agency, says that our total Government debts—Federal, State, and local—of fifty-six billions, are "the largest that any nation has ever had." This competent authority calls this debt a great potential peril and recommends that in the next fiscal year a billion at least be paid out of current Federal revenue for debt retirement.

We are now entering the eighth consecutive year in which our Government spends much more than its revenue. In our previous history, the longest period of substantial successive deficits was 2 years. In the 3 war years, after deducting loans to allies, our Government spent for normal and war expenses only a little more than it has spent in 1935, '36, and '37, twenty-five billions against twenty-four billions.

Now let us see what the tax burden means in terms of each American family. Let us bring to roost these prolific tax chickens. In 1913 the per capita income was $350. In 1936 it was $469—an increase of 34 percent. Total Government expenditures equaled $30 per capita in 1913 and $134 per capita in 1936—an increase of 347 percent. On a per-capita basis, Government expenditures in 1913 represented 8 percent of the national income. In 1936 these expenditures represented 28 percent of the national income. Public debt equaled $59 per capita in 1913 and $430 per capita in 1936. Now about one-third of every person's income would be required to meet Government expenditures if we paid as we spend. These figures, of course, refer to total Government cost. Many of the States, cities, and counties have yielded to the contagion of extravagance. The children of Uncle Sam have followed his bad example. In 1936 the deficits of all governments in America were seven billions, nearly five billions of which was created by the Federal Government.

Should we not hearken even to the few voices crying in the wilderness? When we cite these terrifying figures someone always crys, "What—would you deny relief to human suffering?" No; we would not let anyone starve in this country, but the disturbing thing is that the increase in the regular expenses of our Federal Government is enormous in addition to the expenditures for recovery and relief.

During the prosperous years of the twenties our Government spent $3,000,000,000 each year and paid a billion a year to retire the World War debt.

To get the debt back to what it was 7 years ago we must pay one billion each year for 22 continuous years. Not even with uninterrupted prosperity for a whole generation could the people and the business of the country sustain the terrific burden necessary to run the Government on this basis and make this debt retirement. To do so would require nearly a 30-percent increase in our 1938 annual tax collections, and remember that this year our tax collections are estimated to be the largest in our history and only approached by one single year—in 1920—when war profits were subjected to high tax rates.

I want to introduce to you the mysteries of the two budget systems. I declare that our expenses are now being leveled off on the seven billion basis because of the gradual transfer of emergency expenditures to the regular Budget. In 1934 the Federal Government adopted the two-budget system; one for emergency and the other for regular expenses. We have two budgets, but we have only one Treasury. In 1934 the regular Budget presented to the Congress by the President was two billions seven hundred millions. In 1938 the regular Budget is five billions four hundred millions—an increase of 100 percent in 4 years.

A reduction is shown in the statement of recovery and relief expenditures because many of the items of emergency expenditures have been made permanent by transfer to the regular Budget. An example is the appropriation for the C. C. C. camps, which was first in the emergency budget and is now included in the regular expenses. But there has been no reduction in our total expenditures, and, excluding the nonrecurring soldiers' bonus, we will spend as much or more in 1938 than we spent in 1937, or in any previous depression year.

At best it is most difficult to comprehend the expenditure of billions, but the confusion has been greatly increased by this strange device for keeping two budgets. When the administration announces a reduction in spending for recovery and relief at once we begin to feel better and to think that finally we can look forward to a real reduction, but later we find the regular Budget has been increased and the total is as much or more. We have juggled expenditures back and forth from one budget to the other, but the taxpayers pay the bill for both budgets. The two-budget system has merely aggravated the general confusion.

It is disturbing to see the astounding and progressive increases in the regular expenses after eliminating all items in the emergency budget. The following table of regular Budget expenditures comes from official Government auditors and does not include recovery and relief expenditures.

REGULAR EXPENDITURES

1934, two billions seven hundred millions.
1935, three billions two hundred millions.
1936, three billions three hundred millions.
1937, four billions four hundred millions.
1938, five billions four hundred millions.

To the regular expenses in 1938 of five billions four hundred millions, if we add expenditures for recovery and relief, for public works, for the huge slum-clearance program begun at the last session, for additional T. V. A.'s, for the cost of the new farm program, and other costly projects either already recommended or under consideration, I am conservative in saying that we have reached a seven-billion annual expenditure—in fact, considerable restraint must be exerted to hold it to this huge figure.

Only a major surgical operation to reduce expenditures will enable us to carry the burden of sustaining this annual cost and commence to retire our emergency debt.

The difficulties of ascertaining the true expenditures are made greater by the policy of the Government in deducting from expenditures an excess of loans collected over loans made. In this manner the combined expenditures in 1937 were reduced in total by two hundred and forty-three million. Of course, the excess collected of capital loans should be applied to a reduction of the public debt.

In the Budget of 1938, two hundred and thirty million of social-security taxes is used for regular expenses. The effect of this will be to reduce the deficit by the use of a tax, collected and paid, for the specific purpose of providing old-age security.

One may imagine the denunciation a corporation would receive from the Government if it indulged in such improper financing and used for current expenses an income dedicated to a trust fund for the security of the aged.

Nothing Congress has done has contributed to extravagance and done more to destroy the Budget system than the practice of making lump-sum appropriations. About fifteen billions of such appropriations has been made in the past 4 years as compared to one and one-half billion of lump-sum appropriations in all the previous history of our country.

From these lump-sum recovery and relief appropriations, equivalent as they are to blank checks, great sums have been diverted for expenditure by the regular departments, thus expanding the activities of these departments.

Over three billions of lump-sum appropriations made for recovery and relief was allocated for expenditures by regular departments in 1934, 1935, and 1936.

I know something personally of the waste involved in lump-sum appropriations. An allocation from a lump-sum apropriation was made for the construction of homes in Virginia to be rented to mountain people and costing complete, including land and all other costs, about $8,000 per home. I had no opportunity to vote on this appropriation for my own State. A competent builder offered to reproduce one of the homes for $900, yet my requests to stop this waste near my own home were unavailing. I introduced a bill to cancel the appropriation, but the Department is working under pressure to expend all the fund before Congress meets. In the same manner the Resettlement Administration has built about 15,000 homes throughout the country, some costing more than $16,000 per home unit for rental to the low-income group. In some instances the General Accounting Office estimated the overhead expense to be 40 percent.

The huge deficits that have been added to the public debt are not due to failures of the revenue. Taxes have been increased so that in 1938 we anticipate the highest income in the history of our country.

If we were maintaining a balanced budget, even the painful exaction of enormous taxation from our people might be justified as a patriotic imposition to meet a period of national economic peril expected to be temporary. But we are paying the taxes without balancing the Budget. Our people are paying these painful taxes without relief from the conditions that cause the pain. The patient who suffers acute physical pain should be relieved by morphine but the cause of the pain must be removed or the continuous administration of morphine will make the remedy worse than the disease.

Why disguise our condition? A true diagnosis must precede an effective remedy and a true diagnosis requires a frank and fearless recognition of our economic predicament.

What is our situation today? We work under the load of the most stupendous debt any nation has ever carried. Our taxes are reaching the point of diminishing returns and today are a decided factor in the high cost of living. Remember that more than half of the taxes collected by the Federal Government comes from invisible taxation paid by the housewife, the laborer, and everyone who eats or buys necessities. Last year 43 citizens had incomes of over one million and the aggregate of these incomes was seventy-three millions. If we confiscated all of this income of these millionaires the money obtained would operate the National Government for only about 3 days.

Let us not be deceived; the people as a whole will pay most of this vast debt and carry this heavy national expenditure.

We have suspended the terms of statutory debt requirement that provide for annual contributions to the sinking fund in ratio to the public debt.

We have assumed the responsibility at heavy cost to maintain an artificial price of gold throughout the world. We are buying and burying in the ground in a costly mausoleum at Fort Knox the same gold that was dug out of the ground under the impression that it was usable precious metal.

The Federal Government is now paying on its obligations a low interest rate because money is cheap. Our guest tonight, Secretary Morgenthau, has admirably managed the issuance of obligations at the lowest possible interest rates. But when the obligations become due—and fifteen billions is due in the next 5 years—we face a likely increase in existing rates. The obligations given by the Government to the social security trust funds bear by law 3-percent interest, an increase of one-half percent over the average rate now paid. An increase in interest rates will remain for a long time as a potential new burden on the Treasury. An increase of 1 percent means $400,000,000 annually more to be paid by taxation.

We are told that a balanced Budget is on the way. I cannot credit this prophecy. On the contrary, I predict on July 1, 1938, the estimated deficit of 895 millions will be at least twice that sum. Without reduced spending the outlook for 1939 is equally gloomy because the business recession as predicted even by Government officials for 1938 and already felt by businessmen will be reflected in revenue receipts for the 1939 fiscal year.

My reasons for predicting a much larger 1938 deficit are, first, the revenue will not reach the estimates and, second, the President has allowed only 180 millions in his estimate for deficiency and new appropriations in the next 8 months while our deficiency and new appropriations in 1937 were nearly a billion.

The excessively high receipts estimated to be received from the undistributed profits tax will never materialize. This new tax system has failed as a revenue producer and has been a decided barrier to business recovery, for this law taxes a corporation an additional 27 percent for spending current revenue to build new plants and provide new employment. When a main problem of America is unemployment it is a strange theory to penalize by extra taxation a business enterprise desiring to expand and employ more people. Capital must go to work to carry the present burden of unemployment but no enterprise can expand and pay a high additional tax penalty for doing so.

As I conclude, I anticipate some may say, "Well what would you do about it?" The only constructive thing to do is to stop writing checks. Talk neither pays debts nor reduces expenses. We have talked economy, but nothing has been done about it. As one who has devoted months of study to Government spending, assisted by competent experts, I declare advisedly that we have the most costly and wasteful bureaucracy at Washington in the history of the United States of America. We have created, in 4 years, over 50 new agencies and many more bureaus and subdivisions. We have more than doubled in 4 years the Federal employees in the city of Washington, and the last report shows we are still adding new employees.

Hundreds of millions can be saved in administrative and overhead expenses and simplifying the duplications of Government agencies. Other hundreds of millions can be saved by eliminating waste and extravagance from necessary activities and by abolishing altogether the less essential activities. We should and can at once go on a pay-as-you-go basis—not by new taxes but by retrenchment.

You must remember that public economy, like private economy, is not spectacular or attractive. It is a steady, hard, uninteresting grind. The home band does not often turn out to greet a returning economizer. We talk a lot about it and do little. But under our present perilous situation the longer we defer economy the greater and more terrible the penalty we will pay.

Our Constitution

EXTENSION OF REMARKS

OF

HON. JAMES J. DAVIS

OF PENNSYLVANIA

IN THE SENATE OF THE UNITED STATES

Tuesday, November 16, 1937

ADDRESS BY HON. JAMES J. DAVIS, OF PENNSYLVANIA, AT READING, PA., SEPTEMBER 17, 1937

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD an address which I delivered at Reading, Pa., September 17, 1937, on the subject of Our Constitution.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

The Declaration of Independence and the Constitution are inseparably linked together. The Declaration of Independence was the blueprint of our national liberties and the Constitution was the edifice of law based upon it. Those that produced these immortal documents had first-hand experience with the defects of centralized government and the oppression of tyranny. Washing-

ton, Madison, Hamilton, Franklin, and Jefferson, and their associates, did not read their lessons of liberty out of books but out of the current trends of the time in which they lived. Franklin and Jefferson had made practical observations while they served this country in France. They spoke with the authority of experience and their words have met the test of practical human needs ever since.

In the first part of the Declaration of Independence a new and revolutionary theory of government was announced. This theory is summed up in the three words by which it became known in France, "liberty, equality, and fraternity." Let us, however, never forget that the American Revolution first gave birth to this spirit of liberty and that the torch kindled here was later used to light the flame of freedom on European shores. Civil liberty under law, freedom of opportunity rid of class distinctions, and fraternity based on human understanding and sympathy, permitting full freedom of conscience and the rights of individual worship, have served as the basis of our great national progress. The Declaration of Independence was a remarkable statement of the known defects of bad government and the Constitution of the United States was set up to remedy them and provide in a constructive way for good government.

Liberty, to be enjoyed, must be limited by law. Where law ends tyranny and oppression begin. This was known by Edmund Burke in the eighteenth century. It is known by all thoughtful men today.

It is well represented in the words of Justice Brandeis when he said, "The greatest dangers to liberty lurk in the encroachment by men of zeal, well meaning but without understanding." The tyranny of zealous visionaries acting in the name of democracy can upon occasion prove to be just as great a stumbling block to freedom as the whip hand of the solitary dictator. A century of progress under the Constitution had thoroughly persuaded our fathers that this Ark of the Covenant was the wisest and best provision ever made for government. But the events of recent months show that this vision has become dim in the eyes of some to whom have been entrusted the vast responsibilities of the administration of government. Their lack of understanding has rendered their attempts at government the supreme tragedy of the present epoch of human events.

Before proceeding further let us, without hesitation or delay, admit that the people of the United States have it within their power not only to amend or revise but, should they desire, to abrogate the Federal Constitution altogether—and the Constitution itself outlines clearly the method whereby this may be accomplished. Our forefathers wanted to be free when they gathered in Philadelphia the summer of 1787 in order to "effect a more perfect union." They wanted to be free but they knew the freedom for which they longed could be obtained only through some representative form of government, in the absence of which anarchy and chaos would prevail. Out of that crucial hour, when the souls of men were being tried as by fire, the Constitution of the United States was born. The Constitution which is now the target of assault is the oldest comprehensive written form of government existing in the world today. The peculiar glory of the Constitution is that it is not a charter of rights granted by government to the people but a delegation of restricted powers granted to the Government by the people, by whom supreme sovereignty is retained.

Progress does not necessarily involve the abandonment of time-honored and long-tested principles. Things are not inherently good because they are new or intrinsically bad because they are old. The prophets of old were forward-looking men, but they had a voice of warning against forsaking some of the old paths. The Ten Commandments are just as true today as when Moses delivered them from Mount Sinai, and the Sermon on the Mount is our highest concept of ethical judgment, although it was set forth 2,000 years ago.

American constitutional government, like the Golden Rule, is old; but whether new or old, it is the hope of the world. Abandon it, and where will you go? Twenty years ago we entered a war to make the world safe for democracy. Where is European democracy today? One after another the democratic forms have gone down and the sword of dictatorship has flashed in the sun. Who in this community would wish to exchange the liberties which we enjoy in America today under the Constitution for the relentless control of life without liberty so much in evidence in Europe today?

The Constitution which gives us liberty is not only the most wonderful document struck off by the hand of man but it is a living body of demonstrable truth whereby the Nation moves forward from age to age. Our Constitution and manner of dealing with it through the principle of judicial review is in harmony with the temperament of the people of the United States. Amendments are used to change it from time to time. National prohibition was written in and taken out through this orderly process, requiring the action of a majority of three-fourths of the States. Other nations having written constitutions have not always been able to change their fundamental law in a peaceful and orderly way.

There have been innumerable instances of revolution and revolts in other lands. But we have had a forward-moving history of peaceful adjustment of internal differences with but one exception, the Civil War, but even that great struggle has served to strengthen the ties that bind. I have faith that our people will settle differences of opinion which confront us now in the same law-abiding way which has brought us in safety and prosperity to the present hour. We have nothing to gain by rioting, violence, bloodshed, and mob rule. Ours is a constitutional Republic with the sovereignty of the people expressed through representatives of their own free choice. The path to continued liberty is the way of the Constitution and the Supreme Court as the guardian of its integrity.

Sometimes I wonder if the American people realize how well off we are under our system of government. I am glad that I come from a family which, for generations, has had respect and veneration for the Constitution and the Supreme Court of the United States by which it is interpreted. During recent months I have had an opportunity to stand for this same Constitution and this venerable Supreme Court when they have been ridiculed by those in power at Washington. I am frank to say that when this fight began in February I did not know how it would end, for the entire force of the present administration was charged to change the Court. In fact, 4 days after the N. R. A. had been declared unconstitutional the President, in the presence of Gen. Hugh Johnson at the White House, threatened to pack the Court, and a few days later gave out the horse and buggy statement on the Constitution at a press conference. When the matter came before the Senate February 5, I immediately started work in defense of the Constitution, and at Gettysburg, February 12, in a Lincoln Day address, I said: "The American people have a fundamental respect for fair play. We do not ask that we shall always win, but we do expect to carry on under the rules of the game. Governmentally that means that we conduct our national life according to the Constitution, our national rules, the fundamental law of the land.

The only decent way to change the rules is by common consent of the people as provided by the Constitution. Making war on the umpire is something which public opinion has never tolerated in America. The proposed change in the Supreme Court is essentially making war on the national umpire. This blow directed against the life tenure of the Justices can be enacted legally only through constitutional amendment. Any action which the Congress may take on this subject will be irregular, for it will be prejudicial to the plan of life tenure and therefore an undermining of the constitutional provision. The Constitution provides that Judges of the Supreme Court shall hold office during good behavior. No legal change can be effected in their tenure of office without recourse to a constitutional amendment. The President has not suggested a constitutional amendment but has requested legislation by Congress to provide for a system of additional Judges in case members of the Supreme Court do not retire voluntarily at the age of 70. This is definitely an attempt through congressional action to put pressure on the Judges to retire at 70, and is to that extent a violation of the expressed purpose of the "tenure of office during good behavior" plan of the Constitution.

There was ample opportunity to contest the issue of an amendment during the campaign. The administration did not choose to raise it then. I now advocate that if this be considered a national issue, action on it shall be withheld until next year when the people through the ballot shall have an opportunity to show where they stand. Thus, and only thus, may we be sure that the principles of Lincoln shall endure and that the "government of the people, by the people, and for the people shall not perish from the earth."

Thus from the very beginning of this issue I took my stand resolutely against it. I was subjected to a constant fire of criticism by certain labor organizations. Only twice in my public career have criticisms from the ranks of labor been directed against me. My representation of the rights of labor is well known. I need not discuss it here. Suffice to say that I stood out against the entry of the United States into the League of Nations, and I stood out against this attack upon the Supreme Court and the Constitution. Now, I am frank to say that in both of these cases many who voiced criticism of my position are today very glad that I stood firm for American principles of government.

Great credit is due outstanding Senators within the Democratic Party, with a life-long record of liberal principles, who would not bow to White House pressure to make war on the Supreme Court and the Constitution. Stalwart leaders such as Senator WHEELER, of Montana; Senator BURKE, of Nebraska; Senator VAN NUYS, of Indiana; Senator MCCARRAN, of Nevada; Senator COPELAND, of New York; and many others refused to be a party to this proposal, which I dare predict history will record as the most reactionary attack on representative government since the days of Lord Macaulay, whose speech given 100 years ago the President reproduces only in part, that part which says only the things he wishes to believe.

But these liberal-minded Senators within the Democratic Party were constantly subjected to tongue-lashing by spokesmen of the New Deal. I cannot speak plainly on this subject, lest I be said to take unfair advantage of that one who is now in Europe. But I shall ask that these words of mine be included in the CONGRESSIONAL RECORD when Congress next convenes in order that they may be read by everyone.

I shall now make clear that if the junior Senator from Pennsylvania is still intent in referring to the Supreme Court of the United States as "nine old men," if in his opinion the Constitution of the United States is but an outmoded relic of "horse and buggy days," if he still agrees with his father that "from its inception the Supreme Court has been a partisan, political body; saturated with politics in the inexcusable sense; far more concerned with the propagation of its own political views than with a scrupulous interpretation of the Constitution; the last bulwark of reaction." If the Senator as the controlling leader of the

New Deal in Pennsylvania wishes, I say, to declare this to be the leading issue in the congressional elections next year, we, as Republicans, should be willing to accept such a challenge to debate the issue throughout the State of Pennsylvania from Philadelphia to Pittsburgh and back again.

Recently I attended a very splendid display at the Great Lakes Exposition. It was the great Aquacade of Billy Rose. The closing scene showed the strife of dictatorship and democracy. Various groups of figures, dressed in black, red, and brown, appeared with their respective banners. But they were all repulsed and gave way before the emblem of peace and freedom.

The song It Can't Happen Here, sung by Robert Lawrence, represents the desire of the American people to keep free from revolution and dictatorship. It can't happen here if we maintain our preparedness on land, sea, and air and in the minds and hearts of the American people. It can't happen here if we determine within our fraternal organizations, schools, churches, and voluntary societies that it must not happen here. It can't happen here if we keep our eyes on the traditions and ideals of the founding fathers who gave us the Constitution of the United States and set up the Supreme Court as the faithful guardian of the liberties of a free people.

Radicalism, like atheism, builds no temples and constructs no dwelling place. It is always on the march, tearing down and degrading the old, while it holds out the lure of shining promises—never fulfilled. The world is in need of constructive improvement. The true hope of the future rests in those who have sufficient respect and understanding for the past to use it as a foundation for a better tomorrow. Let's stop trying to jump out of our skins. Let's stop fooling ourselves with giddy, gilded dreams. Let's keep on dreaming but at the same time be willing to pay the price necessary to make our dreams come true. Such dreaming requires the highest type of patriotism, courage, and devotion. Such dreaming holds on to the best of the old while it reaches forward for the next step in the new. No dream has ever produced a better life than we have enjoyed in America. No dream has ever given a greater hope for humanity than our good forefathers' dream—the faith of the founding fathers in the American charter of liberty.

Address by Hon. James A. Farley at Los Angeles, Calif.

EXTENSION OF REMARKS

OF

HON. WILLIAM GIBBS McADOO

OF CALIFORNIA

IN THE SENATE OF THE UNITED STATES

Tuesday, November 16, 1937

RADIO ADDRESS OF HON. JAMES A. FARLEY, CHAIRMAN OF THE DEMOCRATIC NATIONAL COMMITTEE, AT A DINNER AND RECEPTION OF DEMOCRATS OF CALIFORNIA, AT LOS ANGELES, CALIF., OCTOBER 21, 1937

Mr. McADOO. Mr. President, I ask unanimous consent to have inserted in the RECORD an address delivered by Hon. James A. Farley at Los Angeles, Calif., on October 21, 1937.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

It has been several years since I had the honor and the pleasure of talking to a Los Angeles audience. The Roosevelt administration then was new. It had just begun to get the machinery moving that was destined to bring this country of ours out of the depths of depression back to the highroad to prosperity.

Our people had faith in the President they had chosen to do this job, but they could not know that he would succeed. They had been fed during 3 years on promises and Pollyanna prophecies. While they huddled in the frigid misery of a bitter time they got nothing but statements that the sun was rising and that warmth and comfort was just around a certain corner. They had seen things go from bad to worse while their Government sat helplessly waiting for something to turn up, until it seemed that utter collapse was upon this great country of ours. They saw when the new President came in that he, at least, had a plan; that he was not merely letting things drift and trusting to luck to rescue the Nation.

It appears to me, and I think to you, that the people's trust and patience when we started on the new road was the finest example of trust and confidence in their chosen leader that our history affords. They knew that no sudden miracle could set us on our feet; that it was no 24-hour job to stem the flood of disaster and turn the tide the other way. Nevertheless, it required no small amount of fortitude for a people to witness their destinies being subjected to such an experiment without alarm or discord.

They did not murmur when the emergency machinery was hurriedly put together; they did not grumble when that machinery creaked during the relatively slow process of fitting the right men in the right places. In short, the American people showed themselves the best sports in the world while that trying period was passing.

It was fortunate for them; it was fortunate for the Democratic Party; it was fortunate for the whole world that our people stood the gaff as bravely as they did. Had it been otherwise, Heaven only knows how long we would have floundered in the bog of despair.

I remember when President Roosevelt, almost as his first official utterance on reaching the White House, took the people into his confidence in explaining the bank holiday. It was perhaps the simplest of his talks, but what came over the radio that night bucked up the spirit of more than a hundred million people. He said that evening: "There is an element in the readjustment of our financial system more important than currency, more important than gold, and that is the confidence of the people."

He recognized then that the confidence of the country was essential to the success of the New Deal principles, and he told this to his hearers in these words: "I can never be sufficiently grateful to the people for the loyal support they have given me in their acceptance of the judgment that has dictated our course, even though all our processes may not have seemed clear to them."

A lot of steel has come out of the mills since then. A lot of oranges have been grown and sold at satisfactory prices; a lot of bridges and public buildings have gone up; and millions of people who were hopelessly hunting for jobs in those days are now busy at living wages. In fact it is another world we are living in than it was when we breathed a sigh of relief because the banks had been shut up until it was possible to sort the good ones out and start them on a new period of activity. Incidentally, does it seem possible in this time of security that there was ever a period during which we wondered if even the best of our financial institutions would be open for business next morning?

Wouldn't it sound crazy now if most of your calm and steady men of business were pulling out their deposits and stuffing their safe-deposit boxes with gold and currency? That is exactly what they were doing 5 years ago and in some cases with excellent reason.

Men are in business to make money; their only way of doing this is to keep their capital at work. There is no profit in funds asleep in a safe-deposit box. Consequently, we must ascribe to the solvency of the banks, and the consequent faith of the bank's customers in that solvency, the position of foundation stone of our renewed prosperity.

You Californians had your share of the wretchedness of the depression, though, thanks to your marvelous climate, you were spared one form of suffering that afflicted the North and East. I imagine from what I saw in Los Angeles in 1934 and what I see today, that you came back a little faster than the rest of the country.

As a Democrat speaking to Democrats, I naturally regard as at least a part of the national recovery, the establishment and confirmation of this State as a Democratic stronghold. It was always a mystery to me how California, a land of liberalism, enterprise, and progress, remained so long in the Republican doldrums. But we can dismiss that period in the history of your great State along with the other depression elements. Our party and this administration have reason to be proud and grateful for the part the Golden West played in the 1932 campaign. I am sure that it was the most thrilling moment of my life when your honored Senator, WILLIAM GIBBS MCADOO, came to the speaker's stand at the Chicago convention and announced that your delegation and that of Texas, with the consent and approval of John N. Garner, had decided that the majority wish of the convention should be sustained and therefore cast the votes of your 44 delegates for Franklin D. Roosevelt. Let me tell you further that Mr. MCADOO, and indeed the whole congressional delegation from California, had a great deal to do with getting the New Deal measures across and I am glad to be able to congratulate California on that performance. You have a right to feel that your renewed prosperity was not due exclusively to the national administration, but that you yourselves contributed largely to the great accomplishment.

We all know that the work of recovery is by no means complete, and by the same token the work of Democracy in this State is only half done. You must—and I am sure you will—put your State government in Democratic hands at the next election. Of course, I know that the Democratic organization here is beset by a lot of problems to which you have to find the answer. It appears to be the case that the election of a Democratic Governor is so certain that quite a number of eminent members of the party aspire to the governorship. I think all of these are my friends; and I would not if I could, even by so much as a whispered suggestion, help any one of them to the detriment of the others. That is one rule that the Democratic national organization is bound to adhere to—noninterference in State campaigns within the party. It is your job to pick the fittest candidate. It is our job to insure in every way possible the election of that candidate, whoever he may be. Incidentally, so far from being dismayed by the rivalries in our own party, I feel it is a cause for rejoicing and a symptom of political health. Not only do such rivalries stimulate the activities of the members of our party but they are convincing evidence of justified confidence in the result of an election. You do not find such a group of eminent men contending for a nomination unless each feels sure in his own heart that nomination means election. So I bid you to be of good cheer and conduct such primary battles with all the enthusiasm you can muster. But do not permit to creep into the picture any bitterness that might inject a doubt into our

prospects. The power of democracy lies in the principle of party loyalty—and that means loyalty to the nominees. And that goes, whether you are happy or disappointed, in the results of primaries and conventions.

I spoke a little while ago of the relative speed of recovery here as compared to other parts of the United States. Not that the rest of the country has not come along in fine shape, but you with your fortunate situation, and perhaps the energy and enterprise that seems to go with the western atmosphere, seem to have gone faster than most on the happy road to contentment. I know of no other State so blessed. Most of our States depend largely on one or two major industries. Here you seem to have a superiority over all of them. Your wide farms, your great fruit belt, your important oil industry, your rich mines, your shipping plants, your marvelous fisheries, your cattle ranges, and your manufactories all contribute to your eminence. This city seems particularly favored. I read in your Los Angeles Times the other day that motion-picture-box-office prospects for this year are expected to gross greater receipts than at any time in the history of the film business. In your Illustrated News I find it recorded that your California farmers had been getting better prices for their products than they have had for the past 7 years. Another newspaper story told me that the earnings of California oil companies in 1937 will approach, and in some cases exceed, the records at the height of the boom, 8 years ago. The cold-blooded reports of the Government agencies confirm all of these stories. They indicate that this year the cash receipts from the principal farm products of this State will be a quarter of a billion dollars greater than they were in 1932. What is of probably more significance is that each year since the bad times has shown an increase over the year before.

What helps the farmer helps the rest of us. You can translate some of the farmer's profits into what it means to industry by referring to the automobile statistics. In bad times your farmer, like the rest of us, is going to continue to use the old machine as long as it will run. Hence, in 1932 there were only 81,000 new automobiles registered in California. This year's record will top 300,000. That means a lot more gasoline, which helps shoot up the profit of oil wells, for one thing.

Statistics are rather dreary things to discuss, so I am going to cut that part of my talk pretty short. I will just make reference to the circumstance that Californians last year had an income of nearly a billion more than they had in 1933. My favorite index of the trend of business is, naturally enough, what the Post Office, my own Department in the national administration, records. You folks out here in Los Angeles spent for postage stamps during the fiscal year 1937 two and one-half million dollars more than you spent for postage stamps during the fiscal year 1933, and the people of California spent eight and one-half million dollars more for postage stamps in the fiscal year 1937 than they did in 1933. Now the statisticians tell me that social correspondence does not vary much from one year to another, but the business mail is in a different category. The more customers your producers have, the more letters they have to write, the more bills they must send out, and the more checks they get in payment. All of this is reflected in the rising postal revenues. So the mails furnish a good barometer to the economic state of the Nation. I may tell you, by the way, that the business of my Department has attained such proportions that the present trend indicates that within the next year or so our postal receipts will equal, if they do not exceed, the entire cost of the Postal Service, including the cost of subsidies administered by the Post Office Department and the cost of franked mail and preferential postage rates authorized by act of Congress. If this anticipated goal is reached—and I have every reason to believe it will be reached—then the Post Office Department will not have to call upon the Treasury for a single cent in excess of our postal income. When postal revenues equal postal expenditures it will be the first time in the history of the Post Office Department that such a result has been achieved.

This leads me to another phase of the national fiscal situation. Our political opponents are harping on an unbalanced Budget. Nobody denies the importance and desirability of a balanced Budget; it is simple, good, sound business sense to balance a budget, and but for the extraordinary situation which has existed in this country for several years, the Budget would have been balanced. In a recent address the President of the United States said that the administration anticipated that in the next fiscal year the expenditures of the Government will be brought within its income. It appears, therefore, that this particular source of worry on the part of those who are fond of spreading gloom is nearing the evaporation point. That, of course, is not going to stop the moans and breast beatings of the crowd whose basic article of creed is that the President can do no right. They continue to bemoan the extent of relief spendings, and hail every drop in the stock market as additional evidence that the country is going to the dogs. Time and continued prosperity will take care of the relief expenditures problem, but while we are on the subject suppose we dig a little into that question. Take your own State of California. Something started and nurtured the recovery movement out here. The aggregate of Government aid to this State—loans, grants, direct relief, Public Works, W. P. A., and all the rest of it, amounted to upward of $1,700,000,000.

Who is there in this intensely practical State who believes that this was wasted? Why, your bank deposits alone show an increase of more than $1,000,000,000.

Look at it from another angle. Assume that the Federal expenditures in your State are an investment. The United States put in $1,700,000,000. The incomes of your citizens last year amounted to more than twice that sum. Roughly, that income represented an increase of $600,000,000 over what it was when the Federal aid began. I would like to leave it to any of your enterprising and successful businessmen, whether he would hesitate to make an investment which, within 5 years, would be paying 35 percent on the investment? Moreover, look at what you got for the money aside from your restored incomes.

Your additional dividends have come in the form of all sorts of civic improvements—roads, bridges, sanitation, flood control, protection against forest fires. I cannot begin to recount them all. Perhaps some of these things were not immediately necessary. Just the same, every enterprise and project made for additional comfort, convenience, and efficiency. These works kept the idle off the streets. What this method of making self-respecting citizens of many who would otherwise have had to resort to private charity, or who would have been driven to preying on others, has saved you in additional almshouses, asylums, and jails, you may be able to estimate; I am not .

Take your C. C. C. camps. They have given you an army of upstanding young men, capable, healthy, competent, in lieu of a battalion of derelicts, come to manhood with no jobs in sight; with no hope in their hearts and no stamina in their bodies. And while they were learning and training for their part in this work-a-day world they were building dams, cutting fire lanes, and cleaning up the brush heaps in your park wildernesses and doing a thousand other things that tend to make your wonderful parks more wonderful, and safeguard you against fire and flood. Does one among you think that the millions spent in that direction were wasted?

The rest of the country has fared very much as you have fared and appreciates what has been accomplished under the present administration as you do.

Of course, there is a sour note here and there in the orchestra we call public opinion. The trombones of our political enemies croak out wails and warnings of impending disasters that are not going to happen. Unable to deny the presence of prosperity, they say it will not last. In the face of restoration that is the wonder of the world, they proclaim that our Democratic administration is ruining the country.

With a whole Nation voicing its satisfaction of the manner in which the Democratic administration is doing its job, this jealous, envious, greedy group is trying to make our people believe that the captain who has brought our ship through peril after peril is bent on casting that ship on the rocks. It is the same group that fought Roosevelt in 1932. They never have forgiven him for defeating the regime that gave them everything and brought the rest of the country to the verge of destruction.

They are trying the same thing now. They are preaching the doctrine of fear. They are seeking to destroy confidence and scare the country into giving them another shot at the job they muffed so badly. More than ever we must realize, as the President has said, that the only thing we need fear is fear itself.

Sometimes the strategists of panic speak in the sepulchral tones of your own fellow citizen, ex-President Hoover, who knows what happened but apparently does not know why it happened. Sometimes their mouthpiece is a disgruntled Democrat out of step with his party and fancying that it is the party that is out of step with him. More frequently it is the newspapers which sought to put the Governor of Kansas in Roosevelt's place.

These are the people who proclaim, whenever a Democratic Senator or Congressman differs from the President on any item of his program, that our party has gone to pieces and that the President has lost the regard of the Nation. Then they bring out Senator VANDENBERG—"Phonograph Arthur"—of the last campaign, who conceived the brilliant idea of a debate with recordings of parts of the Roosevelt speeches, to sing a dirge for the Democratic Party.

Just how far they are getting in this campaign was graphically demonstrated recently. In staid Massachusetts, the other day, there was an election to fill the vacancy caused by the death of Congressman William P. Connery, chairman of the House Committee on Labor. The district concerned was formerly heavily Republican. It embraces a great industrial area and the G. O. P. announced that it would show in this election that the New Deal, of which Congressman Connery was a loyal supporter, was repudiated and discredited. So they sent their war horses into the district—among them their own Senator HENRY CABOT LODGE, JR., and his colleague from adjoining New Hampshire, Senator H. STYLES BRIDGES—and conducted an elaborate campaign on the one issue of the New Deal. The Democratic candidate accepted the issue, and so the 1936 battle was fought over again—and the Democrat won by almost the exact percentage that his predecessor won in 1936.

So let me assure you, though I do not think you need any assurance, that the so-called Democratic rift exists only in the minds of the outfit that would love to see something of the sort and that our President holds the affection and the confidence of our country, as no other executive has held it since the early days of the Republic. As a consequence, the Democratic Party is as dominant as ever in its history. It maintains its prestige by the only valid formula of politics, which is that good government is the best politics.

This administration has disbursed billions—and nowhere has there been the least hint of scandal. There are no little black bags stuffed with greenbacks in the picture. The worst they have been able to charge us with is that we may have given $4 worth of groceries to somebody who could have afforded to pay for them.

Our President has kept his feet on the ground. He has let the other fellows have the jitters, and has smiled at their ravings. He has given an example of courage in going forward with what he deemed necessary for the national welfare; an exercise of patience under a barrage of abuse that no lesser man could have shown. He has been the staunchest defender of the Constitution he is charged with flouting, and amidst the conflicts of a disturbed world he has maintained our national prestige. While other countries have been driven, or have tumbled into dictatorships or communism, we have pursued our calm course as a republic, our institutions unchanged, our liberties sustained.

It is because of these things that I am able to tell a Democratic audience tonight that our party's prospects are perfect. They must remain so, for the great task to which we were committed when we put Franklin D. Roosevelt in the White House, must be completed. And only a Democratic administration can do the job.

Monetary Policies

EXTENSION OF REMARKS

OF

HON. ELMER THOMAS

OF OKLAHOMA

IN THE SENATE OF THE UNITED STATES

Tuesday, November 16, 1937

LETTER FROM COMMITTEE FOR THE NATION

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD copy of a letter sent to the President by the Committee for the Nation through its proper representatives, relative to our monetary policies.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMITTEE FOR THE NATION,
New York, November 10, 1937.

Hon. FRANKLIN D. ROOSEVELT,
The White House, Washington, D. C.

DEAR MR. PRESIDENT: Since we called your attention on October 6 to the decline in basic-commodity prices the situation has grown steadily more alarming. The Journal of Commerce price index of 30 basic commodities has fallen from 177.1 on March 31 to 131.6 on November 6. This is a drop of 25.7 percent from the high point of the recovery, when basic-producers' prices were, for the first time since the depression approaching parity with their costs.

Never since the post-war price readjustments of 1920–21 has there been such a rapid and far-reaching decline. The commodity price collapse has gone as far in the last 7 months as it did in 18 months from July 1929 to December 1930, which precipitated the great depression. This 7 months' decline is twice as great as the one in 1926–27, which brought the heads of the three principal European Central Banks to New York and Washington begging for reversal of our Federal Reserve policy. This relief was sought then, and granted, in order to help maintain the international gold standard to which Great Britain had returned in 1925 with consequences which proved disastrous to British business.

The collapse of commodity prices is today world-wide. And the United States, being the only important Nation now attempting to adhere to an inflexible gold standard, finds itself in a particularly precarious position. Our corrective measures were delayed for 18 months after Great Britain abandoned the gold standard in 1931, and our recovery has lagged far behind world recovery.

While recovery has been proceeding more rapidly in other countries, we have created for ourselves new problems and intensified old ones. We have raised wages and created new tax burdens without adequately increasing our ability to pay. We have frozen costs of distribution and many fixed charges at new high levels. We have created a situation where deflation of wages and all prices down to the present level of commodity prices would set up unbearable stresses and strains of deflation.

We have, in short, recreated the problem which confronted us in March 1933. Now, as then, deflation must be stopped, and profitable prices must be restored for the producers of basic raw materials.

Continuation on the present, or a lower, commodity price level will cut deeply into farmers' spendable income, even if they grow abnormally large crops. It will mean disaster for producers of metals, oil, coal, lumber, and other basic products. It will greatly increase urban unemployment this winter. It will increase taxation for relief while decreasing the ability to pay taxes.

Failure to correct promptly the present ruinous disparity between basic commodity prices and other prices and costs must result in further unbalancing the Budget and making a much-dreaded inflation unavoidable. Either commodity prices must be brought up or national income must inevitably come down to correspond to the commodity price level. And with such reduction in the national income, present public and private debts can never be met.

We, therefore, suggest that the situation demands immediate critical reexamination of the causes of the world depression; a reappraisal of the measures which have been used to combat it; rejection of those policies which have failed, and fearless application of those measures which, in the light of experience here and abroad, give the best promise of present and permanent relief.

When conditions were at their worst in 1932 a group of American businessmen, with the cooperation of national farm organizations and a leading economic research body, studied world recovery problems, and, in February 1933, presented their facts and conclusions to advisers of the President-elect. Those who engaged in that study were, and still are, opposed to printing-press and budgetary inflation.

"Orthodox" procedure then, as now, called for still more deflation until all prices were brought down to the ruinous level of commodity prices. But realists recognized that such a deflation would result in almost universal bankruptcy, and no one dared face its social and political consequences.

After examining every suggested alternative, these investigators—who later became known as the Committee for the Nation—were faced with the conclusions reached in 1932 by the British Empire Conference: That world recovery depended upon restoring profitable prices for farmers and other producers of the basic raw materials, so that the basic-producer half of the population could buy the goods and services of the other half. How could this price restoration be accomplished.

The only means that was proving effective anywhere in the world was currency management, which was then and still is so little understood in the United States. The effects of monetary management were, nevertheless, plainly apparent in 1932 in the sales reports of American corporations doing business abroad. They showed a decided upturn in business in each country as it left the gold standard and continued depression in every country still adhering to that standard.

Argentina and Australia had been the first to abandon the international gold standard in December 1929. At least four other nations had followed before Great Britain, Scandinavia, and the rest of the sterling bloc took the same course in 1931. Those nations had escaped the worst impact of world depression by their early recognition of the importance of maintaining their internal price levels, as measured in their own currencies, regardless of the collapse of the world price level as measured by the international gold standard. So they based their monetary policies upon this elementary fact of economics:

Excluding the effect of tariffs and transportation costs, the price level of basic commodities within a country, regardless of whether it produces an exportable surplus of such commodities, is determined by (a) the amount of gold those commodities exchange for in world markets, and (b) the amount of gold in a nation's currency unit. Therefore basic commodity prices within a country respond in mathematical proportion to changes in the gold content of that country's currency unit.

Examination of the erratic post-war behavior of gold led to the conclusion that monetary readjustments throughout the world were inevitable. Governments, banks, and individuals were scrambling for gold, hoarding it and causing violent fluctuations in its value (i. e., purchasing power) until gold was no longer a reliable monetary standard. The use of a fixed weight of one commodity—gold—as the standard of value had been abandoned by the 21 sterling bloc countries under Great Britain's leadership. A cross-section of the principal basic commodities on which people depend for food, colthing, and shelter was becoming recognized as a more dependable standard, and stability in terms of a suitable commodity-price index was becoming the guide of monetary management.

British Empire monetary policy was directed first toward raising basic commodity prices which had fallen far below other prices. After restoring basic commodity prices to remunerative levels the next objective of British monetary policy was to maintain stability in the purchasing power of money, not with respect to the price of one commodity—gold—but with respect to the average of the prices of many commodities.

Since the value of gold was fluctuating violently, the amount of gold in the pound sterling was allowed to vary every day as the supply of gold and the demand for gold fluctuated. As the gold content of sterling fluctuated, the gold content of all the currencies pegged to sterling also fluctuated from day to day; but nobody got in a panic about it. Not the weight of money but what it would buy became the first consideration of monetary management. In each of the countries of the sterling bloc the objective was to arrest the decline in commodity prices within the country, keep its basic producers solvent, and through restoration of their purchasing power to rebuild the foundations of a general prosperity.

Mr. President, you started upon a similar monetary policy in 1933. And it worked. The average price, in dollars, of basic commodities within the United States rose in exact proportion to the reduction in the gold content of the dollar—that is, mathematically as the dollar price of gold was raised. This is a statistically proved fact.

Monetary policy was rapidly meeting the greatest need of the emergency in 1933. That greatest need was to lift as quickly as possible the price level of the basic-producer half of our people so that their power to purchase from the other half might be restored. Responding directly and immediately to monetary action, commodity prices rose rapidly, while costs of distribution, wages, the prices of finished goods, and the cost of living started to rise, but slowly.

If this procedure had been carried through, and without contradictory measures to offset it, economic balance and resulting prosperity would have been restored without the long delays, the consequent destruction of human and property values, and without the excessive tax burdens which have resulted from abandoning the monetary procedure to which the sterling-bloc nations have adhered.

As proof of the foregoing assertion, we offer the fact that the countries of the sterling bloc that went through with this procedure, with 600,000,000 population, have balanced budgets, prosperity for their farmers and other basic producers with expanding production, high building activity, and relatively little—in some cases no—unemployment.

But some persons, who never seem to have comprehended the principles of price changes, began in 1933 bombarding you with propaganda that all prices should be raised at once; hence N. R. A., which drove up wages and all prices. In this way we continued the disparity between farmers' and other basic producers' prices, which had fallen much the farthest in the depression, and the price level of the other half of the population. Thus our depression was unnecessarily prolonged.

Now a new disparity has been created by a new gold panic, bringing another collapse of basic producers' prices. And so long as we remain anchored to a fixed gold-content currency—that is, to a fixed dollar price of gold—our farmers and other basic producers will remain at the mercy of unpredictable world forces which again are causing violent fluctuations in the value of gold.

With the dollar price of gold fixed inflexibly, basic commodity prices, measured in dollars, must follow down or up as the world uncertainties, war psychology, speculation, hoarding, and flights of capital from country to country cause the value of gold to fluctuate.

The Committee for the Nation has repeatedly called attention to the fact that the most essential instrument of monetary management is the power to vary the official price of gold to offset fluctuations in the world value of gold. The Gold Reserve Act of 1934, which put us back on a fixed gold standard at $35 an ounce, made effective currency management impossible because our basic commodity price level was thereby tied to the fluctuating value of gold in world markets.

When our price of gold was fixed at $35 our principal competitors as raw-material producers had already raised their official prices of gold much further than we; yet they retained and still retain their freedom to go still further, if necessary, to protect their own internal commodity price levels.

The principal raw-material producing countries with which our farmers and other basic producers must compete have compensated for the shrinkage in the amount of gold for which all basic products exchange. Under British guidance these countries have increased their prices of gold much more adequately than has the United States. The table below shows the percentage of increase since 1929 in the prices of gold in seven countries, all large producers of raw materials; also the equivalent of this percentage when translated into dollars:

	Percentage increase	Price of gold
United States	69	$35.00
Argentina	140	49.61
Australia	106	42.58
Brazil	267	75.86
Canada	69	34.97
Denmark	104	42.17
New Zealand	104	42.17

With the value of gold as it has been since 1929, our dollar price of gold has never been high enough to give our farmers and basic producers normal prices with normal production. The American producer is therefore unduly handicapped by high fixed charges, freight, taxes, and interest. The farmers and raw-material producers of the sterling nations enjoy a great advantage with their higher prices of gold, because in their respective currencies they receive higher prices than our farmers receive in dollars although they must exchange their basic products for the same amount of gold that our farmers do. When their basic producers sell a ton of wheat, wool, lead, or copper, receiving, as inexorably is the case, the same amount of gold that our basic producers receive; their prices in terms of their currencies are from 20 percent to 100 percent higher than the prices our producers receive in dollars. This is the reason why their farmers find it profitable to grow and produce more while our farmers, deflated by too low a price of gold, are being forced to scarcity measures to raise prices.

A realistic outlook on world conditions shows only continuing instability in the value of gold. Changing demand for gold works irrespective of whether crops are large or small, and independently of events in any one country.

Gold was gradually losing value until the reversal of trend beginning last spring. Since March the value of gold measured by the 30 basic commodities of the Journal of Commerce index has increased 34.5 percent. This means that our basic producers, in order to get as many dollars of the same gold content as they received last March for 3 tons, must now deliver 4 tons of their products. Our farm income, based on the value of gold last March, was estimated to be $10,000,000,000. If farm production and the weight of gold in the dollar remain the same but the exchange value of gold for other commodities continues to be one-third higher than last March, farm income may be reduced next year to seven and one-half to eight and one-half billion dollars.

Let us see what a farm income of seven and one-half billion dollars would mean. Then deduct production expenses—fertilizers, freight, implements, taxes, etc. There will remain in cash and kind for farm owners and farm workers $4,235,000,000. Distributed as wages to the 10,472,000 persons gainfully employed in farming, it will give each owner and hired farm worker only $404 a year or $1.29 a day. If food raised and consumed on the farm is omitted from this calculation it leaves the farm income equal only to a wage of $1 a day for owner and worker. It leaves no capital return for farm property and nothing for the productive labor of 22,000,000 farm women and children.

If the farm income of the current year had reached the Department of Agriculture's estimate of $10,000,000,000, and if the entire sum, after deducting production expenses, were applied exclusively as wages, it would have yielded an average yearly income for each farm owner and hired worker of $526. This equals $1.68 per day, of which 42 cents is represented by products produced and consumed on the farm; the balance leaving an average cash wage of $1.26 per day. If the United States farm income, now reduced by deflationary monetary forces were lifted to $15,000,000,000, as it easily could be, by an adequate price of gold, our farmers could receive an average of 3 percent on their capital investment and have in addition a daily average wage in cash and kind for farm owners and hired workers of $2 per day—a wage still very low compared with urban wages.

A price of gold which would thus increase farm income would also lift the income and purchasing power of producers of other basic commodities by at least $3,000,000,000. Thus, without burdening the Treasury, the United States economy would have $8,000,000,000 more annually of purchasing power, an amount sufficient to create employment for three to four million more workers. Such was the road to recovery that the sterling nations have traveled.

In England's sterling bloc there are six nations in which farming and raw-material production play an important role—Argentina, Denmark, Brazil, Australia, Canada, New Zealand. These nations have raised their prices of gold an average of 132 percent, which would correspond to an average dollar price of $47.95 compared with our increase of only 69 percent to $35.

The destruction of basic commodity prices is the underlying cause of depression and continuing unemployment. Factories supplying basic producers' requirements are already feeling a slackening in sales; their slowing down will affect others. The vicious cycle of price deflation and consequent unemployment is again running its disastrous course as it did from 1929 to 1933.

If two and one-half billion dollars of farm purchasing power is destroyed, direct employment for approximately 1,000,000 urban workers will be wiped out and much more secondary unemployment created. Other basic producers are already suffering from a similar drop in prices, income, and purchasing power. Farm and basic producer income will be reduced by four to five billion dollars, and employment for two or three million workers will be destroyed if the present monetary derangement is allowed to carry through for a year.

We are confronted by the same destructive monetary force which tore down our prosperity between 1929 and 1933. The same corrective measures that proved effective in the United States in the first months of your administration, as they did in other countries, should be applied without delay. Had they been applied a few months ago, the present disasters to workers, employers, and investors could have been prevented.

Without waiting for congressional action, the President has power to raise the United States price of gold from $35 to $41.34 an ounce. Barring a still further rise in the world value of gold, this would almost immediately raise basic commodity prices 18 percent. While this would restore but little more than one-half of the commodity decline of recent months, it would steady panicky markets while permanent corrective measures were being initiated.

No stable agricultural prices, no stable business, no stable employment can be built on an unstable, wildly varying standard of value. For a century, from Trafalgar to Jutland, British sea power dominated the world, and British finance managed the international gold standard with a fair degree of success. Now the status quo is being challenged on all continents. Every nation seeks to build up a war chest of gold. Waves of war fear, speculation, hoarding, and panic enhance the value of gold. These unpredictable world forces should not be permitted to destroy the balance between the various economic groups within our own country.

More than 90 percent of all our business is internal. Our farms, mines, and forests can produce raw materials in superabundance. We have the most efficient transportation system, the best-tooled and effective factories and the most efficient labor in the world. The cause of the disaster since 1929 was a disorder in our price system—the mechanism by which goods and services are distributed. And this disorder was caused by the instability of gold, giving

us an unstable dollar which robbed and destroyed the purchasing power first of one group and then another. If this disorder were removed, most of the economic and social ills which have called for reform would disappear.

We must recognize that we are not living in the pre-war century. Then gold was reasonably stable. Now it has turned traitor, so wild, so erratic, so rapidly changing in its value relation to other commodities that no reliance can be placed upon it.

We should, therefore, get off a fixed price of gold, and stay off, returning to a fixed gold standard only if and when a complete transformation of world conditions recreates the stability that formerly made the gold standard workable.

We should establish a free market for gold in New York, as the British Empire has in London, in which gold will be treated as a commodity and its price in dollars allowed to fluctuate with demand and supply.

We should remove the present and future uncertainty as to the objective of United States monetary policy.

Economic and monetary stability cannot be attained by making the dollar equivalent to one-twentieth or one thirty-fifth or one forty-first of an ounce of one commodity, gold, very unstable under present world conditions. It can be attained constitutionally if Congress will mandate that the value—that is the buying and debt-paying power—of the dollar hereafter shall be kept equivalent to a cross section of the most widely used basic commodities.

Our economic order cannot survive continuing disastrous price level changes such as we suffered from 1929 to 1933 and again since March of this year.

Very truly yours,

COMMITTEE FOR THE NATION,
By FRED H. SEXAUER,
EARL HARDING,
Members of the Directing Committee.

Pending Farm Legislation

EXTENSION OF REMARKS
OF
HON. EDWARD C. EICHER
OF IOWA
IN THE HOUSE OF REPRESENTATIVES
Tuesday, November 16, 1937

ARTICLE BY HON. EDWARD C. EICHER, OF IOWA

Mr. EICHER. Mr. Speaker, under permission to extend my remarks, I include an article written by me for the Missouri Farmer and printed in its issue of October 15, 1937, together with comment thereon by the publisher, William Hirth, on the subject of pending farm legislation, and specifically the bill known as the McAdoo-Eicher bill, S. 2732 and H. R. 7475.

[From the Missouri Farmer of October 15, 1937]

UNCLE SAM'S FORGOTTEN NEPHEW

(By Congressman EDWARD C. EICHER, of Iowa)

How long would Henry Ford stay in business if the selling price of his automobiles were fixed by the Chicago Board of Trade, or the Liverpool Grain Exchange? He is successful because he knows to a gnat's heel exactly how much his production costs are, and because he has absolute control over his selling price.

The farm problem will never be settled until the composite farmer of America can exert an effective influence over one side or the other of his business ledger. Until that comes to pass he will continue to slide further and further down the economic scale and the distressing statistics of increasing farm tenancy will keep on accumulating.

The necessary cooperation that will enable the farmer to control his selling price can be provided by the Federal Government. It is true the Supreme Court has declared that a Federal law cannot control production on the farm, but it is also true that the same Supreme Court has said that the fixing of the price at which any commodity starts to move in interstate commerce is interstate commerce, and that, therefore, the Federal Government has the constitutional power to regulate that price in the public interest.

The Department of Agriculture continues to press for reenactment of the invalid A. A. A. production control principle in the face of the practical certainty that the present Supreme Court will again hold it invalid, and also in the face of the practical certainty that Federal subsidies, no matter how large, will not accomplish dependable production control that will prevent disastrous fluctuations in price levels, unless drought years come along again just at the right time as they did in 1934 and 1936.

Why hasn't the time arrived for direct action which will effectively give the farmer equality with industry without risk of another rebuff by the Supreme Court?

THE 1932 PLATFORMS

The Democratic platform of 1932 demanded "the enactment of every constitutional measure that will aid the farmers to receive for their basic farm commodities prices in excess of cost" and condemned "the unsound policy of restricting agricultural production to the demands of the domestic market." All of the farm organizations had agreed to this platform at conferences held on the 6th, 7th, and 8th of January 1932, and the Grange, the Union, and the Bureau had published a joint circular endorsing it as one of the three alternative propositions, the other two being the equalization fee and the debenture.

The Republican platform for 1932 declared for "the control of production to such volume as will balance supply with demand" and "the control of the acreage of land under cultivation as an aid to the efforts of the farmer to balance production." It will be seen that the A. A. A. was literally the Republican platform with the so-called "parity" idea added. This program was never agreed upon by the farm organizations and they have never been together since. I firmly believe that the farm organizations could have been kept united upon the cost of production principle.

Why is A. A. A. the wrong solution? The first outstanding reason is that the surpluses in the North and West have been so small since 1929 that the producers could afford to give them to the Government for use as an ever-normal granary in exchange for its cooperative service in fixing fair return prices for the domestic consumption percentages. The yearbooks show that for the last 20 years the average surplus of wheat was only 20 percent; of pork and lard, 10 percent; of corn, 1.3 percent; of oats, 0.9 percent; and of beef there has continually been a shortage.

Industry is paying more than these percentages for its selling expenses, and if the Government would fix the prices for the domestic consumption percentage at say $1.50 for wheat, 14 cents for hogs, $1 for corn, 60 cents for oats, and 30 cents for cotton, the farmer could well afford to take the world price for any surplus. The cost-of-production principle which all the farm organizations agreed to in 1932 would produce about these results. It was endorsed by all of the labor organizations, and recently in a Senate hearing it was endorsed by Labor's Non-Partisan League.

A. A. A. THE WRONG SOLUTION

The second reason why A. A. A. is the wrong solution is that the 1909 to 1914 basis for parity is not in fact a parity. The Department's own bulletin, Agriculture's Share in the National Income, of October 1935, page 8, shows that the per capita income of the farmers averaged only $159, while the per capita income of the whole population, farmers included, was $314. Therefore, there was $314 per capita income available for everybody, but the farmers only got $159, and the others got $395. These results are computed from table 1 on page 7, and table 2 on page 8.

Secretary Wallace has recently admitted that the 1909 to 1914 period is not a just basis and has suggested that 50 years be used instead. A check of table 2, referred to above, shows that 50 years is no better than the 6 years. In fact, the present plight of the farmers is due to more than 50 years of this speculative discrimination since dealing in futures became prevalent. Farm products are the only products that have their prices fixed in speculative markets that are controlled by the buyer.

I fear we are relying on a slender reed, if we would depend upon an ever-normal granary as a price stabilizer. There has never been a domestic shortage of cotton or of tobacco, and as a matter of fact the statistics demonstrate that, including stocks on farms, there has never been an empty granary of wheat or rice, and never even of corn unless it has been this summer and fall.

How then could it be expected that the mere process of keeping a so-called ever-normal granary full would prevent a recurrence of destructive speculative fluctuations in open market prices?

THE MECHANICS OF THE BILL

The mechanics of the McAdoo-Eicher bill are simple, workable, and constitutional. They are as follows: The Secretary of Agriculture is directed, first, to estimate the production of each crop as it comes to maturity. He shall then estimate the percentage that will be required for consumption in the United States and the balance that will be for export. Then he shall figure the 5-year average cost of production of the percentage required for domestic use. In calculating this average cost of production he shall allow a wage for all farm work comparable to that paid in industry, he shall figure material costs, taxes, depreciation of buildings, fences, work animals, breeding animals, machinery and soil, all exactly as industry figures depreciation of plant and equipment, and finally he shall figure a 4 percent capital return. He leaves out selling costs because a fixed price with the exportable surpluses controlled will automatically sell the commodities. The unit prices for the commodities that produce exportable surpluses, based upon the foregoing factors, will run substantially as hereinbefore indicated, although cotton may run somewhat higher. These prices will stand up for a bumper crop as well as for a short crop because the surplus will be controlled by holding it off the domestic market.

When a farmer brings his crop to market the dealer must under penalty pay him not less than the fixed price for the home per-

centage and give him a receipt from the Secretary of Agriculture, countersigned by the dealer, representing the export percentage. In this way the Department of Agriculture will get the entire exportable percentage under its control. Out of it can be taken such part as may be required for an ever-normal granary to meet disasters or crop failures. For the rest of it, the best available world market can be found, just as industry does with its surpluses, and after all expenses are provided for, the outstanding exportable surplus receipts can be redeemed through the post offices at the net amount realized in the world market. The bill provides that the township and county organizations shall continue to function, but the work would be advisory to the Department of Agriculture in determining equitable costs of production, instead of making allotments under a program of production control.

In no other way can Uncle Sam ever help his nephew, the farmer, to attain equality with industry. The trouble is Uncle Sam has been interfering by setting up artificial hurdles that progressively have been making the race between agriculture and industry more and more unequal. The protective tariff, the regulation of utility rates, the Social Security Act, the Railroad Retirement Act, the Guffey Coal Act, the wage and hour legislation that will be enacted at the special session of Congress likely to be called soon, all of them are samples of Government authority to fix the prices of industrial products at higher levels than would be the case were there no such laws. The farmer as a consumer is compelled to pay these higher prices. In his capacity as a producer the Government must supply him the cooperative selling power that will yield him a comparable dollar income.

READ AND THEN ACT

I hope our readers will study carefully the accompanying article by Congressman EICHER, who addressed our recent annual convention, and that then if they prefer his plan to the present shot-in-the-arm farm relief methods, they will write their Congressman to this effect, and do this while these men are at home. When the recent Congress refused to endorse the latest pink-tea farm-relief proposals, it was an indication that Congress is once more doing its own thinking, and is really groping after a sound and permanent rehabilitation of agriculture, and thus it is high time that farmers themselves made their wishes known.

There is nothing strange or mysterious about Mr. EICHER's plan—its principle is the same as that of the ill-fated McNary-Haugen bill, except that it adapts itself to the changed World conditions. From time out of mind American industry has demanded a fair return, which is only another way of saying that it wants a price for its wares or service that will enable it to pay fair wages and earn a fair return upon its invested capital. And so our workingmen have long demanded an American living standard, meaning thereby that they want a wage that will enable them to have their modest share of the comforts of life, a decent home, and to properly clothe and educate their children, and this is what the Eicher bill aims at for the farmer—a price for his products in our home markets that will assure him of production cost, depreciation on his farm plant and equipment, and a return of at least 4 percent on his investment, and can anybody say that this is too much to ask, and especially when the farmer's purchasing power is fundamental to prosperous shops, mills, and factories?

While the present "handouts" from the Federal Treasury may somewhat alleviate the economic ailments of the farmer, in the end they cannot save him—either agriculture must be put on a permanently sound basis or its eventual complete collapse is inevitable. One of the greatest dangers of the present farm-relief methods is that farmers will lose their pride and independence—that they will become mere mendicants at the hands of Uncle Sam, and thus more and more look forward to a Government check from the county agent. The "embattled farmers who fired the shot heard 'round the world" at Concord Bridge on the morning of April 19, 1775, were made of sterner stuff—they wanted liberty and justice, and dared to fight for it. Therefore, if you like the Eicher bill, write to your Congressman and tell him so, and do this while you are thinking about it.—WILLIAM HIRTH, *Publisher*.

The Poll on Lynching

EXTENSION OF REMARKS

OF

HON. CHARLES O. ANDREWS

OF FLORIDA

IN THE SENATE OF THE UNITED STATES

Tuesday, November 16, 1937

EDITORIAL FROM WASHINGTON POST

Mr. ANDREWS. Mr. President, I ask permission to have printed in the Appendix of the RECORD an editorial published in this morning's Washington Post entitled "The Poll on Lynching." It is one of the most sensible articles that has been written upon that subject up to this time.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Tuesday, November 16, 1937]

THE POLL ON LYNCHING

A Gallup poll indicates that 72 percent of the country favors a law making lynching a Federal offense. In the South the vote was 57 percent favorable. With the Senate pledged to early consideration of the Gavagan antilynching bill, these findings seem particularly significant. They should be read, however, with certain qualifications.

The precise question asked was: "Should Congress pass a law which would make lynching a Federal crime?" The Gavagan bill, if enacted, would not make lynching a Federal crime. It would, instead, make peace officers who tolerate lynchings without making "diligent efforts" to prevent them subject to Federal prosecution. Not lynching but failure to protect a victim from mob violence would become the "Federal crime."

How many who answered the Gallup poll affirmatively will check their Senators' votes on the Gavagan bill with this understanding? Probably not many. The average man seems to consider the lynching problem somewhat as follows: Lynching is a despicable crime that must be eradicated from the American scene; since some States are patently unwilling to stamp out such crimes by drastic measures, the Federal Government's efficient police machinery must be called into action.

This reasoning merely skims along the surface of the problem. It does not, for instance, consider the constitutional issues raised by Federal intervention into State affairs. Nor does it consider the fact that the Southern States are gradually improving their record of law enforcement in this field, as proved by the fact that Virginia has had no lynching in 10 years. There is danger, of course, that this slow process of education may be interrupted if Congress should encroach upon responsibilities that clearly belong to the States.

The major question at issue in the Gavagan bill is not lynching but the right of the people to retain control over their local officials. As Senator BAILEY has pointed out, a sheriff in North Carolina is responsible to the State and not to the Federal Government. Should Congress destroy that responsibility, it might seriously impair the American system of local self-government, without achieving the purpose at which the bill is aimed.

Suddenly Repealing Big Taxes Will Unbalance Rather Than Balance the Budget—Let's Get Down to Our Fundamental Problems—Enact Agricultural, Wage and Hour, and Reorganization, and Seven T. V. A. Legislation

EXTENSION OF REMARKS

OF

HON. MAURY MAVERICK

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 16, 1937

RADIO ADDRESS BY HON. MAURY MAVERICK, OF TEXAS, ON NOVEMBER 16, 1937

Mr. MAVERICK. Mr. Speaker, by unanimous consent, I am including herewith a radio speech made as of this date over the National Broadcasting Co. In this I have expressed my viewpoint about the psychological attitude of many of our leaders and people in general today. In my opinion, the business recession is uncalled for and a great deal of this hysteria is being forced upon the American people by selfish groups. It is quite similar to the situation preceding the World War.

In my opinion, we should not be diverted from the purposes of this special session, or scared into repealing a lot of laws which will unbalance the Budget instead of balancing it.

My speech is as follows:

Friends and fellow Americans, I have been here in Washington several days. I have talked to dozens of people and have attended the opening session of Congress. My opinion is that most of the talk is Hoover talk, and most of the people around Washington are scared. This is in spite of the fact that most of the talk out in the country is Roosevelt talk, and most of the people of the country are not scared.

Now, at the last session of Congress we accomplished very little indeed. We enacted no farm bill, neither did we enact the wage and hour bill, which the Democratic Party had solemnly promised. Our main accomplishment was the slum-clearance bill, which I find is good, but entirely inadequate and just about forgotten.

CONFUSION, SCARED PEOPLE, AND ARROGANT TORIES

Returning, I had hoped to see a better situation, but, instead, there is lack of purpose and organization, and confusion on top of that. Worse, we find scared people, scared politicians, bragging and arrogant Tories, who say contemptuously that they are out to get Roosevelt. To me that only means they are out to get the American people. To me it is a revolution of Big Money, and not the American people.

The whole cry is to evade the purposes of this short special session, forget our fundamental problems of unemployment and recovery, to blindly and hurriedly repeal the taxes on the wealthy and big corporations—in 15 minutes or less—and let the people of the country slide back into the abyss for the next 15 years or more. To slam on the brakes and knock off the big taxes in these 15 minutes would not balance the Budget, but unbalance it. Mature consideration should be given business, but we at least should take a few weeks for such consideration.

THE REINCARNATION OF HERBERT HOOVER—MAY IT NOT LAST LONG

The country heard this talk in 1930—1931—1932—and if I am any kind of a guesser, the people don't want it again. Is this jittery condition the real considered thought of the people? No! It is scare propaganda, newspaper thunder, editorialized and biased news articles, and malicious cartoons.

It is, unfortunately, the reincarnation of the shades of Herbert Hoover. May it not last long.

It is almost impossible to believe that this is the same administration, presided over by the same President, with the same Congress, representing the same constituency that I knew a short time ago. What has happened in this one year? Have the American people changed their minds? Have they decided they didn't mean what they said a short time ago? Of course they haven't—anybody who has been around the country knows the people meant what they said.

STOCK TICKERS RUN BEHIND—STOCKS DROP—WHY?

Let's review a little of what has happened. Just a few weeks ago Wall Street tickers ran behind, recording sudden drops in prices and the sales of lowered stocks. Then some of the Wall Street brokers found out what sensible economists had known for some time—that a business recession was upon us. Buying power had dropped, and naturally, sales were falling off; and all this was having its effect on business.

And just why are we in a slump? It's the same old dreary story: When prosperity began to get into swing the monopolists raised prices, grabbed off unreasonable profits, and left the public to hold the bag. Indeed, what happened is simple: Farm income, and city wages, industrial and white collar, were not sufficient to buy all the goods at these exorbitant prices. As a result inventories piled up, and haven't been worked off yet.

PURCHASING POWER—A GOOD EXAMPLE

At the same time the Government was listening to the spiel of Wall Street and "Big Business" that Government spending must be reduced because the big boys were going to take up the slack.

They didn't take up the slack.

As a matter of cold fact, no sooner did the Government lay off thousands of relief workers, stop public works, and drastically cut its spending, than business began to sag. If we ever had an example of what purchasing power means, we have had it since the first of the year.

Now, just what is it that this gang of Wall Street speculators and price fixers are asking the people of this country to do? Precisely, to repeat the mistakes of Mr. Mellon and Mr. Hoover—to let stock-market speculation again run wild, cut taxes in the higher brackets as Mellon did, and let the people bear the burden. It sounds silly, doesn't it? They must think the memory of the American people is short indeed!

Yet the same crowd that visited Hoover and bungled the Old Deal are knocking at the White House door—and knocking the New Deal.

THE AMERICAN PEOPLE MUST HAVE UNITY

Let me tell you that in this situation, we American people must have unity. We must continue to make ourselves heard above the clamor of the noisy rich, and to ask for the same sound, progressive, intelligent—and courageous—leadership of the President of the United States. One thing is sure: The President is again being denounced by all the groups and individuals who always fight progress, and who always prey on the American people. They denounce him for even slightly alleviating the misery of the American people. The President certainly knows these Tories really hate him, and are now frankly out in the open against him—so the American people must depend on him to lead.

FALSE PROPAGANDA TO SCARE THE PEOPLE

In all this there is a lot of false propaganda by the enemies of the people. They are trying to kid the man on the street, fool the farmer, and betray the worker. Don't let them stampede you, fellow Americans; don't let them fill you with scares, which will only cause you to give up the gains that have been made.

President Roosevelt and the Government of your country have not been unfriendly to either big or little business. Can it be said that big business ever cooperated with the President or the Government except on its own terms?

There are no ifs, ands, or buts about it. The Wall Street crowd and big businessmen say, "See here, Mr. President, we caused this slump because we are on strike. Now we are leaning on our shovels; we want more profits and more relief (for ourselves); we might lend our money, but you make us pay high taxes; and unless you give us more profits and knock off our taxes, we are going to continue the strike and break you. Mr. President, you may have gotten us back on our feet, but we want it plainly understood that our intention is to knock you off your feet."

PRESENT SITUATION SIMILAR TO PERIOD PRECEDING WAR

In all this I see a similar psychology and situation to our entrance into the World War. Indeed, the same old crowd is trying to frighten the American people. The idea is to scare the average man, put him in fear of his job and security—and then let big industry and big business kick little business and the ordinary American around.

What may be the next move?

The next may be to start heavier and heavier selling to warring nations, which will artificially increase employment temporarily. Then remember, in the World War, when it looked as though the war loans and war materials would not be paid for, we were pushed in the war to collect the money and to make more swollen war fortunes and more hundreds of thousands of American boys into corpses. We must not let this happen again.

LET US CARRY OUT OUR PROGRAM

Here is the point: Congress is here in Washington for certain purposes. One is to carry out the program we failed to carry out last session. Then it seems to me the honest thing is to do first things first.

So let us discuss our program, which includes the agricultural bill, the wages and hours legislation, the reorganization of the governmental departments, and the establishment of the seven T. V. A.'s.

Concerning the agriculture bill: It is impossible to discuss the details now; the various committees and the Secretary of Agriculture are not finally agreed, but I understand that a bill can be reported within a week. So what should the American people do? They should demand that Congress finish that job; certainly the welfare of millions of farmers, and the other millions of human beings indirectly affected, is more important than taxes on a tiny minority of big businessmen. In fact, this taxation business can really wait until we get at some of the more urgent problems.

HAS THE DEMOCRATIC PARTY REAL PARTY RESPONSIBILITY?

And take the wage and hour bill. It was slashed to pieces in the last session of Congress and then not even passed. It was held up and blocked by the Rules Committee of the Democratic Party. Mind you, this was a solemn promise of the Democratic Party, a party pledge, but the Democratic Rules Committee would not even let its own Democratic Congressmen vote on it. It seems to me that the Democratic Party had better face party responsibility and its duty and promises before we shut our eyes, fail to investigate, and repeal the tax bills we so laboriously enacted. And speaking of jobs, now, honestly, do you believe that suddenly repealing taxes on big fortunes and big businesses and suddenly throwing the Budget into balance with our financial system in reverse will put people back to work? Of course not.

Another problem is the matter of governmental reorganization. It is quite true that we have duplicating bureaus; we have in many instances numerous departments performing the same functions. That is a real chance for efficiency and economy, and Congress should give its attention to that. Rather than getting hysterical over a single problem of taxation, let us tackle reorganization first, and we will have plenty of time to give taxation a proper and fair treatment—which I favor and all reasonable persons favor—after the first of the year.

There is also the matter of the establishment of the seven T. V. A.'s. Why should we decline to develop the natural resources that belong to the American people, preserve them, stop soil erosion, produce cheap electric power, reforest our lands, because some utility corporations overloaded with watered stock do not like it? Why, this seven T. V. A. bill is of fundamental importance to all the American people.

WE MUST NOT INCREASE CHAOS AND FEAR

The problems that I have just listed ought to be attended to now. If we evade the problems which should be settled now, and which are before us, and go helter-skelter into repealing laws under some sort of frenzy, we will simply solve nothing and increase the chaos and fear.

YELL ABOUT THE BUDGET, PRAISE WASHINGTON, GET CALLED WISE

Now, my friends, here I am, a Congressman, just returned to Washington. There is always a tendency on everyone's part to say things superficially popular. You can praise the flag; in wartime you could denounce the Germans and the pro-Germans. In other words, you can join in the mob spirit and get yourself on the front page of every newspaper in this country.

You can yell aloud that you must cut taxes and balance the Budget, that we must get back to the old-time virtues of George Washington and Thomas Jefferson, and you will be praised as a wise man in the New York Herald Tribune and the Chicago Tribune—and maybe even in your home-town paper.

But if you say a great deal of this talk that's going around now is nonsense; that a lot of it is criminal in nature; that some of it is unpatriotic to the point of disloyalty; that much of it is wholly without foundation; that it is bad business in more ways

than one, you are likely to be charged with not really knowing what you are talking about.

THE UNITED STATES GOVERNMENT IS IN GOOD SHAPE

But that is exactly what I say—this United States of America is in good shape; so is your Government. There was no good excuse for the business recession, and there is no excuse for dozens of other things that have occurred in the past few weeks. There is no good reason for this increase in unemployment.

The national debt of the United States is an extremely small amount in comparison to other countries. The taxes paid by business in this country are very small in comparison to other countries. Mind you, the credit of the Nation is beyond question, no banks are toppling like in the Hoover administration; and moreover, what is really important, there is an administration in Washington really interested in the welfare of the American people.

Those that are scared can put faith in Hoover talk if they want to. But as for me, I propose to believe that if things are really bad that it is because the people don't have enough, and not that they have too much. Certainly, we should not have to bribe the wealthy and the great corporations to give people jobs; and even if we did it, the people would not get the jobs.

What we Democrats in Congress need to do is to get down to brass tacks and carry out the promises made of the President's great Madison Square Garden speech last November, meet our pledges, do our duty, and face the issues with confidence and courage, in order that we in turn may give confidence and courage to all our people.

Taxation

EXTENSION OF REMARKS

OF

HON. DANIEL A. REED

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, November 15, 1937

Mr. REED of New York. Mr. Speaker, the tax imposed on the undistributed profits of small corporations has prevented business expansion necessary to restore jobs to the unemployed. This has been a contributing factor to the present recession in industry and business. When it was proposed by this administration to adopt the present tax we Republican members of the Ways and Means Committee opposed it, and we joined in a minority report condemning the proposal, pointing out its dangers to business, and warning that its operation would have a "blighting effect upon recovery." The disaster it has brought to business and to labor is proof of the correctness of the position taken by the Republican members of the committee.

Until this strangle hold of the administration on the throat of business is removed there is little probability of industrial expansion and the initiation of new enterprises so sorely needed to relieve unemployment. Even more deplorable is the prospect that, unless relief comes as soon as orderly legislative procedure will permit, business recession will increase with great rapidity to the injury of the country in general and to labor in particular. It is important to prevent another downward business spiral before it gains uncontrollable momentum, resulting in a most disastrous crash. It is important because industry cannot draw upon a $26,000,000,000 reserve to keep men on the pay roll and pay dividends from reserve resources, as was done between 1930 and 1934. The tax on undistributed profits imposed by this administration under the "must" legislative program has destroyed the prudent business practice of setting aside a part of the profits as a reserve to meet the problems of "a rainy day."

Business prudence has been penalized by a most unjust and devastating tax. Day by day men are losing their jobs as a result of this unwise and indefensible penalty imposed on the sound business practice of setting up a reserve to cushion the blow of depression.

This tax should be repealed so as to enable business to not only resume but to enable expansion of present industry and to encourage the development of new enterprises.

I call attention, in support of the repeal of this tax on undistributed profits, to a few excerpts from business letters that have come to my desk:

If the Congress does not want to ruin business concerns of this character, then it must substantially amend this law, at least to the extent of freeing debt-ridden small business concerns from taxation when paying off their debts and, in addition, allow a reasonable amount to be set aside for improvements, additions, and a small surplus for the inevitable "rainy day."

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Taking away in taxes a large part of the profits we make and would ordinarily put into surplus means, of course, that we cannot make improvements to our buildings or buy the machinery we would like to install, both of which would give work to the unemployed.

In the last depression we, like thousands of other businessmen, kept our men at work as long as our resources lasted—but what is going to happen when the next one comes along after the present taxation policy has left us stripped of our means to help our workers at the time when they need help most?

Frankly, it is such a cockeyed taxation policy that I cannot for the life of me see how those responsible for it could be so shortsighted.

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The undistributed earnings of this company are tied up in buildings, machinery, inventory and other assets which cannot be converted into cash without a heavy loss, to say nothing of the damage to the business by such conversion.

The corporation has mortgage indebtedness and bank loans which should be paid. Also payment of any appreciable amount of dividends would jeopardize the credit standing of the company and might precipitate drastic action by creditors.

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The Federal Government placing a punitive tax on nondistribution of earnings when distribution is prohibited by State statutes is outrageous.

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For the past year we have invested in fixed assets approximately $30,000 each year. This has made possible an increase in our roster of employees from 50 to the present base of 350. The present tax situation absolutely precludes any further expansion on our part since the surplus that has been invested in our factory in the past, must now be used to meet the tax and dividend program which is obligatory. The cash that must go to pay these taxes is all the drain on our working capital that we can stand. There can be no more plant expansion for us under this present program.

A furniture company:

Our business would be growing much more rapidly if it were not for the undistributed-earnings tax, as our business, since its inception in 1912, has been built on the basis of plowing back a large portion of all profits. We find that it requires an investment of approximately $2,000 in capital assets and approximately $1,000 in working capital for each man we put to work in our business, and without a doubt our improvement program would be considerably larger if it were not for this undistributed-profits tax, as there are a lot of things we would like to do in the way of improving facilities and adding to them if we could continue our policy of previous years of plowing the profits back into the business, over and above a fair dividend to our stockholders, because our business is still a growing one.

An automobile specialties and library equipment company:

We have plans and specifications ready and would like to proceed with erecting a large addition to our plant, which would bring about the buying of a considerable amount of new machinery and equipment. We estimate that we would employ at least 200 more men if this program is carried out, but, due to the uncertainty prevailing, it is very doubtful whether we will proceed with it this year. If an exemption were allowed under the undistributed-earnings tax for purchase of new equipment and machinery and the erection of new buildings, we would proceed at once with our program.

A tool company:

If exemptions were allowed for purchases of new machinery and equipment and for the erection of new buildings, we would give employment to 100 more men on production work and from 50 to 100 additional employees in our distributing branches and sales force.

A baking company:

To conduct building operations even of a minor nature with surplus funds or borrowed money becomes a very expensive problem because of the resulting high taxes. Hence a building program of rehabilitation has been postponed, with the hope that there will be a change in the provisions of this law.

An office appliance company:

Under the present conditions we prefer to force our machinery, rather than purchase new, due to the fact that for every thousand dollars of money used to purchase machinery, another $270 may possibly have to be set aside to pay the Government in the form of undistributed surplus tax.

A metal-product company:

Our company, which employs slightly over 200 people, has just reached the point in the last year or two where our earnings are

sufficient to provide capital for reasonable expansion. In the last 3 years we have doubled our employment and doubled our floor space by putting earnings back into the business. This has meant the gain in employment of over 100 people.

This year, because of the tax law, it was necessary for us to pay out a considerable portion of our earnings to stockholders above what we would have normally paid them for a fair yield on their investment. As a result we were unable to take advantage of an opportunity to purchase a factory building in this town formerly occupied by a company in a similar line of business to ours which has recently had to cease operation. Had we had the capital to buy this building (as we would have had except for the tax law), we would have been able to take over the other property and employ 30 or 40 people that are now out of work.

It is probable that the operation would have soon needed many more people than that number, and we feel that the failure to expand our business at this time is due entirely to the unfair and unjust law of 1936.

A trailer company:

We are going to restrict our operations this year to enable us to pay these taxes and to keep in good liquid condition. While we now employ eighteen hundred people, I predict that we will reduce our force at least 25 percent in order to ride in a more comfortable position.

A lumber company:

During the severe depression from 1930 to 1936, the lumber industry was extremely hard hit. Its markets were reduced to such an extent that approximately 20 percent of production obtained. As a result, our losses impaired our capital structure, consequently we were faced with a distribution of earnings contrary to State law.

A machinery company:

For many years our company has carried out the conservative policy of paying its debts before it distributes any earnings. Due to the severe depression, we have become indebted to our bank, and would have preferred to have paid that bank rather than distribute any of our earnings for the year ending December 31, 1936. Such a procedure would have severely penalized us.

I have quoted from letters from small business concerns and space will not permit me to quote from many others which I have received, showing conclusively the disastrous effects of this tax on the development of business and employment. It must not be forgotten that this tax does not operate to the injury of many of the large, well financed corporations with high-salaried officials because they in many cases find it to their advantage to pay this tax to prevent small industries from developing to the point where they offer competition. For example, a large chemical product company reported that—

It is probably worth to us the extra taxes to limit or restrict the opportunity for the concerns who are striving to grow.

This tax as it is now imposed strikes at the very heart of concerns with comparatively small profits, which is one of the factors that is driving the country into the present depression.

Stock Market Reflects Failure of New Deal Policies

EXTENSION OF REMARKS

OF

HON. HAMILTON FISH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 16, 1937

RADIO ADDRESS OF HON. HAMILTON FISH, OF NEW YORK, ON OCTOBER 12, 1937

Mr. FISH. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following address I delivered over the Columbia Broadcasting System on October 12, 1937:

I listened carefully to the President's fireside chat this evening but failed to find any reference to the huge depression of security values within the last 2 months, the greatest since 1929. There was no single word of encouragement, no promise of economy, and nothing that would tend to restore business confidence. However, the President did present plans for additional tax burdens on employers of labor who are struggling to keep their heads above water.

I am utterly opposed to calling Congress into a special session on November 15 as being unwise, unsound, and unnecessary. If the President wanted to expedite certain legislation, all he had to do was to arrange to have the Committees on Labor, Agriculture, Foreign Affairs, and Ways and Means begin holding hearings so as to have legislation ready for Congress when it convened in regular session the first week in January.

Of course, every American hates war, but they do not propose to fight other peoples' battles, to police China, Spain, or Abyssinia, or to join the League of Nations to wage war to preserve peace.

I do not propose to predict the rise and fall of stock values, nor do I intend to criticize the act of Congress regulating the stock exchange, which I voted for and believed was salutary and needed legislation. I propose to state why the repeated attacks by President Roosevelt on American business, destructive taxation, and bureaucratic red tape have hampered and harrassed business to such an extent that confidence has been undermined and all but destroyed.

If any country is worth living in, it is our own. We have all the natural resources we had in 1929 and an almost unlimited supply of loyal and industrious labor, and now after 7 years of depression we ought to be on a firm and stable high road to economic prosperity and well-being and the employment of American labor at American standards of wages.

No thoughtful or fair-minded person questions the original success of the present administration when it came into power in March 1933 in solving the financial crisis by closing the banks and bringing order out of economic chaos. Much of the legislation at the outset, including the regulation of securities, was essentially sound and beneficial to the public. What has happened since to shake the confidence of our businessmen and retard recovery and the employment of labor? Step by step Franklin D. Roosevelt has turned to the left until he is no longer the President of all the American people but merely the leader of the left wing of the Democratic Party composed of radicals, socialists, and officeholders united on a collectivistic program to revolutionize our entire economic, financial, and governmental structure, under which we became the greatest, richest, and freest nation in the world.

The United States is only in the morning of its glorious destiny, and even the fantastic experiments of the New Dealers can merely retard its progress to happier and more prosperous times with greater leisure and higher wages for our people.

The heights of well-being that were reached from 1923 to 1929 would be nothing as compared to the future development of this country, provided that business was only encouraged, given a helping hand, and a chance to make profits, expand, and employ labor.

Business is all ready to go over the top, but at every turn it is attacked either by the President, his bureaucrats at Washington, or strangled by red tape and held back by destructive taxes. Business and confidence are one and inseparable, just as confidence and employment are. You cannot have one without the other.

There is one main element lacking in order to attain prosperity and pass it around among all the American people, and that is confidence.

We are in the midst of a Government by confusion, bewilderment, and reprisal, and even the President and his New Deal advisers do not know what direction they are going. We need, most of all, restoration of sound common sense, practice of governmental economy, and retention of sound American principles of government, but instead we have an administration that has done more in 4 years to promote class hatred, strikes, collectivism, destructive taxation, and huge deficits than all other administrations in the last 150 years. Is there any wonder that business confidence is shaken, that investors are frightened, and employers of labor discouraged?

Only recently President Roosevelt made a bitter attack on the members of the chambers of commerce, Democrats and Republicans alike, saying that they were opposed to popular government, the rule by the majority under our American system. What a shameful arraignment by our Chief Executive of decent, honest, loyal American businessmen regardless of party affiliations! It is inconceivable and unworthy from the lips of a President of the United States who has encroached on the powers of Congress by demanding the control of the purse strings through lump-sum appropriations, and more recenty has sought to destroy the independence of the Supreme Court and make it a rubber stamp to carry out his dictates.

That the stock market reflects these attacks and the resultant loss of business confidence does not require a survey by some financial expert or stock-exchange authority. The advance in stock values during 1936 and until August of this year has been in spite of New Deal economic and financial policies and one generally justified on their earnings, as even the New Deal cannot stop American enterprise and initiative or destroy our natural resources.

I want to reiterate and make it clear that I am not predicting the rise and fall of stock prices. Personally, I am an incurable optimist and believe in America and our people and am convinced that nothing can stop them from going forward to much greater and better times. By the same token, I believe that anyone who sells the American people or American business short for any length of time will be badly scotched and rightly so.

The stock market suffered a loss of $18,000,000,000, one-half of the national debt, between the middle of August and the first

week of October, not on account of foreign developments and wars but because of the persistent left-wing shift of the administration, which delights in attacking anyone who has any money left. It has already soaked and swatted the wealthiest men in the country by taking 75 percent of their income, and the States take most of the balance in additional income taxes, real-estate taxes, school taxes, sales taxes, and gasoline taxes. Now it is seriously proposed to further increase the taxes on those with incomes of $5,000 upward.

The loss of $18,000,000,000 of actual stock-exchange values is a serious blow to American prosperity and affects every walk of life. The rich man will naturally retrench and stop his building activities, including perhaps a proposed new swimming pool. The individual of moderate means will hesitate to buy a new car, and the person of small means cuts down on his living expenses, even including food and clothing. All this affects the buying power of the country and tends to reduce business activities and sales and further increase unemployment.

Then, too, another reason for the present depressed condition of the stock market is the fact that the average investor, usually of modest means, who constitutes perhaps the largest single factor in the investment market, has been compelled through the increased cost of living, the mounting tax burden on everything he owns or buys, to spend more and more of his earnings on the actual necessities of life, leaving less for him to invest for the future, as has been his custom. In hundreds of cases I venture to say that such investors, the backbone of the American investment world, have been forced to liquidate some of their stocks to enable them to purchase things they needed which their income, due to its shrinkage in purchasing power, no longer would permit them to buy.

The administration took on itself the responsibility to help the cotton farmers of the South, and by a destructive policy of plowing under crops at Government expense proceeded to lose the cotton markets of the world. The net result has been that the American cotton farmer has lost his great export market, which has been taken over by the cotton producers in Brazil, Egypt, India, China, and Soviet Russia.

We have lost annually several hundred millions of dollars' worth of surplus cotton exports, and the Government still holds the bag. Only recent the southern cotton farmers have realized that they have been sold down the river by the New Deal and will not realize over 9 cents a pound on the Government guaranty. The cotton and wheat farmers, having lost their foreign markets for their surpluses, are beginning to get jittery.

One of the bad effects of destroying the cotton surplus export market has been to cause the cotton farmer to compete with the corn, hog, and dairy producers of the North and West, which in turn creates surpluses in these commodities. The first unfavorable trade balance we have had in 50 years, amounting to $147,000,000 for the first 6 months of this year, proves that Secretary Hull's free-trade hallucinations are detrimental to the best interests of the American farmer and workingman and one of the causes of continued unemployment in the United States.

The President on his western trip again stated that he proposed to balance the Budget, but that is an old and tragic story. A few years ago such a statement would have sent a thrill of anticipation throughout the country. But every year for 4 years the President has made identically the same promise, and each year the deficit approximates $3,000,000,000. Since the advent of President Roosevelt in 1933, the national debt has increased $17,000,000,000.

Balancing the Budget would mean curbing the collective activities of the New Deal and firing hundreds of thousands of deserving Democratic office holders. No, unfortunately, there will be no balanced Budget next year. It is too good to be true, but there will be a whole flock of new alibis. It is a mockery and a travesty to talk about a balanced budget by this administration, notorious for its orgy of spending and extravagance. Once again the dulcet tones and honeyed words of the President brings promises of a balanced Budget to a tax-burdened people, but, like the story of the boy who cried "wolf" too often, the President's words awaken no response from the American people; they apparently all come from Missouri and want to be shown.

The very words "balanced budget" from President Roosevelt arouses memories of that well-known comic strip Bug House Fables. It is just another bedtime story. The fact is the administration at Washington has no fiscal or financial policy except to pile debt upon debt, deficit upon deficit, and to issue billions upon billions of tax-exempt securities until our national debt has reached the stupendous and crushing sum of $37,000,000,000.

One of the first things for Congress to do will be to safeguard the payments made by American wage earners for social security, and railroad pensions, which are now being diverted to pay for New Deal projects.

The Congress, when it convenes in January, should:

1. Balance the Budget by putting our financial house in order.
2. Repeal the undistributed profits tax.
3. Reduce rather than increase taxes by practicing national economy.
4. Stop inciting class hatred, promoting collectivism and governmental competition with private business.
5. Encourage by a few words and by manifest acts American business to make reasonable profits, to expand, and to help put American wage earners back to work.

The first concern of the administration should be to put our financial house in order. Nothing could accomplish more to restore business confidence, encourage new enterprise, and provide a sound foundation for recovery and prosperity. If this is not done, nothing can save the ship of state from the inevitable shoals of inflation, repudiation, bankruptcy, and financial chaos.

After all these years of depression the people are entitled to go forward to better times and break all records of economic well-being and prosperity. This can be done if only the heavy hand of our bureaucratic Government at Washington is withdrawn from the throat of business. Surely, confidence would soon be restored and the birthright of every able-bodied American to permanent employment would be realized and our wage earners, scorning relief, would be able to adequately provide for their own families and give them the opportunities of life to which all American citizens are entitled.

It is only right and appropriate on this anniversary of the discovery of our country by Christopher Columbus that we should reaffirm our devotion to our free institutions and our republican form of government. Let us uphold, cherish, and defend the Constitution of the United States and go forward with the same courage, determination, and sublime faith of that great navigator and discoverer to fulfill the glorious destiny of our people and to a greater and more prosperous America.

My Observations of the Corporate Undistributed Profits Tax and the Capital Gains Tax

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EXTENSION OF REMARKS

OF

HON. EMANUEL CELLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 16, 1937

ADDRESS OF HON. EMANUEL CELLER, OF NEW YORK, DELIVERED BEFORE THE CHICAGO TAX CLUB AND THE ILLINOIS MANUFACTURERS' ASSOCIATION ON NOVEMBER 5, 1937, AT CHICAGO

Mr. CELLER. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include the following address I made before the Chicago Tax Club and the Illinois Manufacturers' Association, at the La Salle Hotel, Chicago, on November 5, 1937:

CAPITAL GAINS TAX

It is with considerable diffidence that I speak to you. I am not an expert on taxes. In all likelihood most of you are experts. Therefore, advocating before you changes in the tax law might be deemed similar to carrying "coals to Newcastle."

However, during my 15 years in Congress I have had occasion to observe from the ordinary and common-sense point of view the effect of numerous types of taxation. To my mind, the most illogical, the most regrettable types of income tax are the so-called tax on capital gains and the corporate undistributed profits tax. Our tax system is ordinarily confusing but the 1936 corporate undistributed profits tax has especially made confusion worse confounded.

Way back in 500 B. C. in China the real rulers were the nobles. The people were suffering from the exactions of the tax collector. Confucius realized more than any other these terrible tax tolls. He was traveling with his disciples slowly along a country road near Mount Tai. There, as elsewhere, he heard the wailings against taxes. He approached a woman a little distance from the road who was crying. When Confucius asked why she was lamenting in such a desert place, she answered, "The father of my husband was slain by a tiger, so was my husband, and just now my son was also killed in the same way." "Why, then," asked Confucius, "do you dwell in so terrible a place?" "Because," she answered, "here there is no oppressive ruler to inflict oppressive taxes."

Turning to his disciples, Confucius said, "Take note, students, oppressive rule with oppressive taxes is worse than a tiger."

What Confucius said so many years ago is just as true today. I repeat, of all current taxes, the most oppressive are the taxes on capital gains and on corporate undistributed profits. For some time I have been in the midst of a campaign to repeal or modify these oppressive imposts and, suiting word during last session of Congress to action, introduced several bills to bring about relief.

I was told at the time that it would be useless to offer my bill. I was told that I might as well try to hold back the Atlantic Ocean with a groan. But the leaven has spread; we are witnessing appreciable results through my efforts.

Of course, no one wants to pay taxes. It is always the case of "Let the other fellow do it." I recall the story of the man who once said he was neither a free-trader nor a protectionist. He was asked what he wanted. He replied, "I merely want a hole in my fence big enough to allow my hens into my neighbor's garden but too small to allow his hens to come into mine."

We cannot be selfish about the matter. Moneys must be raised to defray the expenses of government. We cannot let the other fellow do it. We must bear our reasonable, aliquot portion of expenses. But we have a right, nay it is our duty, to point out tax inequalities and discriminations. The two types of taxes against which I inveigh today are loaded with injustice, disparities, and unfairness.

Reforms do not come for the mere asking. They do not spring, fully grown like Athena, from the brow of Jove. Expect no miracles; only by arduous toil, vigorous campaigns to enlighten public opinion (and luncheons of this character are applicable in that regard) can these reforms become realities. Remember that pious words are insufficient. My colleagues and I in Congress, including the distinguished congressional delegation from Illinois, can do much to help you in the halls of Congress, but without your support our work becomes abortive.

Let me also give you a bit of advice. Ofttimes the attitude of businessmen, like your good selves, is one of aloofness toward Members of Congress. Sometimes your attitude is that of indifference. Too often it is one of antagonism. Frankly, you cannot catch flies with vinegar. Most Congressmen want to cooperate with their constituents and businessmen. They have the interests of business in their hearts. They are aware of the intense value of business in the community they represent.

Even if you do not like your Congressman personally, there is no good reason why you should not confer with him. The humble worker in the district, the persons in the Social Security classification, the menial under the Public Works Administration, they all go to their Congressman. They are not too proud. Why should you be? You cannot expect a Congressman to seek you out. You should therefore go to him with your burdens and your troubles. I am sure he will help. I repeat, emphatically, if you have a feeling of dislike toward your Congressman personally, you can nevertheless see him in his official capacity. Be prudent and wise.

A story is attributed to Clay and Jackson which I believe is very much in point. At a particular time they were alleged to have been bitter enemies. Clay was walking along a narrow path in the rear of the Capitol, going down toward Pennsylvania Avenue. At the same time, Jackson was walking along the identical path, going up toward the Capitol. It was too narrow to permit their passage at the same point. They stood facing each other. Jackson scowled down upon Clay and huskily said, "I never get out of the way of a scoundrel." Clay very politely, with a courteous bow, stepped aside and said, "I do."

You, therefore, must unite and organize for the purpose of spreading the gospel of tax reform. I use the word "organize" advisedly.

I once visited the Kingsbridge Hospital for the Insane. I noticed an undersized attendant endeavoring to teach individual veterans trades; the veterans were possessed of blunt weapons, like hammers, saws, etc. The attendant was unarmed. I said to him, "Why don't you arm yourself; aren't you afraid that these crazy men might organize and pounce on you and do you violence?" He said, "Never fear; crazy men never unite on anything."

Is not the conclusion inescapable that if you businessmen and accountants do not unite you must be crazy? I urge you to organize to repeal or change these taxes.

I realize that it is difficult for economic organizations to combine into one unit, almost as much so as it is to unite religious organizations. But if some four or five hundred organizations and groups are going to appear, for example, before the House Ways and Means Committee, independent, unrelated, and ofttimes antagonistic, with one or more witnesses each, we will have the usual duplications, contradictions, misunderstandings, omissions, and confusion in the testimony and we will exhaust the patience and endurance of the committee. I am going to request all organizations, groups, and individuals that intend to appear before the committee and are favorable to the tax policies I have outlined to attend a conference which will be called in Washington under the auspices of the groups responsible for this meeting. At this joint session we will agree upon amendments and arrange for their presentation to the committee. By this method we can more nearly speak authoritatively for the taxpayers of the Nation as a whole.

We are offering facilities to those who desire to do so to work in an orderly, organized, and convincing manner.

Taxation is used for revenue as well as regulation. Both are justified. It is always a matter of degree, both as to the amount of revenue obtainable and the amount of regulation. For example, we tax alcohol to encourage temperance. We tax narcotics to discourage their use. The tax on tobacco and oleomargarine are likewise regulatory. Some States enacted discriminatory chain-store license taxes to embarrass chains in the interests of independents. There are countless taxes intended as social reform, but ofttimes taxes for social reform go entirely too far and defeat themselves. Our tariff on diamonds and precious stones was inordinately high. Smuggling was highly successful. I helped cut the duty in half. Smuggling thereafter was no longer worth while. High liquor taxes invite bootlegging. On all taxes, therefore, we must exercise restraint and moderation. In both the capital gains tax and the corporate undistributed-profits tax we have gone to extremes. The results have been startlingly disappointing.

Some of the so-called reformers in Washington thought they could bring about a better distribution of wealth and destroy most of the evils of capitalism through taxation. They deemed themselves prophets heralding the millenium. But as the poet Burns said, "The best laid schemes o' mice and men gang aft agley."

What we need most in Washington is not reform by taxation but reform in taxation. Business today certainly is in the doldrums. The P. W. A., the W. P. A., and the R. F. C. and other depression agencies have folded up or are moribund. Government spending has been greatly curtailed and will soon cease. Private spending should take its place, but doesn't. Private investment shrinks as rapidly as Government spending. With no Government and no private spending, we are heading for the rocks. We are between Scylla and Charybdis. Among the causes for bringing us to this point is, undoubtedly, our Federal tax policy, which embraces two types of taxation: Undistributed surpluses or corporations and corporate gains and losses.

Both these types of taxes are blocking recovery, are frightening private capital, and are preventing increased business volume—all culminating in the prevention of reemployment. Private funds will just not come out of hiding and get invested in the kind of business on which jobs so heavily depend. Little or no money is coming into industry, mining, and agriculture. These taxes dam up the sluices of commerce and employment. They must be removed or radically changed.

I have offered two remedial bills to remove some of these tax inequalities and disparities.

The first is known as the Celler bill, H. R. 7152, with respect to the tax on capital gains and losses, proposing to amend the Revenue Act of 1936 (sec. 117), and provides:

(1) The gain or loss recognized upon the sale or exchange of a capital asset shall not be taken into account in computing gross income or net income if the capital asset has been held by the taxpayer for more than 1 year.

(2) The amendment made by this act shall apply only with respect to taxable years beginning after December 31, 1936.

Section 8 of the Federal Constitution provided: "The Congress shall have power to lay and collect taxes, duties, imposts, and excises to pay the debts and provide for the common defense and general welfare of the United States."

These provisions, I am sure, were never intended to be used to penalize initiative and discourage acquisitiveness. They were never intended to limit growth and penalize success. Frankly, I believe that our capital-gains tax actually does all this. It is punitive; it is revengeful. It does not make for the general welfare. It has long since gone beyond the point of diminishing returns. Because it is unjust and unfair, it encourages avoidance and evasion of taxes, and, lastly, it has caused a tremendous flight of capital to tax-exempt securities. The capital-gains tax as a weapon for economic reform has failed. As a measure for raising revenue, it has likewise failed.

A capital gain is not income. Our present tax system, however, intermixes genuine income with gains from sales or exchanges of capital assets. There is no segregation. The sum of all the capital gains in any particular year does not constitute any national income in the sense that the annual and regular recurrent profits from the production of goods and services does. A capital gain or loss is involved neither in regular production, regular sales, nor regular services. There is only involved a shifting of ownership.

It is refreshing to note that the United States Supreme Court has declared that the advance in property values during a series of years can in no just sense be considered the gains, profits, or income of any one particular year. Apparently our income-tax laws to not square with the opinion of our Supreme Court.

Most of our citizens who are taxpayers know that when they have a capital gain, the gain is in a sense fortuitous. They know also that the loss may be fortuitous.

If we were assured that the capital gain would recur and would be stable, I would not object to taxing it. But such a gain does not recur. It may be followed by constant loss. It often is merely a matter of luck. One of my correspondents states the following: "To form a policy on the theory that a capital gain is income is as wise as the notion of a man who finds a hundred-dollar bill in the Loop and he then goes back each day to look for another." A wise farmer plucks yearly the apples and pears from the tree. That's the fruitage or income from the tree, but the farmer who, in addition to gathering such a harvest, chops down the limbs of the tree and finally the trunk of the tree for firewood is a jackass. He is not satisfied with mere income. He wants capital besides. In taxing capital Uncle Sam is no different than the improvident farmer.

The taxpayer uses every means at his command, welcomes every sharp practice, embraces every opportunity to evade and avoid the taxes. For example, the Revenue Act of 1921 embraced a capital-gains tax of 12½ percent. It yielded from $250,000,000 to $330,000,000 in a single year. The rate was not oppressive. The tax was willingly paid. The tax was productive because it was not punitive. To change the simile, the Government today not only milks the cow but also attempts to skin her.

The president of the New York Stock Exchange, Charles R. Gay, in his report of May 1936 to the New York Stock Exchange, stated that the yield from the capital-gains tax is a relatively unimportant source of revenue. Of course, it is difficult to determine the exact amount of capital-gains tax because capital gains are intermingled with ordinary income. But President Gay states that the yield from the capital-gains tax for the year 1934, for example, could not have exceeded $12,000,000. He goes on further to say, "Obviously, the wealthy refuse to incur the tax liability." I might add, if the Government gained $12,000,000 from that source of taxation, how much in taxes did it lose? Is it not reasonable to

state that if we compare the 1934 yield of $12,000,000 with a proper yield of say $330,000,000, the loss is well nigh $1,000,000 a day? In the face of these terrible losses, it is high time that something be done. Some of the economists of the Treasury Department desire to tax Wall Street, desire to "soak the rich." I aver that taxation should be in accordance with the ability to pay. I want the rich to pay their proper share. The capital-gains tax, however, clearly shows that Wall Street and the rich are prevented from paying their proper share. I venture the assertion that the yield for the current year on capital gains will not be more than $25,000,000. A certain gentleman in Washington, whose name I will not mention, but who is, however, one of the best informed, guesses that the yield will be upward of $100,000,000. Frankly, my guess may be as good as his. Let us compromise. Let us say $50,000,000. What of it? The amount is ridiculous, woefully inadequate.

What is the remedy?

A remedy is imperative. The rate must be such as to be productive. A high rate, we know, produces little. The conclusion is inevitable. The rate must be reduced to produce more.

The tax might well be repealed or might well be changed. We might go back to the 1921 rate of 12½ percent. Sometimes when we reduce the price of an article we sell more and make more money. Henry Ford adopted that policy with excellent results. The railroads were about to be plunged into bankruptcy. They finally saw the light, reduced their rates, and are now on the road to recovery. Greater business ensued. Greater revenue resulted.

I venture the assertion that under a 12½-percent flat rate the yield on capital gains would be at least $330,000,000, if not $400,000,000, yearly. Our present system is a sort of legislative dam thrown across the stream of business. Break that dam and the stream of revenues will flow freely with increasing force into the Treasury. Many were the savants in power who advocated reduction in taxation in order to get more revenue. President Wilson, in his message to Congress in 1918, said:

"The Congress might well consider whether the higher rates of income and profits taxes can in peacetime be effectively productive of revenue, and whether they may not, on the contrary be destructive of business activity and productive of waste and inefficiency. There is a point at which, in peacetimes, high rates of income and profits taxes discourage energy, remove the incentive to new enterprise, encourage extravagant expenditures and produce industrial stagnation with consequent unemployment and other attendant evils."

We are at peace and recovery is well under way.

Senator GLASS has frequently stated that the maximum surtax could easily be placed at a figure that would deprive the Government itself of revenue and would also divert investment capital from productive activities to tax-exempt securities.

Former Secretary of the Treasury Houston similarly inveighed against excessive taxes and in the interests of additional revenue, and pointed out that it is well not to "pass the point of maximum productivity."

The late Secretary of the Treasury Mellon, before the House Ways and Means Committee in November 1923, approved the principle and applied it with eminent success. During his regime, for example, the income-tax rates were reduced from 46 percent in 1924 to 25 percent in 1926 and the revenue increased substantially.

This tax is more accurately called the capital-gains tax than the capital gains and losses tax, for while capital gains are always considered income, capital losses are not always considered deductions from income. Mr. Parker, chief of staff of the Joint Committee on Internal Revenue Taxation, stated in a round-table discussion at the University of Virginia that the present system of treating capital gains and losses in this manner "has a glaringly inequitable defect which must be obvious to all." Furthermore, while capital gains are always taxed during the year they occur, and capital losses may not be allowed, grave inequities may occur, as in the case of a firm in New York which paid in 1936 a tax of approximately 22 percent on a profit of $89,000 that it had made in the prior year on the sale of Government bonds. There was no speculation; it was simply the result of a purchase out of a steadily mounting cash surplus during 1935.

During the holiday season it was necessary for the company to sell these bonds at a profit of $89,000 to enable it to make purchases. In the following year it suffered a loss of over $150,000 on the sale of similar Government bonds. But this company could not make any deduction (other than $2,000) for the loss, whereas in the prior year it had paid 22-percent tax on a capital gain.

It is interesting to note that many of those who are familiar with the real-estate situation throughout the length and breadth of the land hold that capital-gains-tax reform would pry loose for purposes of building homes at least $1,000,000,000. There would be a tremendous impetus to the building trade, heavy-goods industries, and reemployment.

A man may have a large tract of land, but why should he sell, despite the fact that it might be needed by a community for housing purposes? Why should he bestow on Uncle Sam, he reasons, most of his profit? He hugs his property, but not because he is in love with it. He will not part with it. The houses are not built and reemployment lags.

One of the contributing causes of forcing the stock market into a tailspin doubtless is the iniquitous capital-gain tax. There are many who would purchase and sell in the stock market if the tax were less punitive, less burdensome.

Reduce the tax to 12½ percent and I am sure you will reattract thousands of investors in the stock market. They would willingly pay the 12½ percent. They evade and refuse to pay a tax that would come up to 50 percent and in many cases higher.

It is interesting to note that the United States is the only important country in the world which has a capital-gains tax interwoven into the income-tax structure. Great Britain has the longest record of all nations of income-tax administrative experience. In England's 95 years of income tax it has developed an income-tax technique that is probably the best in the world. It has shunned, like the plague, the capital-gains tax. Great Britain balances her budget. We have yet to balance ours. It balances its budget without a capital-gains tax. They left capital gains out of the income-tax structure; that is exactly what we should do. Let us follow the experience of Great Britain and other nations that have grown wise with experience.

UNDISTRIBUTED CORPORATE EARNINGS TAX

I have offered a second bill, known as the Celler bill, H. R. 7550, with respect to the surtax on undistributed profits, proposing to amend the Revenue Act of 1936 (secs. 14, 26, 27, and 41), which provides:

(1) Credits shall be allowed for improvements of real property, purchase and installment of equipment and machinery, and expansion or replacement of plant and productive facilities.

(2) Amounts paid within the taxable year in discharge of debts.

(3) General credits up to 30 percent of the adjusted net income of corporations.

(4) Distribution up to 25 percent of adjusted net income within 90 days following the close of the taxable year.

(5) These amendments shall apply to taxable years beginning after December 31, 1936.

I hold no brief for any particular corporation. Be it remembered, however, that capital usually functions in the corporate form. Be it remembered, further, that labor cannot function without capital, and capital cannot function without labor. Therefore, when you unduly strike at corporations, you eventually strike at labor.

The undistributed profits tax, which is a fine upon corporations that wish to retain some of their earnings, is a thorn in the side of the business of our 528,000 corporations. The tax varies from 7 percent to 27 percent. It is in addition to the normal tax of 8 percent to 15 percent on the net income of the corporations, the corporate excess-profits tax of 6 percent to 12 percent, and the capital-stock tax of $1 per thousand of capital stock.

Developments have justified the position that the surtax is wrong in principle and destructive in results. If, nevertheless, this method of raising revenue is not abandoned, it is important that the major imperfections of the statute be identified and early remedial action be taken. The amendments which I have offered to this measure meet the situation in large part.

It is my intention to call attention briefly to the hardships and inequities, some of which could not have been intended, that have been created by the surtax on undistributed corporate earnings.

Some of the outstanding defects of the law which have received most criticism are:

(1) Conflict between State and Federal laws, most apparent in the case of corporations with impaired capital.

(2) Exceptional and unfair burdens placed on corporations with standing debt contracted in good faith.

(3) No allowance for current earnings used for business expansion and for other appropriate corporate purposes.

(4) Failure to provide relief for corporations bound by contracts which do not meet the requirements of present relief provisions but which, in fact, operate to restrict dividend payments.

(5) Establishment of the time of dividend payments at such a date as to impose unreasonable or impossible conditions.

(6) Coercion of corporations into doubtful fiscal policies and generally weakening their financial structure.

(7) Ambiguous and harsh provisions which supply the basis for excessively restrictive regulations.

There is an intimation in this legislaton that the Federal Government is taking away from the directors the management of the corporations and from the State that incorporated them the power to determine what they should do with their earnings. There is also a compulsion in it that compels corporations to make distribution otherwise than as to their sound business judgment would dictate.

When the word "corporation" is mentioned, most people see "red." They think only of the so-called malefactors of great wealth. We must, however, view the matter of corporations and the matter of taxes thereon, if possible, in a detached, unbiased manner.

In truth and in fact the records show that corporations in general have lost more than they gained. The corporate income-tax returns for 1931 showed that more than one-half of the corporations reported net losses; in 1932, more than three-quarters of the corporations showed a loss; in 1933, two out of every three corporations suffered net losses. The total corporate losses from 1930 to 1934, for example, were over $29,000,000,000. This tax is like piling Pelion upon Ossa.

In a recent statement before the House Committee on Appropriations asking additional funds for the Joint Committee on Internal Revenue Taxation, Mr. L. H. Parker, chief of staff, said: "We have a vast amount of correspondence forwarded to us directly or through Congressmen and Senators complaining of

certain effects of the undistributed-profits tax. Almost uniformly, those are from small corporations."

Many corporations, as you are all well aware, are now finding out the hardships that this tax has worked upon them.

One of the most frequent complaints is that the tax makes it difficult for corporations with fixed obligations to obtain credit when necessary. The railroads are a case in question.

Proposals of various kinds to enact such a tax have repeatedly been before Congress for many years, but until the 1936 measure was passed they have always been rejected after careful study and thorough consideration. The staff of the Joint Committee on Internal Revenue Taxation made a comprehensive study of the taxation of undivided profits, and their report in 1927 had this to say on the subject:

"The most obvious objection to such a tax is the burden which it places on legitimate and proper business expansion. As a business expands not only does its plant and property increase, but a large working capital is required, and it is desirable that reasonable accumulations of profits necessary for the expansion and stability of corporations should not be unduly burdened. It is believed that a tax on the total accumulation of profits by corporations is not desirable because in many cases it might cause the making of unwise distributions and prevent the accumulation of reasonable and proper surplus."

The present tax, therefore, has consistently been rejected by Congress in the past, and has been repudiated in principle by its own capable and experienced advisor, Mr. Parker. In the opinion of Gen. Hugh S. Johnson, former N. R. A. Administrator, this tax renders practically impossible new enterprises to absorb our vast unemployment.

It is apparent now that the tax is in no sense a tax on corporate earnings, but a penalty on the accumulation of protective reserve, on the payment of debts, on business rehabilitation and expansion, and the creation of new jobs. This tax unquestionably retards recovery.

It constitutes an unwise and dangerous meddling in the determination of an organization's fiscal policy, making government policy, instead of sound business judgment, the controlling factor.

It is interesting to note that the first important act of the new British Prime Minister, Neville Chamberlain, was his promulgation of a withdrawal of one of his erstwhile pet forms of taxation, to wit, the tax on excess profits. He admitted his error gracefully, and thereby exemplified genuine statesmanship. I commend his action to our President.

Secretary Morgenthau, in a letter to the President relative to general tax policies, stated:

"Any changes in the tax structure should, therefore, not be in the direction of increased taxes. But this very situation makes it possible and timely for us now to consider revision of the tax laws with the purpose of removing any inequities or unnecessary administrative difficulties that may be inherent in the law and abating or modifying taxes that create unfairness to consumers or to trade or have other disadvantages which outweigh their revenue yield." I commend my amendment to him.

Senator HARRISON, chairman of the Senate Finance Committee, in discussing this tax, is reported as favoring:

"Giving further relief to debt-ridden corporations and companies unable to meet obligations, and possibly new provisions to encourage modernization and rebuilding of plants."

The late lamented Senator Robinson stated: "I should like to see a modification of the surplus corporation tax passed at the last session of Congress so that investments in new enterprises and business may be encouraged."

Secretary Wallace, I understand, also favors the change.

Jesse Jones, Chairman of the Reconstruction Finance Corporation, made the following statement:

"Especially I would like to see an amendment to this act that would encourage expenditures for modernizations of all character; for replacement of plant, machinery, and equipment; for rebuilding; and one that would make some further provision for institutions laboring under debt. I have every confidence that the President will be entirely willing to have Congress review this measure, especially if it can be shown that there are inequities, or that any provision in the act retards capital expenditures."

I hope Jesse is right. He usually is.

Joseph Kennedy, former Chairman of the Securities and Exchange Commission and present Chairman of the Maritime Commission, in a recent article widely circulated, set forth a number of objections to the law. He pointed out that if corporations distribute their earnings under the coercion of this tax they will not be adequately prepared to weather any future depression. The tax would, therefore, have the effect, he said, of extenuating the peak and depression of business. Previously, in a book which he wrote, Mr. Kennedy referred to the measure as a "new and unexpected theory of taxation," which, he said, was "premised upon a fallacious economic principle."

It is refreshing to note that Chairman Marriner S. Eccles, of the Federal Reserve Board, believes strongly that Congress should amend promptly this obnoxious tax. He claims such a change would stimulate trade and thereby increase purchasing power. He recognized the penalties placed on plant expansion and the detriment to small business. It is interesting to note that if the present trend continues, the experiment of taxing corporate undistributed profits for the purpose of making them disgorge dividends will be a tax without a friend.

The Interstate Commerce Commission, an impartial body, in its recent annual report stated:

"It is our view that railroads with weak financial structures and those just emerging from receivership or reorganization proceedings under section 77 of the Bankruptcy Act should be encouraged to use their earnings to build up and improve their property, retire their funded debt, and create corporate surpluses in amounts sufficient to meet their emergency needs, support their borrowing power, and afford insurance against obsolescence. We suggest that the situation of the steam railroads under the Revenue Act of 1936 should have the further consideration of Congress."

This statement is equally applicable to business generally, and the same concessions should be extended. There are many enterprises, in addition to the railroads, including other transportation agencies, with weak financial structures which are seriously affected by the surtax. It seems to me that the views of this impartial Commission with respect to this tax constitute a strong indictment against its discriminatory application, its injudicious use, and clearly point to the dangers to which it leads.

Finally, I desire to call your attention to the report just published by the Twentieth Century Fund, Inc. This report is entitled "A Survey of Taxation in the United States and a Program for the Future," and was prepared by the committee on taxation, of which Mr. Roswell Magill was a member prior to his appointment as Under Secretary of the Treasury. The committee, in reporting the economic effects of the undistributed corporate net earnings tax on page 471, states: "Of one thing, however, we are certain. The tax was imposed without a sufficiently thorough study of its possible economic effects and without a careful enough consideration and discussion of other methods of equalizing the tax position of stockholder, proprietor, and partner." (Mr. Magill's name did not appear on the report, he having resigned before the report was published.)

On page 476 of the same report containing the committee's recommendations the following statement appears:

"The committee recommends the repeal of the undistributed profits tax as it now stands. It is a compromise that fails to achieve any of its objectives, except in some degree the economic aims. It may not even induce the economic effects to any appreciable degree in the long run, in view of the stock-dividend and stock-rights devices; and insofar as the corporations pay the tax instead of distributing its earnings, the tax fails in all of the aims."

One of the objectives of the sponsors of the tax was the retarding of the growth of large corporations and the preservation of small enterprises. Large corporations have not been retarded and small and growing corporations have felt its harsh effects. Most economists believe that competition is vital; that keeping small enterprises alive preserves competition. This tax dries up small enterprises. It keeps them from growing. It penalizes them in their efforts to raise capital. It makes of them empty shells by emptying their reserves into dividends. Nobody wants to loan capital to an empty corporation.

I know of no tax that is more arbitrary in the fixation of rates. Undistributed profits that are below 10 percent of the adjusted net income are subject to 7 percent, but the undistributed profits in excess of 60 percent of the adjusted net income are taxed at the rate of 27 percent, or nearly four times as high. There is, indeed, no science in this. These distinctions are purely arbitrary.

A corporation saving 65 percent of its earnings may be small and struggling to grow. It has little net income, relatively small sales, and generally little property. A large corporation may have net income, sales, and property many times greater, yet save a much lower percentage of its earnings and therefore pay a much lower rate of tax.

The tax does not apply to the undistributed profits of unincorporated enterprises which withhold profits for reinvestment. Corporations pay the piper. Unincorporated entities go scot free of the penalty.

The inequalities and complexities of the tax are bewildering beyond human understanding. Banks and insurance companies receive special concessions so that their reserves may not be impaired. Corporations in bankruptcy are exempt. Foreign corporations are taxed differently than domestic corporations. Mutual investment companies are given special considerations. Tax is by no means universal. No tax bill has ever been more freakish, no tax more difficult to fathom and understand. It is bad enough to pay high taxes but far worse not to know how to compute them.

The act does not allow sufficient time to corporations to compute their earnings before declaring dividends. They do not know for some time after the close of the business year what earnings may be available for distribution. It sometimes requires 2 or 3 months after the end of the fiscal year to check up corporations accounts to determine what the real income of a corporation is. Under the tax the corporation must, willy-nilly, regardless of facts, right or wrong, conclude what its profits are.

To avoid the tax, there is a powerful inducement for the smaller corporations to abandon the corporate form.

Corporations on the verge of bankruptcy or receivership would be tempted to hasten this action in order to escape the payment of tax which is not collected from corporations in this type of insolvency.

Another alternative for those seeking to avoid the tax is to incorporate in foreign companies because foreign companies are exempt.

Furthermore, tax-exempt securities offer another effective loophole for those seeking to avoid the high surtax rate on individual incomes and who find that the surtax on undistributed profits

makes corporation surpluses less attractive as an opportunity to lower taxes.

If the surtax is to be retained, the adjustments which are covered by my amendments should be made immediately. The amendments which I have offered calling for adjustments in the base of the surtax will remove a wide range of inequities from the act.

We were told that the tax would be harmless. We know better now. It was like the kind mother giving her boy chloroform and then spanking him.

We are feeling the ill effects now.

The Federal Social Security Act

EXTENSION OF REMARKS

OF

HON. CHARLES A. PLUMLEY

OF VERMONT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 16, 1937

ADDRESS BY W. ARTHUR SIMPSON, CHAIRMAN OLD AGE ASSISTANCE COMMISSION FOR VERMONT

Mr. PLUMLEY. Mr. Speaker, under leave to extend my remarks I include an address of Hon. W. Arthur Simpson, of Lynonville, chairman Old Age Assistance Commission for Vermont, given before the Rotary Club at St. Johnsbury, Vt., on November 8, 1937, as follows:

The Federal Social Security Act now functions under eight different categories in Vermont. Under the public-assistance features of the act which are new and more dignified forms of alleviating philanthrophy assistance is given (1) to the needy aged who are past the age of 65 years, (2) to dependent children, (3) to the needy blind, (4) to crippled children, (5) for certain forms of vocational rehabilitation, (6) for maternal and child-health services. The seventh category of the act provides for contributory insurance for certain workers in industry against unemployment and the eighth for a contributory old-age pension plan for workers in industry on retirement at 65 years.

Old-age assistance is strictly an assistance program, not a pension, and is proving to be a broad humanitarian policy when conducted on a practical basis and within the ability of the taxpayers to finance. At the present time about 5,000 aged individuals are being aided in Vermont at a monthly expenditure of about $69,000. Old-age assistance is based on need as determined by the investigations of the State department and the monthly grants range from $5 to $30 with an average of slightly under $14. In a majority of cases the grants supplement the resources of the client and are not intended to replace the moral and legal obligations of the children and other relatives to support or assist when able.

The Federal Government reimburses the State for one-half of each grant of assistance. About 160 blind and 750 dependent children also receive aid in Vermont. Old-age assistance and old-age pensions or benefits are entirely separate and distinct, the latter being a contributory form of insurance to which employers and employees both contribute while unemployment insurance is still another division of the Social Security Act to provide for certain benefits when an employee is without a job.

Perhaps the fourth most significant change in Vermont during the past decade is the gradual decline in the operation of farms for agricultural purposes, which ties in closely with the pressing question of farm incomes and the great increase in tax burdens and uncollected taxes. There are a certain percentage of farms which are unsuited for modern farm operations and it is to be hoped that these properties will ultimately be purchased for summer homes or be reforested. The condition of the milk market and other factors including the termination of family ownership are, however, forcing an increasing abandonment of good lands.

We face new demands for regulation of hours and labor which will be prejudicial to agricultural interests, a greater dependency upon Government and in the face of tremendous importation of farm products from abroad, a further regulation and curtailment of production.

The disastrous effect of these conditions is rapidly being reflected in the increased tax rates and a greater amount of uncollected taxes, which after all is an increased charge against the community. The people of this country are already paying a tremendous tax toll in the increased cost of living. It is now realized that Federal policies cannot longer be continued on a borrowing basis and that there is imminent prospect of new and drastic taxes but is there not a greater danger in the destruction of public morale through a further dependence on governmental bounty and an extension of the sphere of governmental regulation and control?

It is a fact that the best of motives can actuate reform and regulatory measures but once inaugurated they may prove difficult to control and usually lead to further demand for benefits to militant minorities.

No one can soundly advocate a return to the abuses of any former system, but one does well to ponder the fact that under the American system we have, as a nation, enjoyed more comforts, more conveniences, and greater privileges than have been enjoyed by any people in any period of world history.

Unfortunately there is little popular appeal in the common sense of the commonplace for many people, perhaps a majority are looking for miracles to happen. It is the sad truth, however, that along with great reforms we must inevitably work out our problems rather than to be floated out on the tide of Government spending.

A restoration of free enterprise, a greater dependency upon initiative and industry, and the encouragement of thrift are essential if our democratic form of government and a free national life are to be perpetuated.

Adherence to law and the rules of fair play are likewise essential in any industry, but, to paraphrase a great American, it is doubtful if free enterprise and democratic institutions can exist in this Nation, half regulated and half free.

Chicago's Salute to the Railroads

EXTENSION OF REMARKS

OF

HON. MORRIS SHEPPARD

OF TEXAS

IN THE SENATE OF THE UNITED STATES

Wednesday, November 17 (legislative day of Tuesday, November 16), 1937

ADDRESS OF HON. JESSE H. JONES, CHAIRMAN OF THE RECONSTRUCTION FINANCE CORPORATION, AT THE FIFTH ANNUAL DINNER OF THE ASSOCIATION OF STATE STREET SENIORS OF CHICAGO, CHICAGO, ILL., NOVEMBER 1, 1937

Mr. SHEPPARD. Mr. President, I present for incorporation in the RECORD a speech by Hon. Jesse H. Jones entitled "Chicago's Salute to the Railroads," delivered in Chicago on November 1, 1937.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. Chairman, Mayor Kelly, ladies, and gentlemen, I am glad of the opportunity to join with the State Street Council in their salute to American railroads. Situated, as it is, in one of the most productive sections of the world and on the southernmost shore of the Great Lakes, Chicago inevitably is a city of destiny. Even in the days of primitive methods of transportation it was a focal point of travel and trade. The large area lying between the Great Lakes and the Rocky Mountains would still be a comparative wilderness, and even beyond these boundaries, had it not been for the railroads.

Notwithstanding its many natural advantages, it was not by accident that Chicago became the largest railroad center in the world, with 107,000 miles of railroads terminating here. Railroads bring into Chicago an average of 150,000 people every day and take out as many. The fastest passenger trains in the world operate in and out of Chicago, and experience has already proven the wisdom of meeting the demand for super high-speed trains. They are profitable. People want to travel fast and comfortably and are willing to pay for such service.

Four hundred and eighty-three passenger trains and approximately 600 freight trains operate in and out of Chicago daily. An average of 36,000 freight cars are handled every day at Chicago. One hundred and twenty-seven railroads have offices in Chicago. Eighty thousand men and women in Chicago are employed by railroads. While many carloads of freight are switched from one railroad to another in Chicago, no passenger car or Pullman passes through Chicago. It is "change cars" at Chicago and visit State Street, the shopping district, "between trains." I imagine the State Street Council had something to do with the arrangement that made Chicago a terminus for passengers—a point of destination.

I would not undertake to say that Chicago built the railroads or that the railroads built Chicago. They grew up together, one as inevitable as the other.

If one name is more associated with Chicago in the minds of the American people than any other, it is Marshall Field. And as State Street is synonymous with Chicago, Marshall Field is synonymous with State Street. It is therefore fitting that in commemorating the centennial of this great American city, the president of Marshall Field & Co., Frederick D. Corley, is chairman of the State Street Council, and presiding here this evening. Mr. McKinsey, chairman of Marshall Field & Co., is also present.

Other familiar names associated with the building of Chicago and the railroads include John T. Pirie, the Mandel brothers, E. J. Lehman, Charles Netcher, C. D. Peacock, John Farwell, Montgomery Ward, Richard W. Sears, Julius Rosenwald, Potter Palmer, Henry Lytton, merchants. Mr. Lytton, who is 91 years young, is present

at the dinner tonight. In the packing industry, Phillip D. Armour, Nelson Morris, Michael Cudahy, and Gustave Swift. Bankers, John J. Mitchell, Lyman Gage (late Secretary of the Treasury), James B. Forgan, George M. Reynolds, and N. W. Harris. In the railroad world, Marvin Hughit, Jim Hill, E. H. Harriman, E. P. Ripley, Stuyvesant Fish, and George M. Pullman.

The first mayor of Chicago was William B. Ogden, in 1837, 100 years ago. He later became president of the Pittsburgh, Fort Wayne & Chicago Railway. Other mayors, in addition to your present mayor, the Honorable Ed Kelly, who will long be remembered, include Long John Wentworth, back in 1857; Roswell Mason, your mayor at the time of the great Chicago fire; and Thomas Hoyne, who followed him in 1875; Carter Harrison, five times elected mayor, first in 1879; and his son, Carter, who also served five terms, beginning in 1897. Carter, Jr., now 78, is collector of internal revenue at Chicago and still going strong.

Chicago, although not incorporated until 1837, was founded in 1803 by two fur traders, John Kinzie and Gurdon Hubbard, and a roving French interpreter, Antoine Wilmette. The first census of Chicago was taken in 1840, and your population was recorded as 4,047.

I am pleased to relate that John Farwell, the merchant, built our State capitol in Texas in the eighties and took payment for it in land at a dollar an acre—3,000,000 acres. Texas had more land than money, and John was a good trader. Our Texas capitol, though not so pretentious, was patterned after our National Capitol at Washington. Its building proved a good investment for Texas and the 3,000,000 acres of land a good investment for Farwell.

Many more names could be appropriately mentioned in connection with building Chicago and the railroads that terminate here, but these are enough to illustrate that progress and accomplishments come through the driving force of manpower.

There have been three distinct eras in the history of our railroads, even though their entire development is embraced within a single century. First there was the period of construction, when they changed the geography of our Nation by pushing our frontiers westward from the Alleghenies to the Pacific, across the Mississippi, the Great Plains, and the Rockies.

They brought settlers who helped turn territories into States and made possible not only the winning of the West but the holding together of a country so vast that even such a wise statesman as Daniel Webster, 90 years ago, considered it impossible for regions so remote as the old Oregon country to become or remain an integral part of the Union.

How suddenly all this was changed by the discovery of gold in California and by the far-sighted patriotism of Abraham Lincoln and others who proved the practicability of the Pacific Railway project, completed in 1869.

For 50 years railroad building proceeded at a rate unparalleled in any country, and as a new enterprise it dominated the financial, industrial, and commercial life of the Nation. The westward movement, which had begun by wagon train and canal boat, was stimulated a hundredfold. New cities sprung up almost overnight; new industries were born, a striking example being the meat-packing industry, of which Chicago is the greatest center in the world.

By about the turn of the century frontiers had been pretty well eliminated and railway mileage completely covered the country. Then came the era of improvement and refinement of our railroads, as well as their practices and methods.

Thousands of miles of line were rebuilt on easier grades and better alinement, so as to carry more economically and expeditiously the constantly increasing burden of travel and traffic. Larger and better trains and locomotives were developed. Double tracks were laid. Signal systems were installed. Heavier rail and ballast provided safer and smoother roadbeds.

In that era railroads practically had a monopoly on transportation, although there was vigorous competition between systems, both in occupying territory and competing for business. This competition was healthy in that it gave us better roads, better equipment, and better service, although in the light of later events it gave us too much mileage.

The roads are now in the third and current era, with a new kind of competition, competition that was not dreamed of when the roads were being built—travel and traffic by the highway, continued expansion of canals, rivers, and waterways, and now the skies.

When we were building our railroads the demand for them seemed limitless, but with new modes and new styles in travel it appears that we have more railroad mileage than we can support. We can improve their service and give them new dresses, but we are not content with that. We must have the new. The fact, however, that we are living in a streamlined age does not mean that we can do without the railroads, or that they should not continue to keep abreast of the times and fight to hold their places. They should not be allowed to deteriorate and we ought not demand service of them that we are not willing to pay for.

Whatever the shipper and the traveler lack in paying the cost of transportation must be paid by the investor in railroad securities or the taxpayer, and they are largely one and the same. Our insurance companies and savings banks, reservoirs of the savings of millions of people, including especially women and children (everyone depending on an insurance policy or who has a savings account), are our largest investors in railroad securities.

The roads were given an emergency increase in certain freight rates for the year 1936. This amounted to approximately $95,000,000 for all the roads, but expired at the end of 1936. The Interstate Commerce Commission recently restored about one-half of this emergency charge. But to get even that small increase required almost a year's consideration by the Commission.

The roads are now asking the Commission for additional revenue in increased rates, both passenger and freight, to cover recent increased costs of operation over which the roads have no control. These are increased wages, increased cost of materials, the cost of social security, and pensions to cover retirement.

The Commission will undoubtedly give proper consideration to this request, but management should not rely too heavily upon increased rates to meet its problems. There is much that management can do by eliminating unnecessary duplication of service.

For example, there are six independent systems maintaining nine tracks to serve the territory between Chicago and the Twin Cities. They operate 24 through passenger trains daily each way, some of them operating at a loss. Two or three of the more direct routes could handle the through business with probably 8 or 10 trains a day each way, adding extra sections when necessary.

Local traffic could be continued by all of the routes, but with fewer and less expensive trains, still serving every locality.

There are four roads with eight tracks between Chicago and Milwaukee, and five between Houston and the Dallas territory in my home State. Similar situations exist all over the country and they include freight as well as passenger service. In respect of freight, some roads run squarely into Government subsidized water competition. This should be taken into account in fixing rates.

Undoubtedly we have as good and as capable men operating our railroads as are to be found in any other industry, and they are not overpaid. But I sometimes wonder if railroad management had to find their own salaries through economical management, were freed of banker domination, and could not seek the shelter of the courts in lean years, if they would not bring about many savings that are possible under laws and regulations now governing their operations.

Notwithstanding that Congress is slow in enacting railroad legislation and that the Interstate Commerce Commission may be none too fast in adjusting rates to suit changed conditions, and that taxes and other costs are continually on the increase, management could help a great deal by eliminating unnecessary and uneconomical duplication of service. This would involve somewhat less labor, but labor has a dismissal wage contract with all class I railroads upon which to rely under such circumstances. One of the principal purposes of this contract was to permit operating economies by consolidations or coordinations and to afford protection to labor for loss of employment. It provides that the displaced employee shall be paid certain sums based on his length of service and past earning power. These payments can amount to more than a year's earnings if paid in a lump sum, or at the employee's choice, a somewhat greater total amount if taken in monthly installments over a period of 3 years. Coordination of operation of railroads throughout the country would undoubtedly result in substantial savings.

Holders of railroad securities cannot expect the Government to insure their investments any more than the Government insures the investments in other private enterprise, but with Government regulation as to service, charges, responsibility, working conditions, et cetera, Government should protect the roads against unfair and irresponsible highway traffic and Government-subsidized water rates, and should not permit unnecessary and uneconomical duplication of service between the roads.

The driver of a locomotive is only allowed to run so many miles a day. The driver of a truck that is not a common carrier, and the majority in operation are not common carriers, may be at the wheel as long and as often as he wishes, regardless of the danger to the life and property of others on the highway, and there is nothing to require that his employer pay him a wage commensurate with intelligent and efficient service. Nor is there any regulation as to rates or adequate requirement for responsibility. Incidentally, it would require 750 average-sized trucks to carry as much coal as a 75-car freight train. It is bad enough to have to wait at a railroad crossing for a freight train to pass, but imagine trying to get by 750 trucks on the highway.

We must have all forms of transportation and every method should be perfected to insure safety of life and property and to give prompt and efficient service at the lowest possible cost, but there should be no disparity of treatment as between the various methods of transportation either by the Government or the public.

If we build and maintain highways for the use of trucks and busses that operate as public carriers, we should take this into account in the treatment of our whole transportation problem.

We should be as exacting of highway transportation in each category, including rates, responsibility, and working conditions, as we are of the railroads.

Impoverished railroads mean less spending for labor and materials, and this adversely affects the national prosperity. Yat we must be careful not to get rates so high that the consumer suffers. It is not an easy problem we are confronted with, though a perfectly practical one, and entirely possible of solution. I feel sure if the railroads are allowed to earn sufficient to enable them to borrow the money, they would spend a billion dollars for rehabilitation, equipment, additions, and improvements in 1938, and without sufficient earnings to bolster their credit this expenditure will probably not be more than half that amount.

The greater part of railroad capitalization is borrowed money, and every $5 net income available for interest enables the expenditure of $100 for labor and materials. I know of no other situation in our economic structure where the net earned dollar is multiplied 20 times in the volume of business thus created.

We know that when railroads earn money they spend it, and this makes for better business and better conditions. It furnishes employment and gives the farmer a better market for his produce. Paying interest and dividends on inflated railroad capital need no longer be feared. The water has all been squeezed out.

I referred a while ago to our excellent passenger service, but probably of greater importance is the fact that freight trains are now operating upon schedules faster and more dependable than passenger trains were operated a few years ago. This makes unnecessary the carrying of large stocks of every character. Purchasers in almost every line are now able to buy for scheduled delivery and rely upon it.

In the past 5 years it has been my business to get acquainted with the railroads, and I never travel but that I marvel at the perfection and dependability of the service. I can leave Washington at 5 in the afternoon, spend the entire next business day in Chicago, and arrive at San Francisco or Los Angeles with but 1 business day lost. This is possible only because of the intelligence, integrity, and devotion to duty of thousands of men in overalls, not only those who operate the trains but those who build them and who maintain the track and equipment and who operate the intricate signal systems. The failure of any one of these factors would disarrange engagements and cause the loss of life and property. It is little short of amazing that of the hundreds of millions of train passengers carried each year, practically no lives are lost.

Railroad employees are high-class men and devoted to their calling, whether in the cab, the caboose, at the brakes, in the president's office, or any other branch of the service. And while in large measure the men in the ranks make their own rules for service, and demand good wages, they give value received, and keep their agreements. Their demands may sometimes seem inopportune, but by and large very little fault can be found with what we term "railroad labor."

You may be interested to know the Reconstruction Finance Corporation was created in large measure because of railroads. Beginning with 1929 they were forced to lay off men and stop buying supplies to such an extent as to be an important factor in bringing on the depression. They had used up their cash and available credit, and the bankers could no longer accommodate them. Between 1929 and 1933 the gross income of railroads was cut in half, and it is to the credit of railroad management that they were able to reduce operating expenses 47 percent, almost in equal proportion to the loss in gross. This is a creditable record in meeting a very serious situation—making a landing from great height when the gas gave out, with only slight damage to the machine and very few casualties.

Banks, business, industry, agriculture, and livestock, all were equally sick and needed Government help, but the railroads were prominent in the discussions before Congress that led up to the creation of the Reconstruction Finance Corporation.

Yet of the $12,000,000,000 R. F. C.-Government credit by authority and direction of Congress, only $1,070,000,000 has been allocated to the railroads, less than 10 percent. Of this amount, $276,000,000 was not used, and, agreeable to the applicants, the loan authorizations have been canceled. We have actually disbursed $733,000,000, including $196,000,000 for purchase of railroad securities from P. W. A. We still have commitments to railroads aggregating $61,000,000, which will be disbursed if needed. We have collected $331,000,000 on railroad loans, leaving a balance outstanding of $402,000,000. Of all R. F. C. disbursements for loans and bank stock investments, almost three-fourths has already been repaid and without any pressure. We will have no ultimate net loss on the balance. What few individual losses we have will be more than offset by net earnings from interest over expenses and interest we pay for the money we borrow to lend.

We have made loans to 79 railroads and receivers of railroads, 32 of which roads have paid us back in full. We have loans to 22 railroads aggregating $163,000,000 that are in the hands of the court. I am glad to say there are very few railroad debts maturing within the next year. I refer to the whole railroad situation and not to R. F. C. loans; but unless income available for fixed charges can soon be substantially increased many roads will be operating on short rations and some of them in serious difficulty.

While holding no particular brief for the railroads except as they affect the whole national economic structure, I believe the problem may best be solved by coordination of operation of roads occupying the same general section. Many actual consolidations should be made, being careful always to preserve competition between principal industrial centers and agricultural sections.

West of the Mississippi we might have, say, five systems, two occupying the Northwest and middle Northwest, two the West and Southwest, and one the central section. East of the Mississippi two systems could occupy the South and Southeast and two or possibly three the territory between St. Louis, Chicago, and the East, including New England, again being careful to preserve active competition between the systems occupying a given territory.

In the past we as a Nation have encouraged competitive railroad lines, but new conditions confront us, and many of the roads are in a bad way. Many cannot survive without higher rates than the consumer can pay. Furthermore, when rates are too high the traffic is not forthcoming. While the railroads still handle a great majority of all freight, other forms of transportation are taking enough business to threaten the stability of the industry if we continue to operate all of the mileage on a highly competitive basis. Railroads maintained at their highest possible efficiency are essential to the general welfare.

The question comes up, therefore, in a desire to avoid Government ownership, as to whether railroads should not be considered more as monopolies, such as the telephone and the telegraph, but subject to strict Government regulation both as to service and charges, maintaining regulated competition between the several groups.

It would seem that if our genius can make railroad travel safe at 120 miles an hour, travel by air at more than double this speed, navigate the seas beneath the surface, and carry the voice around the world in an instant, that those of us in business should be able to solve these purely practical problems.

Just a word about business conditions. There has been entirely too much attention paid in recent weeks to the gyrations of the stock market. I have no information as to what percentage of our people owns stocks that are listed on the exchanges and traded in daily, but it is not large. I repeat here a statement I made in a recent address before the oil industry at Houston: "Whatever the cause, we should all realize that it is better to make money by working for it than by betting on the rising and falling figures of the ticker tape or which horse can run the fastest."

The legitimate income of the average working man or woman, regardless of station, is not affected by whether stocks go up or down; it is, or should be, the dividends that he is interested in, if interested at all, and earned dividends are not being withheld. Extreme fluctuations do, however, create a psychological influence in the mind of the average person because he does not understand the reasons for them. In that way they may prevent normal spending.

Our country has seldom been more prosperous than it is now. We have abundant crops of all kinds and prices are fair. They could be better, but they have been much worse. Certainly there are no clouds on the horizon that could adversely affect the average American citizen unless it be foreign wars, and that possibility is remote insofar as our becoming involved in them.

Address by the President at Cheyenne, Wyo.

EXTENSION OF REMARKS

OF

HON. H. H. SCHWARTZ

OF WYOMING

IN THE SENATE OF THE UNITED STATES

Wednesday, November 17 (legislative day of Tuesday, November 16), 1937

INFORMAL, EXTEMPORANEOUS REMARKS OF THE PRESIDENT AT CHEYENNE, WYO., SEPTEMBER 24, 1937

Mr. SCHWARTZ. Mr. President, President Roosevelt recently in Cheyenne, Wyo., delivered an address dealing with national problems. In order that it may receive wider distribution, I ask that it may be incorporated in the CONGRESSIONAL RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Some people wonder why I am here. Last January a good friend of mine came to me and said, "Why, during the next 4 years, don't you take it easy? Why don't you coast? You climbed up a long, steep grade over the past 4 years and now, during the next 4 years you might as well have a good time."

I said to him that I was going to continue during these 4 years the practice of the last 4 years and that, incidentally, in so doing I would have a good time.

I don't want to coast and the Nation doesn't want me to coast with my feet up on the front wheels.

I have thought that it was part of the duty of the Presidency to keep in touch, personal touch, with the Nation. And so, this year, since January, I have already made one trip through a number of the Southern States on my way back from catching some fish and now I am going out to the coast for the third time since I have been President—not counting campaign trips—going out to take a "look-see"—to try to tie together in my own mind the problems of the Nation in order that I may, at first hand, know as much about the questions that affect all the 48 States as possible.

As you know, the greater part of the emergency is over—not all of it because there are still a great many difficult problems and I want to talk to you, very briefly, about some of the things that the National Government has done and is doing.

For example, during the past 3 or 4 years we have spent in every part of the country a great deal of Federal money in putting people to work. That was the primary objective, but at the same time we have tried our utmost to accomplish useful things and there is not a State—there are very few communities in the whole Nation that have not benefited by these Federal expenditures, not in a temporary way but in a permanent way.

I was thinking this morning of the question of airports and I don't know whether it is thoroughly realized by you here on one of the stations on one of the main transcontinental air lines that the Federal Government has assisted in the building, not of several dozen new airports in the country, not of several hundred, but of many thousands, with the result today that the United States is checkerboarded with airports in every State. That is an accomplishment of the past 3 or 4 years.

In the same way, not dozens or hundreds but thousands of schools have been built or renovated with a combination of State, local, and Federal funds.

We have to come some day to an end of the greater part of that program, and just the other day, in Washington, we allocated the last of the Federal money for Public Works projects. This consisted of more schools, more sewer systems, more waterworks, and things of that kind where there was a very clear need for replacement or where the States or the localities had already voted the funds.

I will tell you one amusing story of the allocation for school projects. Congress told me to confine them to those schools where the schools had been burned down or where a new school had to be built to replace a building that was about to tumble down. There came a project from one of the Southern States for the building of a new school building and a new library. The school building was to replace one that was about to fall down and we granted that project. But in the case of the library they apparently did not have a library and it was therefore not a replacement project. With great regret, we rejected the application.

The head of the school came to Washington to see me. I told him how sorry I was that we could not spend Federal funds for new buildings, no matter how much they were needed, unless they were to replace one that had burned or tumbled down; and he said, "But, Mr. President, our library did burn down." I said, "That's funny, because there is nothing said about that in the application. When was it burned down?" And he replied, "Mr. President, our library was burned in 1864 by General Sherman."

On this trip I am looking at many types of projects. I am always eager, when I come West, to get more people out of the East to come West and see things with their own eyes.

The other day I read in a big newspaper of the Middle West an editorial which took as its text the fact that one of the W. P. A. dams in Kansas had in part been washed out. It meant undoubtedly the loss of a good deal of money; and the editorial pointed out that this was the way the Federal Government was wasting its funds.

Well, I believe that engineers are human, just like I am, and that they do not make a home run every time they come to the bat.

But the editorial went on, taking that dam as a text and pointed out from their point of view, which I do not believe is the point of view of the Nation, that in the construction of great dams by the Federal Government we are creating millions of kilowatts of power which will never be used by the people.

I think that you and I and most people realize that when you do create power the public finds some useful way to use it.

In the same way they went on to say that all of these reclamation projects mean a pure waste of money, that to build a project like Casper-Alcova or Grand Coulee we would make available unnecessary farm lands, and that there are enough good farms in the United States to take care of all the people who need them for 50 years to come.

You and I know that that is not so. You, here on this great central highway, know of the number of people—families—who have had to leave their homes on their farms in the drought area, some of them from the eastern part of this State, from the Dakotas, Nebraska, Kansas, Oklahoma, Texas, people who could not make a go of it on the poor land—families forced to leave their homes to avoid starvation. Those people have come farther west, looking for a chance to earn their livelihood, looking for good land and not being able to find it.

So, in the same way, there are thousands of families in the East who are unable to make good on the land they are tilling now for very obvious reasons. It is land that ought not to be under the plow. So, for all those families I believe that it is the duty of the Federal Government and the State governments to provide them with land where it is possible to do it, where they can make a living.

I could go on talking about W. P. A. and P. W. A. and soil erosion and the C. C. C. camps. As a matter of fact, they have all served a useful purpose. It is a better country for having spent for a few years more than we were taking in in taxes; but don't let anybody deceive you—the Government of the United States is not going broke.

So here I am, trying in this short trip—for it must be short—to get a cross-section point of view, the point of view especially of the rank and file of the American people in this western country. Yes; it is part of the duty of the Presidency to represent, insofar as possible, all the people; not just Democrats, but Republicans and others as well; not just rich people, but poor people as well. And I have been trying very simply to do the most good for the greatest number.

Out here in the cattle country and the sugar-beet country, of course, I am interested in the prosperity of the raisers of cattle and the growers of beets.

Perhaps somewhere down in my heart I am a little bit more interested in the 10 men who have a hundred head of cattle apiece than I am in the 1 man who has a thousand head of cattle. And perhaps I am a little more interested in the 10 men who have a hundred acres of beets than I am in the 1 man who has a thousand acres of beets.

It seems to me that is one of the orders—one of the necessary things that goes with the Presidency.

In these next few years—4 years, 8 years, 12 years, 20 years—I am very firmly convinced that the people of the Nation will have, more and more, a national point of view.

You people out here realize far better than you did 4 years ago that your prosperity is tied up very intimately with the prosperity of the cotton growers of the South and with that of the industrial workers of the East. And in the same way those people in the great factories of the East and Middle West and on the cotton farms of the South, in the Corn Belt, and in the Wheat Belt know that their prosperity is affected by your prosperity out here.

That, I believe, will be written in history as the great accomplishment of these years that we are living in now—the welding together of the people of the United States.

So, my friends, I am glad to have been able to come out here on this annual trip, and I hope and expect to come out again during the next 3 years.

Budget Balancing

EXTENSION OF REMARKS

OF

HON. JOSEPH F. GUFFEY

OF PENNSYLVANIA

IN THE SENATE OF THE UNITED STATES

Wednesday, November 17 (legislative day of Tuesday, November 16), 1937

EDITORIAL FROM PHILADELPHIA RECORD

Mr. GUFFEY. Mr. President, I ask permission to have inserted in the RECORD an editorial entitled "Budget Balancing—Dangerous Demagogy," published in this morning's Philadelphia Record. I hope every Member of the Senate will find time to read it.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Philadelphia Record of November 17, 1937]

BUDGET BALANCING—DANGEROUS DEMAGOGY

"Why balance the Budget now?"

Ask Mr. Conservative that question and he will look at you as though you were beneath contempt. Press him for an answer and he will tell you:

That it is obvious no one can go on spending money forever and never pay it back.

That the more money you borrow today the more you have to pay back tomorrow with high taxes and danger of disastrous inflation.

That if we let the national debt grow any larger we will destroy national credit.

Let's analyze Mr. Conservative's answers.

Granted that no one can go on spending money forever without paying it back.

But most businesses have been built up by going in debt.

There is a time when it is wise to go into debt as well as a time when it is wise to pay off that debt. And that applies to Government as well as to private business. Our question was not why balance the Budget at some future time, but why balance it now.

As to Mr. Conservative's second answer that the more money you borrow the more you have to pay back with high taxes and danger of disastrous inflation.

Granted that whatever the Nation borrows it must pay back. But it doesn't follow that the more the Government borrows the higher the taxes.

Taxes take a percentage of national income. The higher the national income the less the percentage of that income required to finance the Government.

The net national debt at the beginning of the Roosevelt administration, June 30, 1933, was nineteen and one-half billion dollars, as against a national income of less than forty billion. The debt was almost 50 percent of national income.

The net national debt on June 30, 1937, was twenty-seven and one-half billion dollars, as against a national income of sixty-five billion, 42 percent of national income.

The more the Government borrows and spends, the more credit is available for further borrowing and the lower interest rates fall, unless artificially maintained by credit restriction, such as increasing reserve requirements and sterilizing gold.

Increase of the national debt which increases national income and lowers interest rates will lower taxes instead of increasing them.

So that part of Mr. Conservative's reasoning is wrong.

But we haven't answered Mr. Conservative's fear of dangerous inflation.

Inflation is creation of more money, cash or credit, than the Nation needs to transact its business. Using the sovereign power to create too much money makes money cheap in the double sense of low interest rates and low purchasing power. If the Government goes too far in diluting the supply of dollars, possessors of dollars become panicky, trade dollars for commodities at ever-mounting prices in the ascending spiral of such an inflation as destroyed the monetary system of Germany after the war.

Mr. Conservative is afraid that increasing the national debt will cause a similar inflation. Let's see whether his fear is justified.

Size of the debt must be considered in relation to public business.

If the proportion of the national debt to the national income remains constant, there is no inflation and there is no danger of inflation.

The price index—that is, the average prices of all commodities as calculated by the Federal Department of Labor—is controlled by three factors: Quantity of money (cash and credit) times its velocity, divided by volume of trade. If we increase the volume of money and its velocity (rate of changing hands) without increasing the trade of the Nation, we have inflation. But if the trade of the Nation increases in proportion to the volume of money and its velocity the price index remains constant.

During the last 5 years volume of trade has increased faster than volume of credit.

We have not increased our supply of money as fast as we have increased the work the money has to do.

Now as to Mr. Conservative's contention that if we let the national debt grow any larger we will destroy national credit.

Debt is a relative quantity and must be considered in relation to the wealth and income of the debtor.

The present debt of the United States is a huge sum, but it must be considered in relation to a huge nation. Compared with the debts of Great Britain and France it is very small. We have less than half the per capita debt of Great Britain.

In proportion to national income the comparison with England and France is even more striking. Our net national debt is less than half of our present national income. England's national debt of thirty-five billion is 178 percent of her national income of twenty billion. France's national debt of twenty-two billion is nearly double her national income.

The debt of the United States Government would be $100,000,000,000 if it were as large per capita as that of Great Britain.

The debt of the United States Government would be $115,000,000,000 if it were as large in proportion to our national income as that of Great Britain.

The present Federal debt is so far from the danger point that it is the worst sort or demagogy to frighten business with this false bugaboo.

As long as national income is mounting faster than national debt, we are spending money wisely. There is no danger of national bankruptcy or ruinous inflation.

But if we stop spending money before we have achieved a stable self-sustaining recovery, if national business drops off before we have had an opportunity to reduce indebtedness, then, indeed, this Nation is in danger. We are in the position of the man who borrows $10,000 to develop a paying business and then stops the development before the business is profitable. He is left with a debt of $10,000 and no business.

If we had gone into the World War with the declaration that no matter what the situation we were resolved to withdraw from the war when the national debt reached $25,000,000,000, the Allies would have lost the war and Germany today would be ruling the world.

We went into that war resolved to spend whatever was necessary to win.

We must press for economic recovery with the same high courage and resolution.

If everything that Mr. Conservative said were true, it would still be wrong to balance the Budget now. It happens that he is not right in an economic sense or any other sense.

A wise government, like a wise businessman, knows when to spend, when to save.

The Unnecessary Special Session

EXTENSION OF REMARKS

OF

HON. FRANK CARLSON

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 17, 1937

RADIO ADDRESS BY HON. WILLIAM P. LAMBERTSON, OF KANSAS, ON OCTOBER 17, 1937

Mr. CARLSON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered over the radio on October 17, 1937, by my colleague from Kansas [Mr. LAMBERTSON].

The President has called Congress in special session for the 15th of November. To my mind it is unnecessary. Three major things are hinted at and two others alluded to for consideration. Five things for 5 weeks. Three are of major importance. The farm bill carries a scintilla of emergency; all the others not the least in the world.

A special session is expensive, but the object of saving is not in our machinery today. It is my opinion that the President is more interested in passing the wage and hour bill and the reorganization bill for the executive departments than any other thing, and that by calling the special session he dramatizes the situation, giving the appearance of emergency to these two bills, helping his position to pass them, which is going to be difficult, and crowding them into such a short legislative period so that they will not be considered in the usual legislative way but "gag ruled" through to passage.

The President, in his recent fireside talk, made it appear as if the special session had come out of his contact with the grass roots on recent trips. Through recent disclosures we know that he planned to call this special session before he ever started the trip.

The President of the United States is my President. I have been accused of being unduly friendly for a minority Member, so grant me about as much right to criticize him as the average man. I criticized his predecessor when, in my opinion, he was wrong, particularly on the passage of the Hawley-Smoot tariff bill, and never admired President Hoover so much after he wrung his hands like Pontius Pilate and let that bill go through.

President Roosevelt, aside from being the President of all the people, is the head of his party. I am criticizing him today as the politician, and I don't mean that in any insinuating sense, because all of us who are active in public life are politicians. The President is the most masterful politician that has been produced in many years. He is the most determined, refusing to take defeat or admit defeat. He holds a grudge against the Supreme Court for throwing out the A. A. A. and the N. R. A. He is determined to pass them both again under a slightly revamped Supreme Court and at the same time arrogate to himself more power in the Executive Department. He plans to jam these three things through the special session without the usual consideration. In his first inaugural he quoted Theodore Roosevelt about being content to bat 75 percent. Franklin hasn't admitted yet in 4½ years that he has fanned or even fouled the ball.

I am going to oppose his new N. R. A. and the reorganization bill because they are little dictatorships, and also may oppose the farm bill if it is not what the farmers of the country want. I am primarily now, as 10 years ago, interested in agriculture. There are three psychologies opposed to curtailment of production at this time: First, we have had about 5 years of drought. The elements have curtailed to an unprecedented degree. We are all anxious to raise something again with a degree of abundance. Second, we don't like the agricultural importations which have increased so rapidly under this administration in reciprocal-trade agreements. It is not consistent with curtailing surpluses that we permit increased importations. And, third, we oppose the tremendous expansion of irrigation projects in the West, which add to the surplus. In spite of the President's explanation the other night, these products go into the same channels and markets as our products.

I was amazed on a recent visit to Fort Collins and that great irrigated area to see that most of the land was raising wheat. Don't tell me for one minute that the billions we are obligated to spend in the valleys of the Rocky Mountains and the others of the West are not intended to raise crops to be sold on the market. A protected market is important to agriculture and cheap interest rates, rates like other industries are able to borrow on from the Government. What sympathy was the President giving the hard-pressed, drought-ridden, and grasshopper-eaten mortgagor last summer when he vetoed the bill to extend cheap interest rates, and we had to pass it over his objection? What was he thinking of then, pray tell me? He said we were taking money out of the Treasury. His only other economy of the last session was his objection to spending fourteen million for vocational education in the rural high schools of the country while he approved hundreds of millions that were being poured into rat holes. The President, on his western trip, had respectable ovations at every stop, but every stop was where the Government had spent a wad of money, and why shouldn't they give him ovations? Even on the river front in St. Louis they might have met him with a dozen bands, where he initiated and obligated us to a thirty million dollar expenditure for a second Thomas Jefferson memorial.

Now let us go back to his two major objectives of the special session—the wage and hour bill which Justice Black rushed through the Senate and for which he immediately got his reward. It gives five men, appointed by the President, the power to fix minimum wages. It gives them the power to vary them in every State in the Union. They don't have to be uniform. That is the power to fix wages. That means control of industries by the President of the United States. If some tragedy would happen to the President and Jack Garner would become President tomorrow, this bill would die in a minute because its promoters wouldn't accept Jack Garner's board. Legislation shouldn't be built around one man. You remember the old N. R. A. had a nine-to-nothing decision against it. It wasn't a five to four.

Then in the reorganization no reductions are planned. There will be a superorganization over all of these, which creates a lot of jobs. There will be no curtailment but there will be a concentration of power. For instance, the General Accounting Office, which was created as a direct agent of Congress, under the new bill comes under the President's wing. The Interstate Commerce Commission, and others like the Civil Service Commission who have had an independent and honorable status, sacrifice it to be coordinated under the President. The President spoke about the importance of the reorganization bill intimating saving. Then in the next breath he advocates the wage and hour bill which calls for a complete new set-up numbering into the thousands. I am against any administration reorganizing the Government for economy which hasn't practiced it and which has averaged a new commission every week for 4½ years.

At the present time, the farm bill is tearing apart the best minds of the soil. The Wallace bill, which the Farm Bureau is sponsoring, is opposed by the Grange and the Farmers' Union.

They had to go down to the fifth place on the majority side of the Agricultural Committee of the House to find a man who would introduce it in the last session. We want to do all for agriculture we can, but we are terribly divided right now on a permanent program. Yet in 5 weeks we are to settle it, with these two other big propositions that I have just spoken of. If the President of the United States can force all three of these things to a conclusion before Christmas he is more powerful than I have ever given him credit for being. He is a real dictator if he can do this. Why, it took 6 months for one House to dispose of his court proposal. Yet he expects two Houses and three joint-conference committees to dispose of these three outstanding measures in 5 weeks.

A great deal has been said lately about intolerance in connection with Justice Black and the Klan. Only this week I heard a national farm leader say that CLIFFORD HOPE had thrown the farmers down by not being willing to sponsor, even as a minority committee member, a certain farm bill. We Kansans resent this. HOPE'S fine intelligence, wonderful industry, and devotion to the cause of agriculture is the object of much comment throughout the Nation. This speaker referred to us Members of Congress as politicians several times. Then in the next breath he urged his organization to be militant, saying that they could be more effective by being active in politics.

Let me recapitulate by saying that your Representative has stood by President Hoover when he thought he was right and opposed him when he thought he was wrong; he has stood by President Roosevelt when he thought he was right and opposed him when he thought he was wrong. The three outstanding proposals he has had since the last election—the one on the Court, this one on the wage and hour bill, and the reorganization are all dictatorial and should not be passed. Senator BARKLEY says that they will all be passed before Christmas, but I don't believe it.

In conclusion let me again say that the main object of the special session is to pass this second N. R. A. and the regrouping bill, both dictatorships, and to run them through a very short session by dramatizing them as emergencies. With Kipling let us pray "Lord God of hosts be with us yet."

Should the Antitrust Laws Be Revised?

EXTENSION OF REMARKS

OF

HON. WRIGHT PATMAN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 17, 1937

ADDRESS BY HON. ROBERT H. JACKSON, ASSISTANT ATTORNEY GENERAL, SEPTEMBER 17, 1937

Mr. PATMAN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by Robert H. Jackson, Assistant Attorney General of the United States, before the Trade and Commerce Bar Association and Trade Association Executives in New York City, Hotel Astor, September 17, 1937:

For 40 years the United States has had a statute that appears to condemn every combination which restrains trade. Its general language might include almost any combination, trade association, or industry. But we have court decisions which make possible a plausible legal defense of almost any combination in restraint of trade. What business conduct the resulting law will really reach has become our major governmental mystery.

As a result of this confusion we are faced with the following inescapable facts:

1. The Department of Justice has no satisfactory standards by which cases can be selected for prosecution or by which the success of any given prosecution may be predicted with assurance.

2. Business enterprise has no safe standards by which it may determine in advance the validity of concerted action, even when the principal purpose is to eliminate waste or reduce costs of production or distribution.

3. The administrative arm of the Government is unable to give commitments as to any combination because the confusion of precedents and policy is such that a position taken in one case may prove an embarrassment in others.

The sum of these three facts is that there is no stated or intelligible policy which differentiates pursuit of industrial efficiency from industrial empire building.

Every antitrust problem is economic as well as legal. Economic questions are not well investigated or settled in adversary combat, conducted under technical rules and evidentiary limitations. A bitterly contested case drags a delirious course from court to court, and is seldom completed within the administration that begins it. The appropriations for enforcement will not sustain more than a half dozen contested suits, and is utterly inadequate to the task of policing our national economy.

I have no interest in "trust busting" for the sheer joy of "trust busting" or in legal assaults on combinations which have economic necessity on their side. We should not spend great sums to obtain decrees which are economically unenforceable and, when carried out in form, are often only lessons in futility. Antitrust suits provide spectacular legal battles and "famous victories." But this exercise for legal theoreticians often fails to produce any discernible economic effect.

I do not belittle the importance of present or past efforts to enforce the law through antitrust suits. Though they have failed to break up price-controlling organizations or to check the continuing concentration of wealth and of industrial control they have doubtless saved us many evils that would have accompanied completely unsupervised organizations. They have furnished, although obscurely, standards of conduct and business practices which have improved business ethics during the process of centralization of American industry. They have saved us from the cartel system of Europe.

I am interested in the establishment of a consistent national policy of monopoly control, intelligible both to those expected to comply with it and those expected to enforce it. Destruction of monopoly has been a high-sounding generality advocated by both political parties in nearly every campaign, but never with a too-troublesome definiteness. "To be grandly vague," writes Herman Finer, "is the shortest route to power, for a meaningless noise is that which divides us least." For 40 years administrations have alternated between a policy of being aggressively vague and passively vague, until an attempt to reduce business practice and controls to definite and intelligible codes was made under the National Industrial Recovery Act. Apart from any other value or defect of that plan, the brief experience with cooperative instead of competitive effort in industry should contribute richly in standards by which to weigh all future plans for social control of industry.

ANTITRUST POLICY AND ITS ALTERNATIVE

The basic philosophy and object of the antitrust laws and the probable alternative if they fail are too little understood.

The antitrust laws represent an effort to avoid detailed Government regulation of business by keeping competition in control of prices. It was hoped to save government from the conflicts and accumulation of grievances which continuous price control would produce and let it confine its responsibility to seeing that a true competitive economy functions.

But it is a mistake to believe that they represent a philosophy of unconcern or indifference about our economic life. They assert, on the contrary, a definite economic plan, a sovereignty of public over private interest in business, and an affirmative control over our economic life to provide conditions under which competition will function effectively.

To this end, though we know competition to be ruthless and at times a wasteful regulator, each competitor is protected and fostered, even if he be a "chiseler," an underseller, and a hair shirt to his industry.

Also, since there can be no effective competition except between rivals with some equality of strength and resource, and since many sources of supply are best assurance of competition, the law aims to prevent concentration of wealth and centralization of industrial, financial, or trade control, as well as complete monopoly.

This competitive system between business groups, free and uncentralized, reduces the responsibility of the Government to keeping the channels of competition unobstructed. This is the lowest degree of Government control that business can expect.

The question we face today is whether we can keep that kind of economy or whether we will be forced by its break-down to other and more drastic regulation.

American business must make up its mind whether it favors the regulation by competition contemplated by our antitrust laws or the only probable alternative—Government control. Every step to weaken antitrust laws or to suspend them in any field, or to permit price fixing, is a certain, even if unknowing, step to Government control.

Many leaders of conservative thought recognize that American business is faced with this alternative.

In April, commenting on the fact that the Aluminum Co. suit not only puts the company on trial for monopoly but also puts the existing antitrust laws on trial, Mr. Walter Lippmann said:

"The restoration of competition is the only possible alternative to socialism, and it would be useless, as well as hypocritical, for anyone to object to the collectivism of the New Deal and yet to cry out that an unmistakable economic monopoly should be tolerated by the law. * * *

"Moreover, if private big business collectivism is to be tolerated in the basic manufacturing industries, then all other producers, farmers, secondary manufacturers, and workers in other industries are compelled to organize socialistically to protect themselves against such monopolies."

Let us now turn to certain symptoms of the failure or inadequacy of the present antitrust laws.

DECLINE OF COMPETITION

Economists recognize a decline of competition and express anxiety as to its meaning.

The statistics show the disappearance of large numbers of industrial units. An era of bankruptcy has followed an era of merger and consolidation, and only a relatively small number of industrial units and sources of supply have survived. Competition among them is often moderated by financial controls, interlocking directorates, or by patent controls basing-point practices, or price leadership, or dominance in an industry. The probability of new units is greatly reduced by the constantly increasing investment

necessary to secure the benefits of mass production, and by the high cost of cultivating a national market.

The sharpest illustration of lessened competition is the experience of the Government as a buyer. It should be the last to feel a decline of competition. Not only do laws protect the existence of competition among sellers but the Government is also required by law to purchase only on the basis of competitive bids. A rather ponderous machinery is set up for the handling of sealed offers—an official call for bids, great secrecy of the sealed envelopes placed in a strong box in a department safe as they are received, a tense moment on the announced day when the bids are made public—and then a fizzle. I can bring the matter home to you best by specific examples from among many available.

The Denver office of the Bureau of Reclamation opened 17 bids for reinforcement bars, 14 of which were identical to the last penny, namely, $1,144.16. The United States engineers at Los Angeles opened 12 bids for reinforcement bars and 11 of them were identical—$194,051.89. The purchasing agent for the Fort Peck Dam opened 10 bids on reinforcement bars and each one of the 10 was $253,633.80. In February 1936, 16 companies each bid $3,483.50 on a steel-sheet order, and in June 15 companies each bid exactly the same figure again for a similar order. Steel-plate bids present a similar record. In steel pipe the prize situation appeared when 59 bids were opened by the Navy Department and each of the 59 companies bid $16,001.83.

In Government purchase of explosives about 425 bids were opened during 1935 and the first half of 1936, and the great majority were identical. Bids on cement follow the same pattern. In one instance 40 companies each bid exactly $7,148.60. On another contract 43 bids were identical. The same situation has occurred with products of nearly all metal, paper, rubber, meat, wood, batteries, explosives, cement, machinery, office supplies, chemical and medical supplies, and all plumbing supplies.

I am not now passing judgment as to whether these bids are the result of a punishable conspiracy. But they certainly were not the result of identical costs of manufacture, nor of independent estimates. They are the product of artificial marketing machinery. Our antitrust laws are often interpreted to prohibit methods rather than results. What may be illegal if accomplished in one way is held to be legal if accomplished in another.

No matter whether the private business controls and arrangements which produce identical bidding be what the courts have heretofore called legal or illegal, the effect is to compel purchases to pay a price based on calculation, not on competition. Whatever the effect of this on private buyers, it completely destroys the mechanism set up by Federal, State, and municipal governments to keep favoritism and corruption out of public buying. And it provides dramatic evidence that price competition in many industries is under mathematical control to the fraction of a cent.

CONTROLLED PRICES AND PRICE DISPARITIES

This ability of some industries to control or peg their prices, while others fluctuate, results in a disastrous price disparity.

During the depression, prices of some commodities remained relatively stationary and rigid, while certain others were flexible and moved up and down with the ebb and flow of business activity. For example, prices received by the farmer during the depression showed the greatest sensitivity and fell, as a whole, about 57 percent, and grains about 64 percent, while agricultural implements declined less than 17 percent as a maximum, and for most of the years the decline was only 5 percent or 6 percent, using the 1926 price level as 100 percent in each instance.

These figures may give the impression that we merely have a contrast between the prices of agricultural products and of manufactures. However, highly competitive textiles, such as cotton goods, compared with the average for 1926, went off 50 percent, knit goods 53 percent, silk and rayons about 75 percent, while less competitive metal and metal products reached 23 percent as a maximum and the decline for most of the period was less than 15 percent.

The conviction grows that the difference between the rigid price in some lines and the sensitive price in others is largely influenced by the private economic planning done by those who object most vigorously to the Nation's engaging in public economic planning.

PRICE CONTROL DOES NOT STABILIZE PRODUCTION OR EMPLOYMENT

If rigid prices meant stability of employment in the industry, we would find price control more tolerable. But generally the more rigid and inflexible the price of a product during the depression the more calamitous was the decline in its labor's pay roll. In some industries pay rolls almost vanished, although prices of the product were little affected. According to the Bureau of Labor Statistics, pay rolls for the iron and steel industries declined about 75 percent while the wholesale price of ingots declined only 16 percent. The depression prices of cast-iron pipe declined 7 percent and pay rolls declined 74 percent. While agricultural implements declined 14 percent in price, that industry's pay rolls took the prize decline of 83 percent. Virgin aluminum went down 21 percent in price and pay rolls of aluminum manufacturers declined about 70 percent. Cement declined 13 percent and its pay rolls 72 percent.

There seems to be something the matter with conditions which yield these percentages. This is confirmed by reference to the price and pay-roll percentages for more competitive industries. Prices on woolen and worsted goods declined 34 percent and the pay rolls about 51 percent. Cotton goods showed a decline of 43 percent and less than 51 percent in pay rolls. Knit goods declined 42 percent in price and 42 percent in pay rolls. Leather showed a decline of 44 percent in price and 42 percent in pay rolls.

Of course, there are factors influential in producing these percentages other than the factor of monopoly or price control. But the correspondence between rigid prices and low pay rolls is so general as to surpass the probabilities of coincidence. The kind of "industrial stability" which means the ability to avoid price concessions does not promote, even if it does not injure, stability of employment or wage levels.

ECONOMIC CONCENTRATION

The concentration of ownership and control of industry is fatal to the operation of competitive economy. Concentration destroys the sources and possibilities of competition, and the antitrust statutes attempt to check it, but the courts, blind to this purpose, have said "size is no offense."

Concentration of corporate ownership of wealth, chiefly means of production, has proceeded to a surprising degree. In 1932, according to the statistics of the Bureau of Internal Revenue, 53 percent of all corporate-owned assets in this country was held by 618 corporations, which constitutes only two-tenths of 1 percent of the number of corporations reporting. Five percent of the corporations owned 85 percent of all the corporate-owned wealth in 1932. More than 50 percent of all the net income enjoyed by corporations in 1932 went to 232 corporations, while of the country's manufacturing corporations 1.2 percent of the total number accounted for 63 percent of the aggregate net profits. In 1934 the only group of corporations to earn an aggregate net profit was the group whose assets exceeded $50,000,000. Thus, the process of concentration was continuing.

There was likewise a high degree of concentration in the ownership of these corporations; 1929 was a banner year for stock ownership and in that year the 3.28 percent of the population who filed individual income-tax returns accounted for the receipt of more than 83 percent of all dividends paid to individuals. And 78 percent of those dividends reported were received by three-tenths of 1 percent of our population.

In 1933 the Bureau of Internal Revenue statistics show that there were only 1,747,740 taxable individual incomes in the United States and nearly one-third of all the property reported as passing by death was found in less than 4 percent of the estates. You are all familiar with the Brookings Institution's studies in 1929 which reports that about 6,000,000 families or 21 percent of all families had family incomes of less than $1,000 annually, and that 36,000 families in the high-income brackets received as much of our national income in that year as 11,000,000 families with the lowest incomes.

Even these statistics do not properly measure the degree of concentration of control of industry for by holding companies and interlocking directorates many corporations may be under a single control and there is no discernible limit to the centralizing tendency.

The Canadian Royal Commission on Price Spreads recently made the following observations:

"At first sight, indeed, it appeared that the separate and distinct problems which emerged in the evidence called for separate treatment and almost separate reports. On closer study, however, it became clear that many of the grievances complained of, and the problems disclosed, were manifestations of one fundamental and far-reaching social change, the concentration of economic power.

* * * * * * *

"The depression has, furthermore, demonstrated that the strong and the organized are attaining an ever-increasing position of dominance in our economic life; that economic power is becoming concentrated. With this concentration old theories of economic control are proving inadequate."

This concentration of business accounts in large part for the lost influence of big business, and its press, and its legal lackeys, and its business organizations, in legislative and election struggles. Forty years ago big business had as its ally in every town and settlement the local merchant, local manufacturer, local banker, and local utility man. Each was a leading citizen, on whom many depended for information and leadership as well as for credit and jobs. This type of man has largely gone. Why he has gone makes little difference.

In the place of this strong and leading individual is a managing clerk at the chain store who cannot make a credit sale, and a local superintendent for the factory. The local bank is closed and nobody who has more authority than a bill collector represents the utility in most communities. Big business has found it to its advantage, to rotate even those men, so that no one of them is left in the community long enough to get his roots established or to really become a part of the life about him, to become a property owner, or to be regarded as a fellow citizen by those among whom he dwells as a representative of an absentee control.

Thus, big business has destroyed its own defense, it has devoured its own young. The small businessman who used to be our most ardent capitalist and the most uncompromising of conservatives has been crushed, or merged, or consolidated, or otherwise retired. This has brought about a subtle change not only in economic life, but in social and political life as well. There are values in local independence and responsibility which are being sacrificed to balance-sheet values.

The process seems not to be discernible to, or appreciated by the people who dominate the large industries in our great cities. It is plainly discernible to those who live in smaller cities and see the life of the community as a whole.

REVISION SUGGESTED

Can we say that our 40 years of antitrust litigation, conducted by administrations which alternated between aggressive and nonaggressive policy, developing fine spun interpretations by courts and creating uncertainty in business, has produced a satisfactory crop? Where do we stand at the end of it? Today the Government itself cannot get competitive bids in basic products, the welfare of our people is dislocated by disparities between controlled and free prices, great industries in slack times hold their prices though their volume falls and their labor is idle, small-business men in many lines of useful enterprise are falling like autumn leaves and the profits of commerce concentrate in fewer hands. This is a condition that I would label "Handle with care—inflammable."

In its Platform for American Industry the National Association of Manufacturers condemns all extensions of Government control and says:

"In opposing unsound economic and social measures it is unnecessary to propose alternatives."

If your business organizations take the defeatist attitude that there can be no remedy, or if their only contribution is opposition, they are losing an opportunity to bring practical, informed, and experienced advice to the aid of officials, most of whom would, as I do, admit their perplexity and inadequacy to the problem.

No flawless and unobjectionable plan will come from any source and no plan that I can foresee will be able to avoid an increase in governmental activity and control in our economic life.

The Attorney General has urged a revision of the antitrust statutes, and it would not be appropriate for me, in this stage of the matter, to put forward specific proposals which, even if advanced only as private and personal opinions, would likely be attributed to the Department or the administration. But it is not difficult to see the outlines of big questions that will need practical answers.

Can we identify a field where competition still may function and be protected? What changes should be made in patent laws, tariff laws, tax laws, and laws concerning Federal incorporation or licensing of interstate corporations, in order to mobilize all the powers of government against monopoly? Whether we should except natural-resource industries from competition and regulate them in the interest of prudent utilization now and conservation for the future, and whether any single formula can be applied to all industries must be considered.

Most challenging of all is the field in which the law is powerless to restore a competition which has already vanished. Shall we recognize and regulate monopoly where competition cannot be revived? And if so, shall we confine it to legalistic regulation, modeled on public-utility regulation, that being the only regulatory legal technique we have so far developed? Or shall we use economic weapons to combat economic ills and create a public competition where private fails, or subsidize competition when it is otherwise unable to survive?

The problem bristles with these and a thousand other questions that challenge those who would be progressive without being impractical. I urge this experienced and talented group to dedicate itself to an unimpassioned and unrestrained study of the monopoly question as it thrusts itself upon government today, and of the course that may be taken to preserve the advantages of our mass production and cheap distribution without the political and economic risks and resentments which go with monopoly.

Our solution of the antimonopoly problems must be in terms of our ideals—the ideal of political and economic democracy. We want no economic or political dictatorship imposed upon us either by the Government or by big business. We want no system of detailed regulation of prices by the Government nor price fixing by private interests. We do not want bureaucracy or regimentation of any kind, but we will prefer governmental to private bureaucracy and regimentation if we have to make such a choice. We cannot permit private corporations to be private governments. We must keep our economic system under the control of the people who live by and under it. In the words of the President in his second inaugural address, "We must find practical controls over blind economic forces and blindly selfish men."

Americanism

EXTENSION OF REMARKS

OF

HON. ALBEN W. BARKLEY

OF KENTUCKY

IN THE SENATE OF THE UNITED STATES

Wednesday, November 17 (legislative day of Tuesday, November 16), 1937

ADDRESS OF HON. CLAUDE PEPPER, OF FLORIDA, AT A MEETING OF THE ARMY-NAVY UNION, NOVEMBER 15, 1937, IN WASHINGTON, D. C., WHICH WAS THE FIRST OF A SERIES OF MEETINGS TO BE HELD OVER THE ENTIRE COUNTRY TO PROMOTE AMERICANISM

Mr. BARKLEY. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by the Senator from Florida [Mr. PEPPER] on the 15th of November 1937 at a meeting of the Army and Navy Union in the city of Washington.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

There is no place in this country for any man or woman who does not come here to give his first and only allegiance to the American Constitution, the American form of government, and American institutions.

There is no place in this country for any uniform save the uniform prescribed by the United States Government, and these organizations who come to our shores, who form themselves into military bodies, wear the uniform prescribed by the dictators of foreign countries, are aliens and enemies to our institutions and should be driven from our shores.

There is no place in this country for any secret military organization, because such an organization is contrary to the principles of Americanism.

There is no place in this country for any flag except the stars and stripes.

Who can imagine one of the dictators of Germany, Russia, or Italy allowing Americans living in those countries to form military organizations, wearing the military uniform of the United States, and militantly crusading for democracy. If American citizens tried that sort of thing in one of those countries, they would be shot at the first ensuing sunrise, and yet they dare to take advantage of our hospitality and of our indulgence in letting them come here upon the assumption that they are coming for the purpose of being faithful, loyal American citizens, to form these organizations wearing the uniforms of their dictator abroad, forming secret military organizations, and giving their first allegiance to the dictator's flag rather than to the American flag.

This sort of thing should be destroyed and every vestige of it wiped out.

There is no need for the agitator in this country, because ours is a government of the people, and what the people want the Government wants. Our Government is trying to help the people who need help as never before in our history. We know there is much yet to be done; we know that many of our people are still ill-fed, ill-housed, and ill-clothed; we know that 10 percent of our people make less than $500 a year and that 30 percent of the farmers of the country make less than $500 a year; we know that hundreds of thousands die from preventable diseases; we know that public education is not what it should be, but the Government of the United States is striving as no government has ever labored to correct these things and to give Americans the right to live as they should live; and in this struggle for a better life for our people we will not countenance hindrance from abroad, where not help for the people, but persecution, is the rule; not tolerance, but intolerance, is the practice; and where racial and religious strife is fomented by the government instead of the government respecting the right of all men and all people to have their own beliefs and the freedom and protection which America stands for.

Remarks of President Roosevelt at Grand Coulee Dam

EXTENSION OF REMARKS

OF

HON. HOMER T. BONE

OF WASHINGTON

IN THE SENATE OF THE UNITED STATES

Wednesday, November 17 (legislative day of Tuesday, November 16), 1937

INFORMAL, EXTEMPORANEOUS REMARKS OF THE PRESIDENT AT GRAND COULEE DAM, OCTOBER 2, 1937

Mr. BONE. Mr. President, recently the President of the United States visited the Grand Coulee Dam. His extemporaneous remarks on the occasion of the visit regarding the development of power, and other phases of activity dealing with this great project, were recorded; and I ask that they be inserted in the Appendix of the CONGRESSIONAL RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

Coming back to Grand Coulee after 3 years, I am made very happy by the wonderful progress that I have seen. And I cannot help feeling that everybody who has had anything to do with the building of this great dam is going to be made happy all the rest of their lives. Some day we will have a "Grand Coulee Association" for those people who had something to do with this construction, and membership in that association will be like a badge of honor because we are building here something that is

going to do a great amount of good for this Nation through all the years to come.

My head is full of figures and the easiest way to describe those figures is to say that this is the largest structure, so far as anybody knows, that has ever been undertaken by man in one place. Superlatives do not count for anything because it is so much bigger than anything ever tried before that there is no comparison.

We look forward not only to the great good this will do in the development of power but also in the development of thousands of homes, the bringing in of millions of acres of new land for future Americans.

I think in the State of Washington there is a splendid understanding of one of the objectives in the development of these acres that are going to be irrigated. There are thousands of families in this country in the Middle West, in the plains area, who are not making good because they are trying to farm on poor land. I look forward to the day when this valley, this basin, is opened up, giving the first opportunity to these American families who need some good farm land in place of their present farms. They are a splendid crowd of people and it is up to us, as a Nation, to help them to live better than they are living now.

There is another phase that I was thinking about this morning. When the dam is completed and the pool is filled, we will have a lake 155 miles long running all the way to Canada. You young people especially are going to live to see the day when thousands and thousands of people are going to use this great lake both for transportation purposes and for pleasure purposes. There will be sailboats and motorboats and steamship lines running from here to the northern border of the United States and into Canada.

It is a great project—something that appeals to the imagination of the whole country. There is just one other word that is worth saying from the national point of view: We think of this as something that is benefiting this part of the country primarily, giving employment to a great many people in this neighborhood. But we must also remember that one-half of the total cost of this dam is paid to the factories east of the Mississippi River. In other words, it is putting to work in the steel centers and other great manufacturing centers of the East thousands of people in making the materials that go into the dam. So, in a very correct sense, it is a national undertaking and doing a national good.

I am always glad to see a project in the construction stage because when it is finished very few people will realize—they won't be able to visualize—all the difficult work in the actual construction. I hope to come back here in another 2 or 3 years and see this dam pretty nearly completed. When that time comes I think we had better, all of us, have a reunion of rejoicing.

Grass Roots Conference

EXTENSION OF REMARKS

OF

HON. DEWEY SHORT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 17, 1937

ADDRESS BY HON. DEWEY SHORT, OF MISSOURI, BEFORE GRASS ROOTS CONFERENCE OF MISSOURI REPUBLICANS AT SPRINGFIELD, MO., OCTOBER 29, 1937

Mr. SHORT. Mr. Speaker, under leave granted to extend my remarks in the RECORD I include my address before the Grass Roots Conference of Missouri Republicans at Shrine Mosque, Springfield, Mo., October 29, 1937, as follows:

My fellow countrymen, this year the American people are celebrating the sesquicentennial of the Constitution of the United States. One hundred and fifty years ago our forefathers at old Independence Hall in Philadelphia adopted the Constitution as the fundamental law of our land. For the first time in history a government with the sovereign powers resting in the people themselves was established. The yoke of oppression was thrown off and the heel of tyranny was escaped by setting up a constitutional representative democracy where government derived all its just powers from the consent of the governed..

Under this sacred charter, which is the Bible of our freedom, we have lived for a century and a half and in spite of all the vicissitudes of fortune through which we have passed, we have become the greatest Nation and the freest people on the face of the earth. In theory our form of government is sound, and in practice it will work.

Twenty years ago the United States of America entered the World War to make the world safe for the democracy which we have enjoyed and cherished, and ever since that war ended democracy has been dying in most of the nations of the earth. Today the trend unmistakably is away from government by the people and toward dictatorship. We have not escaped that general trend in this country.

In 1932 when our Nation with the other participants in that savage struggle was finally and inevitably caught in the backwash of war President Roosevelt was swept into power at a critical time. He asked and was given the wholehearted cooperation of the American people, both in and out of Congress. Under the cry of emergency he has been given power in excess of that given to any other President in the history of our Nation. While few objected to the extraordinary powers granted to the Executive during the emergency, many of our clearest-thinking citizens do object to those powers being continued long after the emergency is over. We were assured at the time that these extraordinary powers granted under pressure of a crisis would be only temporary, but it is now evident that this administration is determined at all cost to make these powers permanent.

Few people fully realize that the President of the United States today has more power than any one of his predecessors, in war or peace. He is Commander in Chief of the Army, Navy, and Air Forces of the United States. He can invoke a neutrality law tantamount to a declaration of war. He can single out any aggressor nation in any conflict. He has the power to issue currency up to $3,000,000,000; because of the devaluation of the gold content of the dollar he has $2,000,000,000 with which to speculate in foreign exchange, buying Japanese yen, French francs, British pounds, or German marks. He can coin silver at the ratio of 16 to 1; he can close the stock market at any time he chooses for a 30-day period; he can raise or lower the tariff 50 percent on practically everything that is produced in this country, whether it be on the farm or in the factory. He can build a subway in Chicago, while denying it to Indianapolis; he can build an auditorium in Kansas City, while denying it to Springfield; he can build dog pounds in Memphis and monkey houses in Little Rock, as has been done, or he can pay certain farmers benefits while denying it to others. He has practically complete control over the economic destiny of the American people. For the past 4 years a subservient Congress, under the promise of reward or threat of punishment, has cowardly and supinely turned over to the President control of the purse strings of our Nation. Napoleon said, "Give me control of the purse strings of a nation and you can have all its armies." Franklin D. Roosevelt has spent as much money since his first inauguration as was spent by all the Presidents of our country from George Washington to Woodrow Wilson. No more money has been spent by all the Congresses from the adoption of the Constitution 150 years ago down to the outbreak of the World War than has been spent since March 4, 1933. All our Presidents for the first 143 years of our history were given only $1,600,000,000 in blank-check form to spend as they pleased, while the present occupant of the White House has had turned over to him more than fifteen and one-half billion dollars without any earmarks, to spend at any time, in any manner, that he might choose.

Notwithstanding that our national debt has increased from approximately $20,000,000,000 to more than $37,000,000,000 under the New Deal, the Congress at the last session, over the protest of Democrats like Woodrum, of Virginia; Byrnes, of South Carolina; and even Joe Robinson, of Arkansas, turned over another one and one-half billion dollars to the President in blank-check form. None of that money has been spent, of course, nor will it be spent until immediately before the election next year; but in the meantime the President can hold such a huge fund as a club over the heads of recalcitrant members of his own party to beat them into submission and compel them to pass such legislation as he might demand.

Forecasting rather accurately our condition in the United States today, Lord Macauley, in 1857, in his memorable letter to Randall, of New York, said:

"Either some Caesar or Napoleon will seize the reins of government with a strong hand or your Republic will be as fearfully plundered and laid waste by barbarians in the twentieth century as the Roman Empire was in the fifth; with this difference, that the Huns and Vandals who ravaged the Roman Empire came from without and your Huns and Vandals will be engendered within your country by your own institutions."

The paramount question today is whether the American people or one man shall rule this country. Last year we did not have an election, but a public sale. What votes those in power could not buy with the taxpayers' funds out of the Federal Treasury their corrupt political machines in our large cities stole; and what they could not buy or steal they intimidated, by having hired Government agents threaten to take those off relief or deny employment to anyone who did not vote to perpetuate them in power. Fifty years hence, when history is written with open eyes and without prejudice, the election of 1936 will go down as the blackest page in American history which was won by wholesale bribery, grand larceny, and general intimidation. Last November the New Deal was continued in power by carrying every State in the Union except two and receiving all the electoral votes except eight; though Mr. Roosevelt did not receive as large a percentage of the popular vote as did Harding in 1920 or Coolidge in 1924. Notwithstanding this sweeping victory, Mr. Roosevelt, with all his patronage and relief funds, with all his power and popularity, succeeded in getting only one major piece of legislation through the last session of Congress, namely, the housing bill. That bill calls for an initial appropriation of $500,000,000, with which to clear slums in the city of New York, building $5,000 homes to house the alien and foreign portion of the people, whether they be citizens of the United States or not. An amendment to exclude aliens from receiving the benefits of this Government subsidy was defeated,

and people who should be deported from our shores will live in better homes than 95 percent of the people in this great State.

Why was it that the President succeeded in getting only this part of his program enacted into law at the last session of Congress, which lasted from January until August, inclusive? It was because of his nefarious scheme to pack the Supreme Court of the United States. That issue overshadowed and submerged all others and held the Congress in deadlock for 8 long months.

It seems incredible that on this one hundred and fiftieth anniversary of this most sacred and cherished political document that any American citizen should be forced to rise and speak in its defense, but since the advent of the New Deal in 1933 repeated and violent assaults have been made to destroy it. The President's concealed contempt for the Supreme Court was first revealed after our highest tribunal, by unanimous and ringing decision, declared the infamous, illogical, and un-American N. R. A. unconstitutional. So incensed was Mr. Roosevelt that he branded the "nine old men" as belonging to the "horse and buggy" days. Of course, the N. R. A. had collapsed of its own weight and was dead before the Court declared it invalid, but the President considered the Court as obsolete and outworn and might as well be abolished, though the Constitution specifically makes the judiciary a coexisting, coordinate, and coequal branch of the Government. The legislative, executive, and judicial branches are to serve as a check and balance each on the other, thus effectively safeguarding the liberties of all the people. This is the framework of the Federal Government, but all rights were reserved to the States or to the people unless expressly granted to the Federal authority. It is significant that a few months after the Court's adverse decision on the N. R. A., while the Ways and Means Committee of the House was considering the Guffey coal bill, the President wrote a letter over his own signature to Congressman Sam B. Hill, of the State of Washington, urging him and his colleagues "not to allow any doubts, however reasonable, as to the constitutionality of the measure to block the suggested legislation." The essence of that letter was "ignore the Supreme Court; forget the oaths you have taken to uphold, protect, and defend the Constitution; and pass this bill because I want it." The bill was passed, but the Supreme Court knocked it in the head when they got to it, and likewise threw out of the window many other New Deal alphabetical agencies, three letters at a time.

On February 5 of this year came the straw that broke the camel's back. To the amazement of practically all Members of Congress, as well as the entire American people, Democrats and Republicans alike, the President asked Congress to give him authority to name within a short time six additional Justices to the Supreme Court. Not content with swallowing almost completely the legislative functions of a previously subservient Congress, the President, by a cunning and crafty proposal couched in deceptive and disarming language, attempted to usurp the judicial functions of our highest court, setting himself above the judiciary. His whole message on judicial reform is filled with subtlety, sophistry, and subterfuge. The truth, as everyone knows, is the Supreme Court is abreast of its docket and no increase in its personnel would expedite litigation. Fifteen members instead of nine, all of whom must hear the same case, would retard rather than accelerate its speed. Not the members nor the ages of the Justices, but their decisions, is Mr. Roosevelt's concern. The President attempted to do by indirect methods that which he feared to attempt by the direct and only legal method of submitting a constitutional amendment. Ours is a government by the majority. If a majority of our citizens believe that the Constitution should be amended, and vote to amend it, the minority must abide by that decision; but let the people who are the Government be given a chance to determine for themselves its future kind and course. Let none of our liberties be lost, nor one branch of the Government trespass upon the realm of another by usurpation, as Washington warned in his Farewell Address. The Constitution is the property of the people. It was written to protect minorities and to save them from the tyranny of majorities. It is rigid and difficult to change in order to give stability and certainty to government, but it is elastic enough to be changed; however only by the power that made it, namely, the people themselves. The President cannot change it, the Congress cannot change it, nor can the Supreme Court change it; only the sovereign power of our Nation—the people—who are greater than the President, the Congress, or the Supreme Court, or all three combined, can change the fundamental law of our land.

A few years ago the Supreme Court of the State of Oregon affirmed the decision of the lower court in that State that a parent be denied the privilege of sending his child to a parochial school. The people of the great State of Oregon had to come across the continent to the United States Supreme Court in our Capital to get that unjust decision reversed. The United States Supreme Court gave not only the people of Oregon but all our citizens to understand that in this country any parent can send his child to any school of his own choosing. Religious freedom is safe only so long as the Supreme Court remains uncontrolled. Not long ago nine poor, penniless Negroes at Scottsboro, Ala., were condemned and sentenced to death by the highest court of that State, but on appeal the Supreme Court of the United States declared they did not have a fair trial, and most of those unfortunate men have been granted their liberty because their innocence was later established. Racial prejudice has no place under our constitutional form of government. There is another race in this country that has been despised and persecuted for 2,000 years. They have been driven out of Russia and expelled from Germany, and where else in the world can they be assured of greater justice than before the Supreme Court of the United States? Two members of their race sit on that highest tribunal. These nine mature Justices who grace our bench, who are not subject to political pressure, to the violence of the mob, or Executive intimidation, who are not elected to office every 2 years but hold their positions for life, men of intelligence and character, men of high patriotism and long legal training and experience, who are free to render fair, just, and unbiased opinions, who are the repository of our rights and the safeguard of our liberties, are the only barrier that stands between us and tyranny; they care not for the race, color, or creed of a man; their business is to mete out pure and undefiled justice; and while their judgment is not infallible, they have a most enviable record and deserve the high esteem in which they are held by all right-thinking people.

Why does Mr. Roosevelt wish to pack the Court? Why does he want to play with a marked deck? Why does he want to fix the jury in advance of trial? Simply because these men on our Supreme Court are not rubber stamps and cannot be coaxed or driven as Members of Congress. Those who desire a government by personal rule under the complete domination of an executive who writes the laws and interprets them, as well as executes them, will support the President in his demand for power to create a new Supreme Court by naming at once six new judges with opinions similar to his own. But, in my opinion, this is more power than a good man should want—and certainly more power than a bad man should have.

While the President's sinister plan to pack the Supreme Court was opposed by all the Republican Members of Congress in both the Senate and the House, we were so few in number—only 17 in the Senate and 88 in the House—that we realized that if this ignoble plan were defeated it would have to be done with the help of Democratic votes. It is most gratifying to know that the fight against the President's dangerous proposal was led, not by the Republicans, the Tories, the reactionaries, the mossback conservatives, the Liberty Leaguers, the "princes of privileges," the "economic royalists," but by the most progressive and liberal-minded men in the United States Senate, and some of the most ardent followers and staunchest supporters of the President up to the time his Court message was read: WHEELER, of Montana; BURKE, of Nebraska; MCCARRAN, of Nevada; O'MAHONEY, of Wyoming; CLARK, of Missouri; CONNALLY, of Texas; GEORGE, of Georgia; BAILEY, of North Carolina; GLASS and BYRD, of Virginia; COPELAND, of New York; VAN NUYS, of Indiana; and many others, all of whom are lifelong Democrats. To them should go the everlasting gratitude of the entire American people, regardless of politics, for they preserved the integrity and independence of our Federal judiciary, which is the last citadel of our liberties.

How does Mr. Roosevelt feel toward these able and outstanding men of his own party in the United States Senate? Mr. Farley, his Postmaster General, and chairman of the Democratic National Committee, in a speech at Indianapolis to the Young Democrats of the Nation the night before Congress adjourned, declared a truce and assured his hearers there would be no reprisals against the Democratic Senators who opposed the President's scheme; but at the very moment Mr. Farley was speaking and the dove of peace was hovering over the Democratic assembly, Senator GUFFEY, of Pennsylvania, chairman of the National Democratic Senatorial Committee, who had just made a personal call at the White House a few hours before, spoke over a Nation-wide hook-up on the radio, in which he said he hated the ingrates who opposed the President's Court-packing plan and promised they would be defeated when they came up for reelection. Who in the name of common sense are we to believe, Jim Farley or JOE GUFFEY? Is it possible we have a Dr. Jekyll and a Mr. Hyde in the White House, who holds sugar in his left hand and through the voice of Mr. Farley promises peace and attempts to woo back his wayward followers while in his right hand behind his back he holds a stiletto and through the voice of JOE GUFFEY threatens to cut the throats and get the political scalps of every Senator who opposed the Court plan? Cannot United States Senators exercise their honest judgment and vote their clear consciences without being punished by the President?

We had hoped that after the determined stand taken by Congressman SUMNERS, chairman of the House Judiciary Committee, the untimely death of Senator Robinson, the courageous letter of Governor Lehman, and the overwhelming vote of 70 to 20 in the Democratic Senate, whereby the Court-packing plan of the President was defeated, that this foolish and futile fight had ended. However, immediately after the adjournment of the last session of Congress the President let it clearly be known that the fight was not over, and though he studiously avoided any reference to it in his call for the special session, I warn you not to go to sleep at the switch else we shall be run over. Remember, "eternal vigilance is the price of liberty."

Because of this prolonged, bitter, but fortunately successful court fight, the remainder of the President's legislative program was either shelved or defeated in the last session. Now we are called back to a special session of Congress 6 weeks before the next regular session meets in January. This call for a special session in itself is a frank admission of the failure of the previous one. The wage and hour bill was buried in the Rules Committee of the House, the President's agricultural leaders in both bodies refused to act on farm legislation; most of the provisions of the reorganization bill were sidetracked, while the seven regional T. V. A.'s never got out of the Rivers and Harbors Committee.

Though the Constitution specifically states that the Congress is the legislative branch of government, we read in the newspapers where the President demands that the first thing we do in the

special session is to pass this wage and hour bill. Next to the infamous court bill this is the most dangerous piece of legislation that has ever been presented to the Congress. Its objectives are worthy, but would be impossible of accomplishment under the terms of the bill that was presented to the last session. Everyone wants to see child labor abolished, sweatshops eliminated, and a decent wage for labor; that has been the traditional policy of the Republican Party. Most of the States already have solved these problems and certainly the American people, employer and employee alike, do not want to surrender their liberties to a political board which arbitrarily dictates hours and wages. The sponsors of this measure have forgotten the sad experience we had with the N. R. A.

It is a known fact that recovery began when that unworkable act was declared unconstitutional. While the present bill differs from the N. R. A. in many particulars, its purpose is, and its results will be, largely the same. It attempts to resurrect the blue buzzard. "As a dog returneth to his vomit, so the fool returneth to his folly." The original administration bill on wages and hours was written by Corcoran and Cohen, but it was amended to such an extent in the Senate that it became the Black bill. The House Labor Committee was practically forced to adjourn its hearing by William Green, who evidently carried orders from the White House, and the bill was further mutilated and reported to the House as the Green bill. The truth of the matter is the bill is neither "Black nor Green," but "red"; "red" all the way through.

By its terms the Congress delegates vast discretionary powers to a Labor Standards Board that will have complete control over industry in this country. The five members of this Board are, of course, appointed by the President and hold office only so long as they meet with his approval. They may not only raise wages and lower hours, but they may also lower wages and increase hours. I cannot believe that labor itself will favor such a measure. While the bill was being considered at the last session I received a letter from William Green stating: "The wage and hour bill, as reported by the House Labor Committee, is reasonably acceptable and fairly satisfactory to labor." That is a very weak endorsement coming from the president of the American Federation of Labor; and many of Mr. Green's associates have let it be known to Members of Congress that they are opposed to the legislation. Even John L. Lewis was against placing so much authority in the hands of a politically controlled board, and only a few days ago, in Denver, Matthew Woll, a vice president of the American Federation of Labor, came out flatly against the measure. While certain House amendments have guaranteed the right of collective bargaining, the danger from the viewpoint of labor leaders is that if authority is given the Government to dictate hours and wages, the minimum wage usually becomes the maximum, and in that case there would be no need for labor unions at all.

Of course, the original bill has been so emasculated that it is scarcely recognizable. There are, in fact, so many exceptions and so many classes of workers exempted from its operation that it might truly be called a bill of exceptions, which naturally raises the question, Why are so many exceptions demanded and granted; if the bill is good for some workers, why isn't it good for all workers?

Furthermore, under this act the President or the board which he appoints may raise one employer's fixed charges and production costs and reduce those of his competitor at will. Section 6 of the bill also gives the firm in interstate commerce the right to dictate the terms under which a local firm can operate even in intrastate commerce, but does not give the local firm the right to be heard or protest against the firm in interstate commerce. The board is literally clothed with power of life and death over employees in intrastate as well as interstate industry. Both employers and employees are at the mercy of an arbitrary, arrogant, and all-powerful board which by artificial regulation attempts to change the laws of nature. Such board is even granted the power to enact criminal laws, and anyone who violates its orders, rules, or regulations is subject to both fine and imprisonment. The board can send its agents into every town in every State of the Union to examine the files and records of any business coming within the scope of this act, and such information is not even required to be kept confidential. If Congress passes this act, we will have an army of snoopers and spies hounding and harassing businessmen everywhere. The board is given authority to institute a suit, criminal or civil, against a transgressor in the United States district court. The board will have no attorneys' fees or expenses to pay, whereas the individual citizen, whether petitioning for redress or defending himself in a criminal action, is taken far from home and required to file his suit in the United States circuit court of appeals.

Working conditions in America are, of course, not perfect, but it is high time that someone remind us that nowhere else in the world does the common laborer receive such a high wage or work so few hours as he does under the Stars and Stripes. Our country has the highest standard of living on earth, but if this bill is enacted into law the inevitable result will be increase in unemployment, decrease in production, lower standards of living, smaller consumption of raw materials, including farm products and lower prices for them; geographical and artificial barriers, higher production costs and increased imports of foreign products. How silly it is to ban goods manufactured with the employment of child labor or substandard labor in this country, yet admit to interstate commerce competitive goods manufactured by child labor, sweatshop and slave labor in foreign countries.

This bill will squeeze the little-business man out of existence, encourage and foster monopoly, increase the cost of living to consumer and make it impossible for the farmer to employ labor, while destroying much of the domestic market for his products. In my opinion the bill is plainly unconstitutional and will be so held unless the President should succeed later in packing the Supreme Court with men who would uphold the validity of this Spanish Inquisition. If the bill is enacted into law it will destroy industry and close factories in the South and Middle West. If the great tri-State mining industry, a part of which I have the honor to represent, is compelled to pay time and a half for labor from 12 o'clock to 6 o'clock a. m., not overtime, mind you, but simply a regular shift employed during those particular hours, it will close many of the mills in this great area.

The President states that he wants this legislation in order to raise the pay of the lowest-paid workers. That is a noble purpose and a worthy aspiration, but if it is enacted into law it will place the necks of both employer and employee in a noose and will simply give the President and his board vast additional powers over both industry and labor, and if hours and wages are dictated, then prices will be fixed. To have all our lives and businesses regulated by a Federal bureaucracy and centralized government at Washington is not the American way.

The second piece of legislation which the President wants enacted into law is the crop-control bill. This is nothing more than the old A. A. A. in disguise. Stripped of its mask, it is nothing more than a deliberate and insidious attempt to circumvent the adverse decision of the Supreme Court of the United States on the old A. A. A. law. Just as the N. R. A. had attempted to regulate business and dictate to industry, so the A. A. A. attempted to regiment the American farmer. Over one billion dollars were handed out to producers of certain products for not raising those products. These checks went to fewer than half the farmers of our country, and certain classes of farmers were penalized in order to assist other farmers, just as certain sections of the country benefited at the expense of others. The benefit payments also varied from more than $1,000,000 to certain large sugar corporations and payments running into hundreds of thousands to large plantation owners, down to a few dollars to the small farmer, tenant, and share cropper. The whole philosophy underlying this administration's farm program is to raise prices by producing less. Because of the restriction of production and limitation of acreage, food prices advanced 40 percent and the small-salaried people in the country suffered for want of food. Over 6,000,000 pigs, 1,000,000 cattle, and 2,000,000 sheep were destroyed, while imports of these products enormously increased, thereby destroying the American farmer's domestic and export markets, with the balance of trade against us. Today more foreign products and commodities produced and manufactured by cheap labor abroad are being imported than we are exporting American products grown on American farms and produced in American factories.

Personally I have never yet understood how we expected to get rich by sitting down and doing nothing. All the wealth of the world comes from labor and production, but after the advent of the New Deal we changed our philosophy and decided we were suffering from surplus and overproduction, though anyone who has traveled over our country realizes there are thousands of people who are suffering from maldistribution and underconsumption. In fact, the President himself, after 4 years of New Deal experimentation, informs us that one-third of our population is ill-clothed, underfed, and poorly housed. And the New Dealer proposes to house, clothe, and feed these unfortunate citizens by knocking pigs in the head, killing cattle, plowing under cotton, producing a scarcity, and raising the prices of commodities so high that the common laborer and "forgotten man" cannot purchase what he actually needs.

There is no logic, common sense, or consistency in the agricultural program of this administration when the Secretary of Agriculture spends $1,000,000,000 in taking 36,000,000 acres of good, tillable land out of cultivation, while the Secretary of the Interior spends hundreds of millions of dollars in opening 1,600,000,000 acres of new land in the arid West on irrigation and reclamation projects that have never been in cultivation before.

Not only has this silly, idiotic, and destructive policy robbed the American farmer of his export markets but it has decreased domestic consumption of farm products by advancing prices. Any housewife can tell you of the tremendous increase in the cost of living. The "brain trust" preached the abundant life, and in order to bring about its fulfillment they advocated a philosophy of scarcity which has produced misery.

The farmer always should remember that before he receives his Government check, or any benefit, he must first surrender his liberty and submit to the arbitrary control of the Secretary of Agriculture.

The President says that he wants a farm bill passed in order to give the farmers higher prices for their commodities. That is a laudable purpose and helpful to the farmer if the farmer did not have to surrender his freedom in advance. Under the terms of this act the farmer is made a slave to the Department of Agriculture that issues bureaucratic orders from a centralized government in Washington. Jefferson said, "Were we directed from Washington when to sow and when to reap, we should soon want for bread."

When I was a small boy I drove a pair of jennies to a little wagon. I remember going out in the pasture of a morning with an ear of corn in front of me while holding a halter in the other hand back of me to coax those little jennies in order to get the halter on them. The ear of corn was so tempting that they could not resist taking a free bite. When they came up to get the corn I put the halter on them and got them in the harness and hitched them to the wagon. We would start up the hill with a heavy load. As

the collars rubbed their shoulders raw and the traces took the hair from their sides, I would throw the blacksnake in their flanks and the ear of corn did not taste half as good on the hillside as it did down in the pasture.

The method of this patronizing, paternalistic New Deal government is the same as the method employed by every benevolent despotism from the Pharaohs of Egypt down through the Caesars, through Machiavelli to the present hour. This legislation will make the Secretary of Agriculture a czar who holds out a sop to the people in order that he can put the halter on them to work them in the harness as he sees fit. Whatever program of aid is offered to the farmer must leave him a free man instead of rendering him a serf, subject to the direct control of a bureau in Washington.

The third piece of legislation the White House has ordered for the special session to consider is the reorganization bill, which would bring all boards, bureaus, commissions, and Government agencies with quasi legislative and quasi judicial functions to perform under the complete control and dominance of the Executive. The President could consolidate, abolish, increase, or decrease at his own will these agencies which would lose the last vestige of independence they now possess. Realizing the danger of such an extraordinary proposal and the dictatorial power which such a reorganization would grant to the President, the Democratic leadership in the last session of Congress sidetracked this legislation and appeased the President by voting him six chamber boys whose chief duties will be to run errands at salaries of $10,000 per year, but who, no doubt, will be used for political and propaganda purposes. While many alphabetical agencies of our Government today need to be abolished, certainly no one would want to see the Federal Power Commission, the Federal Trade Commission, the Interstate Commerce Commission, the Securities and Exchange Commission, the Federal Communications Commission, and other similar departments brought under the control of the Executive. If this bill should become law, then the President of the United States could set up a censorship of the press, the radio, and the movies until we should have a Joseph Goebbels in this country to tell us how we shall worship our own God, if allowed to worship one at all. I am afraid He has not been worshipped much recently. Whatever the purpose of this particular legislation is, the result is absolutely certain, namely: The concentration of more power in one man at Washington.

The fourth piece of "must" legislation which the President has demanded of the special session of Congress is the enactment of the seven regional T. V. A.'s bill. In 1933 the New Deal set up the T. V. A. down in the Tennessee Valley, a barren, wild waste, sparsely populated, the soil badly eroded, with only a few industries, undeveloped. They are going to construct 11 dams down there. No one knows how much it will cost. They told us first it would be $100,000,000, but it is now evident it is going to be between five and six hundred million, and before the Tennessee Valley alone is fully developed, with the construction of dams, along with the improvement of navigation and flood control, the prevention of soil erosion, and conservation of forests, it will cost the American taxpayers around $1,000,000,000.

In order to overcome constitutional objections, these dams were constructed in the name of flood control and the improvement of navigation, but the great and outstanding purpose and the chief interest is the development, distribution, and sale of hydroelectric power. At first much of this power was sold below the cost of production, and many private utility companies were driven out of existence because of this subsidized Government activity that is paid for by all the citizens of our Nation. A false yardstick was established, which made it impossible for private enterprises that pay taxes, insurance, and interest to compete with the Government. Much of the cost of these dams was charged off to flood control and navigation, but very little was charged off to power.

After building these dams, Mr. Ickes even made grants and gifts to towns up to 45 percent of the cost of municipal steam generating plants, loaning the remainder of the money to the municipalities at 4-percent interest, to cripple the efficiency, the growth, the credit, and in the end to destroy privately owned utilities. Later the holding-company bill, with its death sentence, further crippled and embarrassed private business.

Now the fourth and final blow is being struck. That is the bill calling for the establishment of seven regional Tennessee Valley authorities, blanketing the Nation with public power companies under Government regulation, managed by politicians who are willing and anxious to destroy the private utilities of this country.

I hold no brief for the mistakes, nor do I condone the wrongs of certain holding companies in the past, but I still believe in a system of free competition, without the American taxpayers being destroyed by the Government they support. The seven T. V. A. authorities to be established throughout the Nation are not at all comparable to the Tennessee Valley. For instance, the 17,000,000 people in the Ohio Valley that is richly developed, both agriculturally and industrially, have all the power they need. Why should the Government duplicate those lines? It might give the citizens in that area better electric rates, but it will pile enormous taxes upon them that will overcome any saving they might have, and if the private utility industry in the United States is destroyed, it will throw out of employment many of the 250,000 employees, good honest American citizens, who are entitled to a decent living. It will dry up the source of taxation that amounts to $250,000,000 a year that goes to the support of the Government itself. It will likewise destroy billions upon billions of dollars of the 4,000,000 American investors, most of whom are not plutocrats nor bloated businessmen, but the great middle class of people who have invested their savings in this great American industry. This is nothing more than socialization of industry, and when you socialize one industry it leads to the socialization of another. Perhaps we shall have socialized medicine next, where you will not be able to choose your doctor and the doctor will not be able to choose his patients. If the reorganization bill would give the President control over the transportation of this Nation, then this regional T. V. A. plan would give him control over the light and power industry in the Nation. Such regimentation of industry and such concentration of power one can find only in Soviet Russia.

Our opponents, and even some uninformed Republicans, ask us for constructive criticism and for an affirmative program. Here it is:

In the first place, the Republican Party should refuse to sidestep, pussyfoot, or evade the big issues now before the American people and should wholly and uncompromisingly repudiate the underlying fundamental, paternalistic philosophy and the idiotic socialistic economic theories of the New Deal. New Dealism believes in the maximum degree of government and making the State supreme. Republicanism accepts the American doctrine as enunciated by Thomas Jefferson, that "that government is best that governs least," and gives the individual the greatest degree of liberty. We should pledge ourselves to halt the concentration of power in a Federal bureaucracy, and restore the American system of an indestructible union of sovereign independent States, insisting upon State rights and local self-government. This was the philosophy of Lincoln as well as Jefferson.

Secondly, Congress should take back the powers it has granted to the President, under the cry of emergency, and cut the cost of government to the bone by actually abolishing the New Deal alphabetical agencies and discharging a vast army of political parasites who are not needed for the useless tasks they perform today. We should insist upon balancing the Budget, not so much by increasing taxation but by a drastic reduction in useless and unnecessary Government expenditures.

As always in the past, we should now insist upon sound money and an honest dollar, establish our fiscal affairs upon a firm and fixed basis, and put an end to the constant tinkering with the currency and the flirtation with inflation.

We should continue to oppose the League of Nations, the World Court and every movement that will embroil us in foreign wars. In 1920 Mr. Roosevelt, as the Vice-Presidential nominee on the Democratic ticket, went from one end of the country to the other advocating the League of Nations. He was an internationalist then and he is an internationalist now. As late as 1935 he brought all his influence and the power of his great office of the Presidency to bear upon the United States Senate to enter the League of Nations by the back door of the World Court. Only because of the untiring efforts of Senators BORAH and JOHNSON was that scheme defeated. We do not want Mr. Roosevelt to police the world, and no one man should have the power to declare for war or peace, a right which belongs to the Congress and to the people themselves.

We should take politics out of civil service, and adhere to the merit system in the selection of Government employees.

We should preach a doctrine of plenty rather than scarcity, and assist agriculture not by reducing production, since all wealth is the result of production, but continue the low rate of interest on the farmer's indebtedness, reduce taxes on real estate, teach him diversification of farm activities, develop and expand both our domestic and export markets; discover through scientific research new uses for farm products, and give him, as we have given labor and industry, a tariff high enough to prohibit the importation of commodities which can be produced within the confines of our own country.

We should immediately take the Government out of competition with private enterprise; free business from the shackles that now enslave it, and compel the Government in its building program to submit to the same rules and regulations imposed upon private business while completing the work it already has undertaken. Certainly we should not strangle the life out of business while at the same time demanding that business itself solve the great problem of unemployment.

We should establish common honesty and decency in government by carrying out the assurance that the Government will no longer violate the sancity of contract, but will keep its word with its own citizens.

We should advocate only a reasonable, workable, and constitutional social security program, embracing old-age pensions and unemployment insurance, assisting dependent children, helpless cripples, the blind and maternal welfare. The taxes paid by the American people for these specific purposes should be kept in a sacred trust fund, as the law requires, and not be illegally diverted by this or any other administration for any other purpose. Nearly $1,000,000,000 that the New Deal has collected this year under the social security program has been applied to the current expenses of the Government. This amounts to little less than thievery.

We should immediately insist that the administration of relief be returned to the various States and local communities. By so doing we should cut the cost of administration in two, by discharging the thousands of relief authorities who are now drawing good salaries for doing nothing, and the people who are really suffering would receive more than they now get.

We should plead with the American people to remember with some pride the old-fashioned virtues of their fathers, to develop

once more the spirit of individual self-respect and self-reliance, and instead of idleness and destruction to practice the homely virtues of thrift and industry.

We should never allow an able-bodied American citizen who is willing to work to go hungry, but we should lay down the law that he who can work and refuses does not eat.

Above all else, we should affirm our undying faith in the Supreme Court and pledge our lives, our fortunes, and our sacred honor to the preservation of the Constitution of the United States. On different occasions I have taken the oath to uphold, protect, and defend that sacred document. In my present office I have a vow in high Heaven to defend it. So has the President of the United States. I declare unto you, and do so deliberately that any public official, whether he be potentate or pauper, whether he be President or police judge, who has taken that solemn oath in the presence of God and his fellow countrymen, who has sealed that oath with his lips on the Holy Bible, and who then ignores or deliberately violates it, that official, regardless of race, party, or creed, is guilty of treason, deserves impeachment, and should receive the eternal opprobrium of his fellow countrymen.

These principles enunciated are sound and progressive which all Americans can accept. They should appeal to both age and youth. Today there is closer affinity between the Republican and Democratic Parties than there is between Democrats and New Dealers. Not as partisans but as patriots all the lovers of liberty will rise in their might to make our Government the servant and not the master of men.

I cannot close this address with sounder advice than was once written long before the advent of the New Deal by John Stuart Mill, one of the greatest political philosophers of all time, when he said: "A people may prefer a free government; but if from indolence or carelessness or cowardice or want of public spirit they are unequal to the exertion necessary to preserve it; if they will not fight for it when directly attacked; if they can be deluded by artifices used to cheat them out of it; if by momentary discouragement or temporary panic or a fit of enthusiasm for an individual they can be induced to lay their liberty at the feet of even a great man, or trust him with power which enables him to subvert their institutions—in all these cases they are more or less unfit for liberty."

Some Unusual Effects of the Federal Surtax on Undistributed Profits

EXTENSION OF REMARKS

OF

HON. EMANUEL CELLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 17, 1937

Mr. CELLER. Mr. Speaker, I herewith set forth the various means, through the "dividends paid credit" and without reducing cash resources, that corporations may avoid payment of the Federal surtax on undistributed profits. I have been greatly aided in the preparation of this statement by Prof. D. E. Casey, noted economist on the faculty of Georgetown University. The data on which this statement is based has been gathered after a great deal of research by myself and Professor Casey. Most of the information has been obtained from the files of the Securities and Exchange Commission. A careful study of the unusual effects of the surtax and undistributed-profits tax reveals the difficulties and dangers besetting the various corporations subject thereto. It is readily discernible that this tax becomes a matter of confusion worse confounded.

In general, there are four methods by which that end can be accomplished, namely: (1) Payment of dividends in stock of the corporation (such dividend must be taxable to the recipient); (2) payment of dividends in obligations of the corporation; (3) payment of dividends in assets other than cash; (4) sale of additional stock to provide funds for the payment of cash dividends to reimburse the treasury for cash dividends already paid.

Thus far the most common means of avoiding the undistributed-profits tax without the payment of cash dividends has been the distribution of stock dividends. The amount of credit that can be claimed for a stock dividend is the fair market value on the date of payment. Rights to purchase new stock are treated the same as stock dividends. It should be kept in mind that a corporation is entitled to the dividends paid credit only if such stock dividend is taxable to the stockholder. Pursuant to a Supreme Court decision stock dividends are in general deemed to be taxable if they change the proportionate interest of the stockholder in the company. For example, a dividend payable in common stock to holders of common stock is not taxable, for, of course, it does not change the interest of such holder in the corporation and therefore the corporation cannot claim this payment as a dividend credit. An exception to this is that if the stock had previously been issued and held in the treasury—as a result of reacquisition or otherwise—the stock distributed would then be regarded as taxable to the recipient. Such stock is considered for tax purposes as an asset of the corporation, and the dividend payable therein a dividend payable in property.

A method of paying a stock dividend and at the same time avoiding the undistributed-profits tax is for a corporation to offer stockholders the option of taking cash instead of stock. In that event the stock dividend becomes taxable and the corporation can take advantage of the dividend credit. This is true even if no stockholder chooses the cash option. Furthermore, relationship of the cash offer to the value of the stock dividend apparently has no bearing on the matter. In actual practice the cash offer has usually been substantially less than the value of the stock dividend when payable in common stock. For instance, at the respective dates of declaration of optional dividends by American Seating Co. and General Refractories Co. the cash option was worth about 25 percent less than the stock dividend. In some other cases the spread was even wider. In almost all cases where figures were available it was found that the holders of only a small proportion of the stock took a cash dividend in preference to a common-stock dividend, generally less than 20 percent. Where the dividend was payable in cash or preferred stock the ratio of the cash distribution was usually higher. By having the optional dividend underwritten a corporation, of course, could protect itself against the necessity of distributing cash. There would naturally be expenses for commissions and for registration under the Securities Act in event of a public offering of the stock taken up by the underwriters. The Greyhound Corporation, which negotiated an underwriting for an optional dividend payable in cash or preferred stock, is the only example that could be found in this connection.

Another type of stock dividend which is taxable is a dividend on the common stock payable in the preferred stock of the corporation. However, if a corporation has had only one class of stock outstanding and declares a dividend in an issue of preferred stock created for purposes of the dividend, there is considerable doubt whether such dividend would be taxable, as it could be held that such a dividend did not change the proportionate interest of the stockholders in the company. In three cases at least—Caterpillar Tractor Co., California Packing Corporation, and Soundview Pulp Co.—this question was surmounted by making the first dividend payable in the newly created preferred stock or cash. In each instance a subsequent dividend was paid in preferred stock without the cash option.

Still another kind of stock dividend for which a credit can be claimed is a dividend on preferred stock payable either in preferred stock or common stock. Such dividends are paid usually to liquidate arrears. The undistributed-profits tax has been a stimulus to corporations to rid themselves of accumulations of preferred dividends not only in order to eliminate, through an exchange for new stock, sinking fund, and other provisions of the old issue which handicap the corporation in payment of cash dividends, but also to take advantage of dividend credits by means of payment of arrears in stock.

With reference to the second method listed above, the payment of dividends in obligations has been used by only a few large corporations, but has been the refuge of a number of small ones. If repeated often the soundness of this method would appear to be open to question. Dividends of this type are credited at the principal amount of the debt issued or its fair market value, whichever is less. If the fair

market value is less than the principal amount, the difference, subject to adjustments for discount taken as a tax deduction for the year of issue, and so forth, may be used as a dividends paid credit in the year the debt is paid off.

With respect to the third method to avoid the undistributed-profits tax—that is, by distribution of assets other than cash. Only a few corporations have done this, at least primarily for that purpose. Several companies during the past year and a half have made such distributions, but for some other purpose, although, of course, they have been entitled to the benefit of dividend credits therefor. With respect to such distributions credits must be taken at the fair market value of the property or the "adjusted basis," whichever amount is the smaller. The "adjusted basis" is the one on which a taxable gain or loss is computed when property of the corporation is disposed of.

The fourth method listed above, that of the sale of additional stock to provide funds for cash dividends, was the answer of the Government to the argument that payment of dividends forced by the undistributed-profits tax would impair the cash resources of the corporation. During the past year a number of companies have sold additional stock to provide funds for the payment of cash dividends or to reimburse the treasury for dividends paid. Usually funds for other purposes have been raised at the same time. An underwritten stock issue, of course, has the advantage over an optional dividend in that it insures the corporation against any cash outlay except for the expenses of the issue. However, for a small corporation, such expenses are usually heavy because of the high rate of commission it is necessary to pay the underwriters. More often the high expense involved is prohibitive.

Below are given examples of dividends that have been paid in a medium other than cash in order to avoid the undistributed-profits tax. They are grouped together according to the type of dividend. Where a statement by the corporation with respect to the dividend is available, the parts thereof pertinent to the tax are quoted. All dividends are on the common stock unless otherwise stated.

Below is a list of companies that during the past year have sold additional stock to provide funds to pay dividends or to reimburse the treasury for dividends paid.

DIVIDENDS PAID ENTIRELY IN STOCK

Bellows & Co.: In March 1937 paid a dividend on the class A stock of 50 cents in class A stock, and on the B stock a dividend of 75 cents, payable in class A stock.

Bon Ami Co.: Paid in December 1936, 2 percent in common A stock on the common A stock, and 1 percent in A stock on the B stock. The stock distributed was reacquired stock.

Bonwit Teller, Inc.: The following with regard to the stock dividend paid by this company is quoted from a letter to stockholders:

> In the event the proposals referred to in the notice of meeting aforesaid are approved by the stockholders, your board of directors proposes in order to avoid payment of surtax on undistributed net earnings to declare a dividend payable prior to January 31, 1937, of three-tenths of a share of said 6-percent preferred stock on each share of common stock then outstanding.

The preferred stock is $10 par, representing a 10-for-1 split-up approved at the stockholders' meeting referred to above.

California Packing Corporation: Dividend of ten two-hundredths of a share of 5-percent cumulative preferred stock—$50 par—for each common share held paid in February 1937. For previous optional dividend see optional dividend list.

Caterpillar Tractor Co.: Dividend of six two-hundredths share of 5-percent preferred stock—$100 par—paid in December 1936. For previous optional dividend, see optional-dividend list.

Chesapeake & Ohio Railway Co.: In January 1937 a dividend of $2 a share was paid in new 4-percent preference stock—$100 par. A letter to stockholders dated October 7, 1936, stated:

> Under the 1936 Revenue Act, a corporation is taxed heavily to the extent it does not distribute its annual earnings by way of dividends. Notwithstanding the excellent operating condition of the company's physical properties, substantial amounts are required to be expended each year for additions and betterments, and it has been the policy of the company to provide such expenditures in part from current earnings. The declaration of cash dividends to the extent of the company's entire earnings would deprive the company of this advantage and necessitate increased public financing. The availability of the proposed preference stock would not only provide the company with an additional medium of financing for its general corporate purposes but would enable your board of directors, when deemed desirable, to supplement cash dividends to the common-stock holders with stock dividends payable in the preference stock, thus making available to the company for its capital requirements a part of its current earnings and at the same time giving to its stockholders an additional dividend return.

Whether the company will be able to use this stock dividend paid in January as a dividend credit appears to be a question, as at the date of the dividend only the common stock was outstanding. It is understood, however, that the company is not now relying on the foregoing dividend as a dividends paid credit. On the other hand, any future dividends payable in the new preference stock can seemingly be so used.

Cooper-Bessemer Corporation: To liquidate arrears on the preferred stock a plan was put through in 1936 which involved a share-for-share exchange for $3 prior preference and a dividend of six-tenths share of common and 50 cents in cash on the new stock to pay off the arrears on the old preferred. The following is taken from a letter to stockholders dated November 3, 1936:

> The company is advised by its counsel that the stock dividend of six-tenths of a share of common stock to be paid on the new $3 prior-preference stock will represent taxable income to the recipients under the Federal income-tax law in the same manner as dividends generally are taxable. If the plan be declared operative before December 31, 1936, it is proposed to pay in this year the cash dividend of 50 cents per share and one half of the stock dividend of six-tenths of a share of common stock and to pay the other half of such stock dividend in 1937, thus distributing over 2 years the recipients' income-tax liability in respect thereto. By the dividend payments in 1936 the company may accomplish a saving of as much as $80,000 in surtaxes imposed by the Federal Revenue Act of 1936 upon undistributed profits for 1936, which saving will inure to the benefit of all shareholders.

According to the provisions of issue, dividends on the new prior preference in 1937 and 1938 may be paid in common stock and the semiannual dividend in 1937 was so paid.

Falstaff Brewing Corporation: A dividend of $1.50, payable in 6-percent convertible preferred stock, was paid on the common stock in December 1936. Some of this preferred stock had previously been issued.

Fidelity Investment Association: Dividend of 50 percent in 5-percent participating preferred stock ($100 par) was paid on the common stock in December 1936. The preferred stock had previously been outstanding.

General Acceptance Corporation: Paid in 1936 on class A and common one-tenth share of $1.50 preferred stock (no par). Shares of preferred stock had been outstanding prior to the dividend.

General Alloys Co.: Company is offering holders of class A preferred in settlement of arrears of $4.20 a share, $1 in cash and a warrant expiring in 1939 to buy 1 share of common, at $5.

Gosnold Mills Corporation: Stockholders in November 1936 approved plan to liquidate $27 arrears on 6-percent preferred through distribution of $2 in cash and 1 share, 5-percent prior preference (par $25). The company had stated that unless such a plan were adopted the tax on undistributed profits would more than double the tax bill.

Graton & Knight Co.: In 1936, $40.25 arrears on 7-percent preferred stock liquidated through distribution of $4.25 in cash and 1 share, $1.80 prior preference.

Heywood-Wakefield Co.: In the latter part of 1936 a plan of recapitalization was effected whereby first preferred stock was exchanged for equal par amount of 5-percent debentures and arrears of dividends of $47.25 per share were liquidated through payment of $22.25 in cash and 1 share of new series B preferred stock ($25 par). The second preferred stock was exchanged for four shares of series B preferred and arrears of $50.75 per share were liquidated through pay-

ment of 75 cents in cash and 2 shares series B preferred. The 1936 report stated:

In the computation of Federal taxes the company has deducted as dividends paid credit the amount of the cash paid and stock dividends issued December 15 on account of arrearages on both classes of preferred stock, resulting in the complete elimination of any surtax on undistributed profits under the 1936 Revenue Act.

Hickok Oil Corporation: In June 1937 paid on the class A and class B common $1 in 5-percent preferred (par $25). The preferred was outstanding prior to the dividend.

Kinsey Distilling Co.: In 1936 paid one-fifth share of prior preferred stock in settlement of arrears on the preferred stock.

Kobacker Stores, Inc.: In 1936 paid on the preferred stock $1.75 in cash and one share common (no par value) in liquidation of $22.75 arrears.

S. H. Kress & Co.: A dividend of 50 cents a share in special preferred 6-percent stock was paid May 1, 1936. Purpose of declaring dividend in this form not announced. This stock dividend was a charge against surplus of only $587,956, as compared with total dividends of $5,118,545. The special stock was not a newly created issue.

Marchant Calculating Machine Co.: In January 1936 distributed to preferred-stock holders one-fourth share common on account of arrears.

Mead Corporation: Liquidated in 1936 arrears of dividends of $19.50 a share on $6 preferred through distribution of $4.50 in cash and one share common. The following is taken from the letter to stockholders dated October 10, 1936:

You are doubtless informed as to the recently enacted provisions of the Federal Revenue Act of 1936, imposing heavy surtaxes upon the portion of net income not distributed during the taxable year in the form of taxable dividends. At this time it appears that the earnings of the company for the current taxable year will be sufficient to clear up the accumulated dividends on the cumulative preferred stock, series A, but in the opinion of the management it is inadvisable from a working-capital standpoint to pay the entire accumulation in cash. The method suggested in the proposed amendment will, in the opinion of counsel for the company, enable the company to obtain a dividend credit in the amount of the cash dividend plus the market value of the common stock distributed and result in a substantial tax saving. At the same time the working capital of the company will not be impaired.

H. A. Montgomery Co., Inc.: Declared a dividend of one-fortieth share of common payable September 30, 1937. As the dividend is being paid out of reacquired stock held in the treasury, it seemingly can be used as a dividends-paid credit.

National Gypsum Co.: In 1936, $2.50 a share in 5-percent second preferred stock ($20 par) paid on class A and B common. The following is from a statement by the company:

The payment in stock will permit the company to retain its earnings in the business without subjecting itself to heavy taxes and thereby provide funds for necessary improvements and working capital without additional financing.

Tax experts have advised that this method of payment complies with purpose of the Revenue Act of 1936 and, the dividends being taxable income to the recipient, should eliminate necessity of the company paying out about $100,000 as a tax on undistributed profits, provided the stock is authorized and in stockholders' hands before the year closes.

National Manufacture & Stores Corporation: In April 1936 put through a recapitalization plan which involved exchange of old preferred for new $5.50 convertible preferred, on which for the first 3 years dividends are payable in cash or common stock. Dividends so far have been paid in common.

National Pumps Corporation: In December 1936 paid dividend of one-tenth share convertible preferred—$10 par—for each share common. The preferred was a newly created issue, but just prior to the dividend a block of the shares was sold to an underwriter.

New York Trap Rock Corporation: Arrears on the $7 preferred stock to December 31, 1936, were cleared up through distribution on January 1, 1937, of $6 per share in treasury preferred stock valued at $100. The 1936 annual report in this connection stated:

Heavy Federal taxes upon undistributed earnings made it wise, in the opinion of your directors, to arrange for the settlement of preferred stock dividends to December 31, 1936, and the payment of a dividend of 25 cents per share upon the outstanding common stock. Provision for such payments was accordingly made, partly in cash and partly in treasury preferred stock.

Parkersburg Rig & Reel Co.: In December 1936 a dividend of 0.024375 of a share of $5.50 preferred stock was paid on each share of common. The preferred stock had previously been outstanding.

Patchogue-Plymouth Mills Corporation: Paid in December 1936 three shares of 3-percent preferred stock—par $1—for each share common. The preferred was a recently created issue, but an offering of the shares was made to stockholders prior to the dividend.

Republic Investors Fund: In December 1936 distributed for each 80 shares held, 1 unit—consisting of 1 share 6-percent preferred ($10 par) and 1 warrant to purchase common stock.

Safeway Stores, Inc.: In December 1936 paid $2 a share in 5-percent preferred stock—$100. There was outstanding at the time 6-percent and 7-percent preferred ranking equal with the new preferred. The following is quoted from a letter to stockholders dated November 9, 1936:

Two considerations led your directors to the conclusion that such a dividend is desirable from the point of view both of the company and its stockholders. The company's sales are running at an average of approximately $6,500,000 per week in 1936, as compared with approximately $5,650,000 in 1935 and approximately $4,650,000 in 1934. This increasing volume of sales, coupled with the fact that rising prices require a larger investment in inventory, make it desirable to retain a substantial part of the company's earnings as additional working capital. On the other hand, the Revenue Act of 1936 imposes a heavy surtax on the net earnings of corporations not distributed in taxable dividends to the stockholders. The company is advised by counsel that the earnings of the company distributed as this dividend will not be subject to the surtax under the provisions of the revenue act relating to dividends paid credit, for the reason that the market value of the 5-percent preferred stock received by the common-stock holders will constitute taxable income to them to the same extent as though they had received cash equal to the market value of the preferred.

Schenley Distillers Corporation: $2.50 a share paid in 5½-percent preferred stock in December 1936. The preferred was of the same class as already outstanding. The following are the comments in the 1936 report regarding dividends:

The initial dividend on the company's common stock of 75 cents per share declared on June 16, and the subsequent declarations of like amounts on September 18 and November 20, were fixed with a view of establishing $3 as the annual dividend rate on the company's common stock. However, the enactment of the tax on undistributed corporate profits made it advisable to accelerate a dividend of 75 cents per share, which normally would have been payable in January 1937, and also to declare an extra dividend, payable before the year's end, of $1.50 in cash and one-fortieth of a share of the company's authorized unissued 5½-percent cumulative preferred stock for every share of common stock outstanding. The future dividend policy of the company will, of course, depend upon the company's earnings, business requirements, and the tax situation.

Securities Acceptance Corporation: In December 1936 paid 50 cents a share in 6-percent preferred stock, $25 par. Some of the preferred stock had previously been outstanding.

Simmons-Boardman Publishing Corporation: In December 1936 liquidated arrears of $16.50 on $3 convertible preferred through distribution of $1 in cash and one-third share of the $3 preferred. The preferred used as a dividend had apparently been held in the treasury.

Soundview Pulp Co.: Paid in December 1936 a dividend of five two-hundredths of a share of 6-percent preferred stock for each share common. Had previously paid optional dividend. See optional-dividend list.

Southern Pine Chemical Co.: Liquidated $12 arrears on the preferred through distribution in December 1936 of $2 in cash and one share common.

Thermoid Co.: A plan to liquidate arrears on the preferred put into effect in 1936 involved an exchange for new preferred stock and a stock dividend of three shares of common on the new preferred, of which one share was paid in December 1936 and the balance this year.

United Printers & Publishers, Inc.: Plan of recapitalization put into effect this year included the liquidation of $12 a share arrears on the preferred through distribution of $1.25 in cash and two shares common. The company in

proposing the plan stated that surtax for year ended February 28, 1937, would be $46,000 unless a dividend were paid. Payment could not be made in cash because agreement with bank creditors required any increase in working capital to be applied to retirement of debt.

DIVIDENDS PAID AT OPTION OF STOCKHOLDER IN CASH OR STOCK

Alaska Pacific Salmon Co.: In December 1936 paid one share new 5-percent preferred stock, $20 par, for each five shares common or three-fourths share preferred and $5 cash. About 75 percent of the stock took the second option.

American Seating Co.: Stock dividend of 10 percent or $2 in cash paid in December 1936. As of the expiration date for giving notice of election the stock dividend was worth about $2.30. Ninety percent of the stock chose the stock dividend. The following is quoted from a letter to stockholders:

This dividend was declared in the manner indicated with the view toward minimizing liability for undistributed-profits tax and at the same time conserving the company's resources to the extent that the shareholders elect to take stock. In that regard we have been advised by our tax counsel that where stockholders are given such an option the corporation is entitled to take credit in determining earnings otherwise subject to undistributed-profits tax, for stock payments as well as cash. To the stockholders in turn the dividend will form part of their own income whether taken in stock or cash.

Baldwin Rubber Co.: Declared dividend payable September 20, 1937, of $1.15, or ten sixty-fifths shares. At the expiration date for giving notice re option the stock dividend was worth about $1.75.

Bellows & Co.: In March 1937 paid on class A stock 25 cents in cash or in class A stock, par $10. Information as to percentage taking stock not available. However, the stock dividend was worth about 40 cents.

Berland Shoe Stores, Inc.: Paid in January 1937, $1.25 in cash or one share for each $12.50 worth of dividends. Information as to the division between cash and stock dividends not available.

California Packing Corporation: Optional dividend of 50 cents in cash or in new 5-percent preferred, $50 par, or part cash and part preferred paid in January 1937. This dividend resulted in the distribution of $312,986 cash and $169,550 par amount of stock. For subsequent dividend payable only in stock see stock dividend list. The following is quoted from a letter to stockholders dated November 30, 1936:

The Federal tax law of 1936 imposes a graduated tax, ranging from 7 percent to 27 percent, upon the undistributed earnings of corporations. Unless the corporation distributes its earnings for the year to its stockholders it will be compelled to pay a tax on its undistributed earnings. The volume of business transacted by the corporation during the present fiscal year to date shows a considerable increase over that of the same date last year, and in view of this and our outstanding debentures it is deemed essential that the working capital be increased. At the present time profits for the year cannot be determined, but it is anticipated they will exceed the normal dividends.

The corporation has been advised that if preferred shares are created and thereafter a dividend is paid to its common stockholders payable in the alternative at the option of each stockholder either in cash or preferred shares, and if thereafter a further dividend is paid to the common stockholders in such preferred shares, both of these dividends will comply with the prerequisites of the Federal tax law of 1936 as to distribution and the corporation will receive credit therefor in the same manner as though cash had been distributed. The amount of preferred stock to be issued as dividends will depend upon the amount of earnings in excess of dividends paid during the year.

Philip Carey Manufacturing Co.: The following is quoted from the press of November 28, 1936:

In order to save an estimated surtax of around $50,000 on 1936 undistributed earnings and, at the same time, conserve working capital, directors propose to pay the dividend accumulations before December 31 by means of one-fifth share of new 5-percent preferred stock of $100 par value plus $1.50 in cash for each 6-percent share outstanding, or under a second option, by paying $19.50 in cash.

Holders of 81 percent of the 6-percent preferred accepted the new 5-percent preferred.

Carib Syndicate, Ltd.: The following is quoted from a letter to stockholders dated May 6, 1937:

In view of the fact that the sale of the Colombian Petroleum Co. stock may result in a taxable gain to your company, your directors have decided, in order to minimize the undistributed-profits tax, to declare a dividend payable on June 7, 1937, to stockholders of record at the close of business on May 14, 1937, as follows:

In cash at the rate of 50 cents for each share of stock held on such record date; or

At the option of the stockholder (exercisable only as set forth below), in common stock of the company at the rate of one-quarter of one share for each share of stock held on such record date.

On the expiration date for advising company as to the option, the stock dividend was worth 46 cents. Figures have not been published as to the proportion of stockholders taking either option.

Caterpillar Tractor Co.: Optional dividend paid in November 1936 of 50 cents payable in cash or in new 5-percent preferred stock ($100 par) or part in each. A total of $573,064 in cash and $368,056 par amount of preferred was distributed. For subsequent dividend payable only in stock see previous list. The following is quoted from letter to stockholders dated September 29, 1936:

The Federal tax legislation of 1936 imposed a graduated tax upon the undistributed earnings of corporations, the top bracket of which graduated tax is as much as 27 percent of such earnings. Unless your company makes a very substantial distribution to its shareholders, it will be compelled to pay a very large tax on its undistributed earnings. The business of your company is at the present time active and increasing and it is essential on that account that the working capital of your company be increased. If a substantial distribution in cash be made, either such working capital will be decreased or it will be necessary for your company to incur a large bank indebtedness. Obviously, either course would be most disadvantageous to your company and in turn to yourselves.

Your company has been advised that if preferred shares are created, and thereafter a dividend is paid to its common shareholders, payable in the alternative at the option of each shareholder either in cash or preferred shares, and thereafter a further dividend is paid to the common shareholders in such preferred shares (this second dividend containing no cash option) both of these dividends will comply with the prerequisites of the Federal tax legislation as to distributions and that your company will receive credit therefor in the same manner as though cash had been distributed.

Early & Daniel Co.: Optional dividend of $2 cash or one-tenth share of common paid in May 1937. The stock dividend was worth about $3. No information is available as to distribution as between stock and cash.

Federal Mogul Corporation: In October 1936 paid $1.60 in cash or one-tenth share of common. The stock dividend was worth about $2.10. Holders of 97 percent of the stock chose the stock dividend.

General Plastics Inc.: Paid in November 1936, $1.25 and in 1937 to date $3 in cash or 6 percent preference stock ($25 par). Previously had paid 50 cents in preference stock without cash option. No further information available.

General Refractories Co.: In June 1937 paid $2 in cash or one twenty-fifth share common for each share held. At expiration date for advising company as to option the stock dividend was worth about $2.35. Holders of about 88 percent of the stock chose the stock. The following is from the letter to stockholders dated May 21, 1937:

The reason for this optional dividend is taxation. On July 1, 1937, the company's outstanding bonded indebtedness will have been reduced to $2,250,000. To redeem these bonds out of earnings during the current year would cost the company approximately $460,000 in Federal surtax on undistributed profits. We are advised by counsel that in its opinion the payment of such an optional dividend renders the entire dividend taxable as income to the stockholders (the value of the stock distribution being computed at the market value existing on the date of distribution), and permits the company to the extent that stockholders elect to take stock to apply an equivalent amount of net earnings for the current year to the further reduction of its outstanding bonded indebtedness without thereby incurring additional tax. If the earnings of the company during the balance of the year justify it, and the plan finds favor with the stockholders, the management proposes to declare similar dividend in the fall, in this way reducing to a nominal amount the company's outstanding bond issue, or possibly even permitting its retirement in full. As the cash retained will be used to pay off the company's outstanding bonds, no substantial dilution will result from the issuance of additional shares, as the interest saved on bonds redeemed will allow a substantial dividend on the new stock.

Gleaner Harvester Corporation: In December 1936 paid $2.50 in cash or one-tenth share common stock. The stock

dividend was worth about $3.25. Holders of 82 percent of the stock took the common. The company is controlled by Commercial Credit Co.

Goldblatt Bros., Inc.: For a number of years has been paying optional dividends in cash or stock. Present regular quarterly rate, 60 cents in cash or one-fiftieth share of common. At present quotations the stock dividend is worth about the same as the cash dividend.

Greyhound Corporation: Paid dividend in December 1936 of 75 cents in cash or in 5½-percent preference stock—par $10. The dividend was underwritten. Eighty-one percent of the stock was taken by the stockholders and the balance sold to underwriters at par. The following, taken from the order of the Interstate Commerce Commission authorizing the issue, is of interest:

Apart from the Revenue Act of 1936 it would be difficult to justify the issuance of preferred stock as a dividend, and it does not appear that applicant would seek such authority. Its prior policy of financing additions and betterments largely out of earnings would, moreover, taking all the circumstances into consideration, be consistent with the views which we have heretofore expressed, as in the above-quoted statement from Stock of Delaware, Lackawanna & Western R. R., supra, in regard to the desirability of a substantial uncapitalized surplus "providing for emergency needs, offsetting obsolescence and necessary investments in non-revenue-producing property, and serving as a general financial balance wheel." However, the revenue act makes it impossible to continue this prior policy except at a severe penalty and was apparently designed to impel the distribution of a larger proportion of current earnings to the stockholders.

The question, therefore, is the practical one of determining the course which is "compatible with the public interest" in these circumstances. The choice is between a course which imposes a severe financial penalty and one which carries with it certain other disadvantages. After careful consideration our conclusion is that these other disadvantages are of lesser consequence in the public interest and that the proposed issue of preference stock should be approved. We are influenced in this conclusion by the fact that this course appears to be in consonance with the present policy of the Congress and by the further fact that, as we interpret the proposed transaction, the preference stock will in actual effect be issued to finance additions and betterments for the system companies, notwithstanding the form it takes as a stock dividend.

Hammond Clock Co.: Paid $2 in cash or 6-percent preferred—par $50—in December 1936 and March 1937. About 86 percent of the December dividend was paid in stock and 77 percent of the March dividend likewise.

Investment Co. of America: In December 1936 paid $7 in cash or 15 percent in stock. The stock dividend was worth about the same as the cash dividend. Holders of about 65 percent of the stock took the shares.

Spencer Kellogg & Sons, Inc.: A dividend was paid in August 1937 of 50 cents in cash or one-fiftieth share of stock. On the last day for giving notice as to the option the cash and stock dividends had about the same value. Information is not available as to the proportion of stockholders choosing each option.

Libby, McNeill & Libby: In December 1936 paid a dividend of $1 in cash or one-tenth share common. On the expiration date for advising re option the stock dividend was worth about the same as the cash. Holders of 79 percent of the stock chose the shares. The following is quoted from the newspaper announcement:

The reason for this dividend is that the company is subject to an undistributed profits tax on its earnings for the 12 months ending December 31, 1936, which have not been distributed in dividends. The company will have paid during the calendar year 1936 dividends on preferred stock amounting to $583,800. It is expected that the payment of this dividend on common stock, amounting to approximately $2,000,000, will avoid the payments of undistributed-profits tax, which otherwise would exceed $400,000. It is the judgment of your directors that the interest of the shareholders and the company will be served best at this time by this action.

New York-Buffalo Trading Corporation: In December 1936 paid $8.50 in cash or stock or part in each. Further information not available.

Noblitt-Sparks Industries, Inc.: Paid in December 1936, $1.50 in cash or one-twentieth share common. On the expiration date for advising re option the stock dividend was worth about $2. Holders of about 89 percent of the stock chose the stock dividend.

Prosperity Co.: In December 1936 paid on class A and B stocks 25 cents in cash and $1 in new 5-percent preferred stock, $100 par, or $1.25 in preferred. From figures available it would appear that holders of about 40 percent of the stock took the dividends entirely in preferred. The following is quoted from a newspaper article:

The distribution, it is believed, would be a taxable stock dividend and thus enable the company to decrease the surtaxes which the company would otherwise have to pay.

* * * * * * *

The prospects for increased business in 1937 make it desirable that the company conserve its cash and, in the long run, it is not to the interest of the stockholders that there should be a substantial cash disbursement to stockholders at the present time, Mr. Braun, the president, says.

Daniel Reeves, Inc.: In June 1937 paid 12½ cents in cash or one share preferred for each $100 worth of dividends. No figures have been published as to the division between the two options. A similar optional dividend was declared payable September 15, 1937. The preferred is currently quoted 98½ bid. As the preferred stock had been outstanding prior to the declaration of the first optional dividend, it would not appear to have been necessary for the company to offer the stockholders the cash option in order to use the dividend as a dividends paid credit.

Retail Stores Corporation: In February 1937 paid 90 cents in cash, or 7½ percent in common stock. At the payment date the stock dividend was worth about the same as the cash. Information as to the division of dividend between cash and stock not available.

Russeks Fifth Avenue, Inc.: In January 1937 paid $2 in cash or 6 percent in stock. At expiration date for advising as to option, the stock dividend was worth about $2.05. Holders of about 80 percent of the stock took the stock.

Soundview Pulp Co.: Paid in November 1936, 50 cents in cash or one two-hundredth share of new 6-percent preferred stock, $100 par. Holders of 60 percent of the common chose the preferred. In December 1936 a dividend was paid in preferred stock without cash option. See previous list. The following is quoted from letter to stockholders dated October 1, 1936:

Your company has been advised that if preferred shares are created, and thereafter a dividend is paid to its common shareholders, payable in the alternative at the option of each shareholder, either in cash or preferred shares, and thereafter a further dividend is paid to the common shareholders in such preferred shares (this second dividend containing no cash option) both of these dividends will comply with the prerequisites of the Federal tax legislation as to distributions, and that your company will receive credit therefor in the same manner as though cash had been distributed.

Spencer Chain Stores, Inc.: Paid in April 1937, 75 cents in cash or eight one-hundredths share of common. At expiration date for advising re option, the stock dividend was worth about 75 cents. Figures as to division of the dividend between cash and stock not available.

DIVIDENDS PAID IN OBLIGATIONS OF THE CORPORATION

American Asphalt Roof Corporation: In December 1936 paid $10 a share in 3-percent 6-month notes.

American Wringer Co.: Paid in December 1936, $1 a share in 5-percent 10-year notes.

Austin-Nichols & Co.: On account of accumulations on prior A stock, $1 paid in cash and $4 in 5-year 4-percent notes in April 1937. The company made the following statement:

In order to reduce bank loans and build up working capital, the directors had not contemplated the declaration of a dividend in the current fiscal year ending April 30. However, in view of the tax on undistributed corporate profits, the directors declared a dividend of $5 on the prior A stock.

Auto City Brewing Co.: In December 1936 paid 20 percent, 20 cents a share, in 6-percent notes, 1941.

Bobbs-Merrill Co.: To liquidate arrears on preferred stock, $14.62½ a share was paid last May in 4½-percent 5-year debentures.

Copperweld Steel Co.: In December 1936 paid $1 a share in 10-year 4-percent certificates of indebtedness.

Fairchild Aviation Corporation: Paid in December 1936, 15 cents a share in 5 percent 1-year notes. The following is taken from a press notice:

Commenting on this action, Sherman M. Fairchild, president of Fairchild Aviation Corporation, said that while the corporation's cash on hand is sufficient to cover this payment out of 1936 earnings, present contracts and prospects are such that the directors felt it best not to diminish working capital.

Garlock Packing Co.: In December 1936 paid $2 in 10-year 4½-percent convertible notes. The following is quoted from the Wall Street Journal of January 19, 1937:

Garlock Packing Co., in a letter sent to stockholders by George L. Abbott, president, declares that the Federal surtax on undivided profits has placed the company under a distinct "disadvantage." Company is showing a substantial profit; never has passed a dividend.

* * * * * * *

Especially onerous, the company declares, is the Treasury Department's ruling that the amount of the company's mandatory sinking-fund payment on funded debt is not a properly deductible item from the undistributed income subject to surtax. Another point hit by the company is the provision whereby no exemption from surtax is provided for the purchase of equipment and facilities, for increase in working capital and for reserves against future necessities.

Faced with this problem, Mr. Abbott adds, the company decided:

(1) To distribute in cash dividends only the approximate amount that would be normally so disbursed.

(2) To avoid the imposition of the surtax in the higher brackets by the distribution of a dividend in obligations of the company.

(3) To accept the imposition of the surtax in all or some part of the two lowest surtax brackets.

Griesedieck Western Brewery Co.: In December 1936 paid $3 a share in 5-year 5-percent debenture notes.

Hotel Bond Co.: Pursuant to plan for liquidation of arrears on the 7-percent preferred, a dividend of $29.75 a share was paid on this issue early in 1937 in non-interest-bearing notes due in 1 to 5 years.

G. R. Kinney Co.: Paid on the 8-percent preferred stock in December 1936 a dividend of $1 a share in scrip due December 28, 1938. The scrip was redeemed in July 1937.

Kuehne Manufacturing Co.: In December 1936 paid $3 in 4 percent notes, 1941.

Laclede-Christy Clay Products Co.: In December 1936 paid 25 cents a share in 1-year 3-percent notes.

Lane Co.: In December 1936 paid $6 a share in 10-year 8-percent notes.

Mercantile Stores Co.: Dividend paid in January 1937 of $3 per share in 10-year 5-percent debentures. Company offered to pay to stockholders par for any debentures up to March 1, 1937. Out of $447,375 debentures, $143,751 were repurchased by company prior to expiration of offer.

Pan-American Petroleum & Transport Co.: Paid in December 1936 dividend of 60 cents a share in 3½-percent 7-year notes. The following is from the notice accompanying the dividend:

While the capital requirements of your company necessitate the conservation of its cash at this time, the provisions of the Revenue Act of 1936 are such that to retain any substantial portion of its earnings for this year would necessitate the paying of heavy surtaxes. Your board accordingly determined to declare this dividend in the form of 7-year notes bearing interest at the rate of 3½ percent, payable semiannually.

Penn Electric Switch Co.: In December 1936 paid 25 cents a share in 3-percent notes.

Reynolds Metals Co.: In December 1936 paid $1 a share in 3½-percent debentures 1951. The following is quoted from a press notice of November 5, 1936, based on a letter to preferred stockholders:

Preferred dividend payments this year have been $275,000 and common dividends $960,322, leaving approximately $965,000, which would be subject to an undistributed-profits tax of about $110,000.

The excess of earnings for 1936 should be retained in order to take care of the increase in business and for working capital, and should not be paid out in cash dividends.

Rogers Paper Manufacturing Co.: In December 1936 paid on account of arrears on $3.60 convertible class A, $18 in 5-percent 20-year debentures.

Southwestern Development Co.: In December 1936 paid a dividend in 4-percent notes 1942. Forty-seven percent of the stock is owned by Mission Oil Corporation and 51 percent by Consolidated Oil Corporation. See Mission Oil Corporation in list next following.

Sundstrand Machine Tool Co.: In December 1936 paid $1.50 a share in 5-year 6-percent notes. The company recently sold additional common, part of the proceeds thereof to be used to redeem the above notes.

United Drill & Tool Corporation: In December 1936 paid 80 cents a share, one-half in series A notes due June 23, 1937, and one-half in series B notes due June 23, 1938. Through an offering of stock to stockholders both series of notes were paid off this year.

Utica & Mohawk Cotton Mills: Paid in December 1936 $4 a share in notes due quarterly in 1937.

DIVIDENDS PAID IN ASSETS OTHER THAN CASH

Acme Stock Co.: In December 1936 paid dividend of 62½ cents in preferred stock of Acme Brewing Co.

American Cigarette & Cigar Co.: Beginning in March 1936, quarterly dividends have been paid in common stock B of American Tobacco Co. The rate has been one-fortieth share quarterly, except in December 1936, when one-twentieth share was paid. Purpose of dividends in this form has not been announced, but the company apparently used the dividends as a dividend-paid credit in its 1936 return.

American Commercial Alcohol Corporation: In December 1936 distributed two shares 5-percent preferred stock—$10 par—of American Distilling Co. for each five shares of American Commercial held. The following is from the newspaper announcement of November 28, 1936:

Cash requirements of the company for purposes of tax payments are such, Russell P. Brown, president, stated, that it was essential to make the dividend payment in this form.

Anheuser-Busch, Inc.: In January 1936 a distribution of one-twentieth share of Borden Co. stock was made. While, of course, the purpose of this dividend was not to establish a dividend-paid credit, it presumably was so used by the company.

Congress Cigar Co.: In both November 1935 and 1936 paid an optional dividend of $2 in cash or in 6-percent bonds of the Porto-Rican American Tobacco Co. In 1936 the value of the bonds for dividend purposes was placed at 81. Holders of about 46 percent of the stock took the bonds.

Corn Products Refining Co.: In August 1936 paid a dividend of one twenty-fifth share of Allied Mills, Inc., stock. The undistributed-profits tax was not mentioned as a reason for the dividend, but presumably the company was able to take advantage of it as a credit.

Diamond Match Co.: In June 1937 dividends of one-fiftieth share and four-fiftieths share of stock of Pan-American Match Corporation were paid on the preferred and common stocks, respectively. Purpose of the dividends has not been stated.

Fairchild Aviation Corporation: In connection with the reorganization of its activities, the corporation in June 1937 distributed one share of stock of Fairchild Engine & Airplane Corporation for each share of Fairchild Aviation.

Finance Co. of America: In September 1936 paid one-fiftieth share of 6-percent preferred stock—par $25—of Baltimore Pure Rye Distilling Co.

Mission Oil Co.: In December 1936 paid $2 per share in trustee certificates in 4-percent promissory notes, 1942, of Southwestern Development Co., in which it has a 47-percent stock interest. The following is taken from the findings of the S. E. C. concerning the declaration filed with respect to the issuance of the trustee certificates:

The declarant, a registered holding company, is the owner of 19,294 shares of common stock of the Southwestern Development Co. Such shares constitute its only important investment. The Southwestern Development Co. is preparing to make a distribution to its common-stock holders on account of its earnings during the current fiscal year. Such distribution will be made in the form of unsecured 4-percent promissory notes, which will mature on July 1, 1942. As a result of such distribution, the declarant will receive one of such notes of Southwestern Development Co. in the principal amount of $832,985.38. It is expected that, shortly after the receipt of such note by the declarant, the maker of such note will make a cash payment thereon of $144,682.50. Such note

will be endorsed to evidence the receipt of such cash payment, and there will then remain an unpaid balance on such note of $688,302.86.

Such note will constitute taxable income received by the declarant in the current fiscal year. Under the Revenue Act of 1936, the declarant will be obliged to pay a surtax on its adjusted net income for the current fiscal year to the extent that it fails to make an equivalent taxable distribution to its stockholders. The declarant, therefore, has effected an arrangement whereby it will distribute to and among its own stockholders equitable rights in the balance which will remain unpaid on the aforesaid note of the Southwestern Development Co. after the endorsement of the aforesaid cash payment thereon.

* * * * * * * * * * * *

* * * It is the obvious intent of the Revenue Act of 1936 that corporations shall make the fullest practicable distributions of earnings to and among their stockholders for the calendar year in which such earnings are realized. Distribution to the stockholders of the declarant is in keeping with the purposes of that statute and will serve an urgent corporate purpose of the declarant by enabling it to effect the distribution of earnings which, in its judgment, will avoid the surtax penalties to which it would be subject if it failed to declare such a dvidend. An additional issue of common stock would not be taxable in the hands of its stockholders and, therefore, would fail to accomplish the desired objectives, and, if the declarant can accomplish that same purpose without the issuance of a bond on which it will incur a direct liability, it is desirable that it shall do so. Under the circumstances of this case, the Commission finds that the issuance of the proposed trustee certificates will serve a necessary and urgent corporate purpose of the declarant, that the requirements of the provisions of section 7 (c) (1) would impose an unreasonable financial burden upon the declarant and that the public interest or protection of investors does not make those requirements necessary or appropriate.

Morrison Bond Co., Ltd.: In March 1937 distributed one-twentieth share of Security Realty Corporation, Ltd., 6 percent preferred.

Munsingwear, Inc.: In both December 1936 and January 1937 paid one-half share of Wayne Knitting Mills stock (par, $5). Purposes of the dividends, as stated, were other than to avoid the tax on undistributed profits.

Niles-Bement-Pond Co.: The following is quoted from a letter to stockholders dated December 4, 1936:

Results of the operations of your company for the first 10 months indicate that the net profits for the current year will be reasonably satisfactory. Cash dividends aggregating $1 per share have been paid this year, and, in the opinion of your board of directors, it is desirable that the balance of these profits be added to your company's working capital rather than distributed in the form of additional cash dividends. The recently enacted provisions of the Federal Revenue Act of 1936 impose substantial surtaxes upon net income of corporations not distributed by them during the taxable year in the form of dividends taxable to the recipient. However, your company owns 50,000 shares of the common stock of General Machinery Corporation, and, as the proposed consolidation of the two companies has been abandoned, as explained in this letter, your directors have authorized a dividend of 43,256¼ shares of stock of General Machinery Corporation, payable to the stockholders of this company on the basis of 1 share of said stock in General Machinery Corporation for each 4 shares held in this company.

In the opinion of counsel for your company, this distribution will constitute a dividend which is taxable to the recipient and which will enable your company to obtain a dividends paid credit, resulting in a substantial tax saving to it without impairment of its working capital position.

Pacific Investors: In July 1936 distributed one-eighth share of Pacific Southern Investors class A common.

South Coast Corporation: Distributed in January 1937 three shares of South Shore Oil & Development Co. stock (par, 10 cents).

United States Corporation: In January 1937 distributed one-fourth share of Clewiston Realty & Development Co. stock.

Waialua Agricultural Co., Ltd.: In November 1936 distributed one-tenth share of Hawaiian Pineapple Co., Ltd., stock. It is interesting to note that the Waialua Co. is now offering an additional issue of its own stock to stockholders, most of the proceeds therefrom to be used for further purchases of Hawaiian Pineapple Co. stock.

LIST OF COMPANIES WHICH DURING THE PAST YEAR HAVE OFFERED STOCK TO PROVIDE FUNDS FOR DIVIDENDS OR TO REIMBURSE TREASURY FOR DIVIDENDS PAID [1]

Berghoff Brewing Corporation.
Brown Rubber Co.[2]
Casco Products Corporation.
Cluett, Peabody & Co., Inc.
Consolidated Retail Stores.
Diamond T Motor Car Co.
Emerson Electric Manufacturing Co.
General Tire & Rubber Co.
A. Hollander & Son.
International Radio Corporation.
G. Kreuger Brewing Co.
R. G. Le Tourneau.
R. H. Macy & Co.
Marchant Calculating Machine Co.
Montgomery Ward & Co.
New Britain Machine Co.
Reliance Electric & Engineering Co.
Simonds Saw & Steel Co.
Standard Tube Co.
Sundstrand Machine Tool Co.[2]
Veeder Root Corporation.
Yellow Truck & Coach Manufacturing Co.

NOTE.—The surtax on undistributed profits is in part responsible for the additional stock issue of Phillips Petroleum Co. now in registration and for the one contemplated by Ludlum Steel Co. Grabler Manufacturing Co. has a stock issue now in registration to provide funds to redeem notes issued as a dividend.

[1] In almost all cases funds for other purposes were raised through the same offering.

[2] Stock issued to redeem notes paid as a dividend and for other purposes.

A Job for the Women

EXTENSION OF REMARKS
OF
HON. VIRGINIA E. JENCKES
OF INDIANA
IN THE HOUSE OF REPRESENTATIVES
Wednesday, November 17, 1937

EDITORIAL FROM THE WASHINGTON HERALD

Mrs. JENCKES of Indiana. Mr. Speaker, I desire to bring to the attention of the Members of the House of Representatives and of the citizens of our Nation, especially American women, a terrible injustice which prevails in the District of Columbia and which is being perpetrated against the taxpayers of the District of Columbia.

The citizens of the District of Columbia are not permitted to vote. The citizens of the District of Columbia are not allowed to express their desires at the ballot box on issues concerning the welfare of the District, notwithstanding the fact that they are compelled to pay exorbitant and unfair taxes.

I desire to place in the CONGRESSIONAL RECORD an editorial which was written by Mrs. Eleanor Patterson, the distinguished editor and publisher of the Washington (D. C.) Herald and the Washington (D. C.) Times. The editorial is entitled "A Job for the Women" and appeared in the November 10, 1937, edition of the Washington (D. C.) Herald exactly as given here:

A JOB FOR THE WOMEN

Along with idiots and criminals the residents of Washington are denied self-government.

This condition at the heart and Capital of the world's most powerful and respected democracy denies the text and the spirit of the Declaration of Independence upon which the democracy was built.

The denial has a color of legal authority because of a clause in the Constitution which was written in a day when the modern Washington was not even a dream of wildest fancy.

When the Constitution was written Congress insisted that it alone should make the laws for whatever district should become the permanent seat of the Federal Government.

Who could have foreseen a city of 625,000 people by 1937, a city of 1,000,000 which our planning experts anticipate in 10 years more?

Clearly the Constitution, as it stands, is working against the real interests of democracy. For 1,000,000 Americans cannot be

denied their voting rights and the United States still be called a democracy.

Washingtonians today are mere chattels of Congress. It is no exaggeration to say we are as helpless as the victims of any foreign dictator. Those people pay taxes and have no voice in the government. Do we? They are not represented in the councils of the rulers. Are we?

Nobody is being shot in the streets here for being against the administration, and we can still complain without being beaten up, and if that is consolation for not having the vote, make the most of it.

But the fact remains that Washington is governed in a way contrary to democratic principles. And badly governed.

We lead the Nation's cities in infant mortality. We are second in tuberculosis deaths. For years Washington has ranked among the five cities which the Department of Justice's uniform crime reports show are the worst crime-ridden in the country.

The state of our municipal finances is a perennial scandal. The Capital has been an actual bankrupt twice. It closed the last fiscal year with an illegal deficit.

The privilege tax, just enacted this past year, along with a raise in real-estate taxes, has struck business a staggering blow. In some cases, the total tax payments have been nearly doubled.

And Congress continues to renege on its plain duty to share the burden of operating this "ornamental" city.

How much of this sort of thing can you take?

As long as Washington is governed from afar you are going to get more and more of it.

The remedy for bad government, for democracy denied, lies with the people of Washington. The rest of the United States has the vote. Liberty and the vote were won by a fight; a long fight, and a fight in which no holds were barred.

Washington can get liberty and the vote for itself only by facing some hard facts and doing some hard work.

Appeals to sweet reason and statements of profound logic just don't work with Congress.

Able citizens have been doing that sort of thing for years. All they get is an annual glassy stare. Then Congress gets down to the business of appeasing the folks back home who can vote a fellow out of his job if he doesn't do what's wanted.

Fear, not faith, is what it takes to move the mountain of a politician's concern. We people of Washington can get the help of those voters back home to rouse that concern only if we earn it.

We can earn it by putting up a fight for the vote such as has not been seen, literally, since Sam Adams led a group of patriots to throw British tea into the Boston Harbor.

In that Revolution, the men did the tea throwing and the women stayed at home. Each did a noble job and an effective one. But this time, the women have got to come out with the men—lead them, too, if need be. It is not a shooting job, but a plain, open fight for recognition of rights. Not a suffragette thing. Not a campaign based on feminism.

This is everybody's problem. But the women are entitled to show they can handle it.

The women know how wrong things are. Mothers have been passing the hat for hot lunches in the schools, standing by helplessly while slum babies die, worrying secretly about the future of their own children in a town where a youngster's chances of getting ahead, either in Government or business, are pretty slim unless he knows a Senator or a big-wig in the administration—any administration.

Too many Washingtonians have been ducking their duty. They have their little circle of friends, their little groove of politics or lobbying or law or government. They are within a tight little, right little world of their own.

The women of Washington can shatter that smug front and start a real campaign for the vote.

Today's the day to start.

Let's see a show of hands. How many women are willing to join for the duration of the—well, if necessary, war?

ELEANOR PATTERSON.

Bill Providing for Government Ownership of the 12 Federal Reserve Banks

EXTENSION OF REMARKS

OF

HON. WRIGHT PATMAN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 17, 1937

Mr. PATMAN. Mr. Speaker, officials of the American Bankers' Association have commenced a fight against the passage of H. R. 7230, a bill which is sponsored by more than 150 Members of the House of Representatives, providing for Government ownership of the 12 Federal Reserve banks. A few State banking associations are also opposing this bill. It is my impression that the opposition is due to a misunderstanding of what the bill purports to do, except in the case of the officials of a few large banking corporations, who prefer to have charge of the money and credit facilities of this Nation instead of permitting the Government to have any control over them.

STOCK ARGUMENTS AGAINST BILL

The stock arguments made against the bill, all of which are unfounded, are these:

First. That it threatens the dual banking system.

Second. That it is intended to enforce a unified banking system under the control of a Federal agency.

Third. That it would serve as a possible entering wedge in the field of Government ownership of the entire banking system.

Let me answer the first argument; the proposal, if it becomes a law, will not threaten the dual system, but will preserve it. Under present laws only 7,000 banks are permitted to use the Federal Reserve banking system. Less than 1,000 of these banks are State banks. The 9,000 other banks, which hold State charters, do not belong to the system, and do not receive benefits from it. If present laws and policies of the Federal Reserve System remain, the State banking systems are on the way out. I predict they will not survive many years unless they are given advantages somewhat on a parity with national banks in the use of the Government's credit.

Under our proposal, all these State banks will be permitted to receive the same benefits, advantages, and opportunities from the 12 Federal Reserve banks that national banks now receive. They will not be required to remain in the System unless they desire. They will not be forced in. They will not be forced out—neither will they be forced to remain in the System after they have become affiliated with it. The connection of these 9,000 nonmember banks with the Federal Reserve Banking System will be permissive and voluntary, and in no way compulsory. They can get out whenever they choose and for any reason or no reason if they choose to do so.

Therefore, instead of the proposal threatening the dual banking system, our present laws and practices threaten the dual banking system, and our proposal, if enacted, will rescue it.

UNIFIED SYSTEM NOT CONTEMPLATED

It is not contemplated that a unified system will be forced under this proposal. It will permit those State banks and national banks which affiliate with the System to work in unison, but will in no way compel any State bank to become affiliated; if it has affiliated, our proposal will not compel it to remain affiliated if it does not choose to do so.

OWNERSHIP OF ENTIRE BANKING SYSTEM NOT PROPOSED

In answer to the third objection that is urged, the 12 Federal Reserve banks are not engaged in what is known as a purely banking business—they are engaged in the business of issuing the Government's money and credit. Our group does not have in mind the ownership of the entire banking system in presenting this proposal; neither do we have in mind that it will serve as an entering wedge into that field. It is our view that all banks should be permitted to receive the benefits of this great System instead of a few banks, and that all communities in this Nation should be served by the use of the Government's credit, and not restrict such benefits to the large cities and a few communities.

NO BANKERS TO BE ON BOARD

Another objection urged by the banks is that it will divorce the Federal Reserve Board from the lending institutions, the national and State banks that are now members of the System, and not permit officers of banks to become members of the Board of Governors of the Federal Reserve banks. Our proposal will prevent bankers from being on this Federal Reserve Board. It is not right for the money-issuing privileges of this Nation to be exercised by bankers who could serve their own selfish interest. Those who insist that bankers should have any control whatsoever over the Federal Reserve Banking System should, in order to be consistent, insist that the members of the Interstate Commerce Commission be owners of the railroads. It is just as reasonable for the railroad owners to control the Interstate Commerce Commission and fix rates in their own interest as it is for

the bankers to control the Federal Reserve Banking System and be privileged to use, if they desire to do so, the credit of the Nation in their own interest and in their own behalf. The same argument carried to its logical end would cause one to insist that the Federal Communications Commission should be composed of owners of radio stations, and that the members of the Federal Trade Commission should be selected from officials of the large business and industrial concerns of the Nation.

TWENTY-FOUR BANKS OF THE NEARLY 16,000 BANKS OWN PRACTICALLY ONE-THIRD OF ALL BANKING RESOURCES

Twenty-four banks own 30.1 percent, or almost one-third, of the entire banking resources of this Nation. At the last report there were 15,964 other banks. These 24 banks are located 13 in New York City, 2 in California, 3 in Illinois, 1 in Massachusetts, 3 in Pennsylvania, 1 in Michigan, and 1 in Ohio. During the depression the resources of these 24 banks increased 25 percent, or over $16,000,000,000 to $20,000,000,000.

A study which I completed a few months ago, and which was inserted in the CONGRESSIONAL RECORD at the time, is convincing that there is a concentration of banking resources of the 24 leading commercial banks; that there is a further community of interest as indicated by the interlocking directorates in the leading banks; that there is a well-established trend toward fewer and larger banks; that the trend is more rapid and consistent with banks than with nonfinancial corporations.

During the period 1921–36, the total number of commercial banks decreased from 30,848 to 15,988. There is concentration and control of wealth in the leading banks of this country. The officials of these leading banks have considerable influence over the activities of the American Bankers Association and many State associations.

It is in the interest of the people that Government officials who cannot serve their own selfish interest have control over the money-issuing privileges of the Federal Government. It is further in the interest of all the banks of this Nation, except possibly the 24 leading banks I have mentioned, for the Government to own the 12 Federal Reserve Banks, and the facilities of these institutions used in the interest of all banks, not a few, and in the interest of all business, labor, and agriculture.

INDEPENDENT BANKS AND INDEPENDENT BUSINESS HAVE A COMMON PROBLEM

I urge all Members of Congress to give this question serious consideration. Monopoly is rearing its head in the banking business. If something is not done, the unit bank will fade out of the picture and the dual system will be destroyed. Independent banks and independent businessmen have a cause in common. All Members of Congress who are opposed to a few wise men from the East dictating and controlling banking, retail distribution, and other lines of business, should give this question very careful thought and consideration.

Radio Address of the President Commending Community Chests

EXTENSION OF REMARKS

OF

HON. LAWRENCE LEWIS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 17, 1937

RADIO ADDRESS OF THE PRESIDENT OF THE UNITED STATES, IN CONNECTION WITH THE ANNUAL COMMUNITY MOBILIZATION FOR HUMAN NEEDS, BROADCAST FROM POUGHKEEPSIE, N. Y., OCTOBER 18, 1937

Mr. LEWIS of Colorado. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio address by the President of the United States, delivered in connection with the annual community mobilization for human needs, from Poughkeepsie, N. Y., October 18, 1937:

Chairman Taft, Community Chest workers, friends of human needs, each year, as we emerge further from the insecurity and want of the depression, we have a better right to look back with satisfaction at the ground which we have covered. But even while we can take satisfaction in this glance backward we have a serious, inescapable obligation to look forward at the same time and to do it with honesty and vision.

There is danger that we may be blinded by the welcome light of returning prosperity to the very real need that still exists for a considerable part of our population. We must not forget that there are people who are still hungry, their children undernourished; that rags are the clothing of many of our countrymen and miserable shacks or crowded city tenements their only home. These are the things that make it imperative for us to go forward without hesitation in our efforts to bring security, opportunity, and a decent standard of living to all our people, so that our prosperity may be a more true prosperity for the whole Nation.

In this great effort to better the conditions of those who do not now share the freedom from actual want which most of us enjoy, it is important that all agencies, both public and private, receive the Nation's support. It must not be thought that the responsibility which the public assumed through its government, local or national, for the problems of welfare lessens the need for the many services of the private agencies. This need continues and can only be met with generous support from those who are fortunate in their ability to give, even though the gift be relatively a small one.

Again this year, community chests representing these agencies in your own community, will appeal to you for moral and financial support so that these needs may be met. All of us have an obligation to face this need honestly and then to give as generously as our individual means will permit. To help our neighbors is a part of the best American tradition. For us the long view of life has included at every turn the principle of mutual aid.

The Federal Government, with the return of prosperity, must more and more narrow the circle of its relief activities and reduce the amount of Federal revenue to be expended in the amelioration of human want and distress in the various communities of our land. I say this because we all agree that unless Federal taxes are to be greatly increased, the expenditures have to be brought within the existing tax receipts. Although Federal Government relief activities have to be curtailed, there must needs be no abatement of State, local, and individual relief work. Indeed, local and private activities must be increased.

I would, therefore, make an especial appeal that Federal officials and our Government employees wherever they are found ought to take a leading part in cooperating with local and community relief workers in carrying forward their unremitting campaign for the alleviation of the want and suffering that still stalk the land. The wholehearted cooperation of Federal workers will not only aid the work immediately in hand but it will also afford an excellent and practical example of the right community spirit.

And as I dwell upon the practical force of good example in well-doing there comes to my mind the example of the city of Denver which now for half a century has given to the other cities of the country. Denver, I am informed, is observing tonight the fiftieth anniversary of joint financing. The Denver beginning was a forerunner of what has been developed into the 450 community chests of the country.

State and local governments are assuming an increased responsibility for those unable to work, for those who are ill, for the provision of adequate educational and recreational opportunities for all. In every American community the generosity of private giving makes possible the never-ceasing campaign waged by private welfare agencies to bring opportunities otherwise denied; to render needed services not otherwise available and to pioneer in new fields that widen the horizon of us all.

This work can only go forward with the generous cooperation of all of us. The community chest offers us once again the opportunity to express our fundamental belief in the principles on which our democracy was founded, by the generous, wholehearted, and spontaneous giving of our money and our good will. I ask you to help even more greatly than ever before.

Agricultural Prosperity Has Not Yet Come to the Third District of Nebraska

EXTENSION OF REMARKS

OF

HON. KARL STEFAN

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 17, 1937

Mr. STEFAN. Mr. Speaker, I wish to report to you and the membership of this House that during the short time I have been away from Washington I have visited 20 of the 22 counties in the Third District of Nebraska which I have the honor of representing in this honorable body.

Before leaving my district, Mr. Speaker, I promised the people there I would report to you and the House membership the conditions which exist in that district. About seven or eight of those counties are still drought stricken and every resource of our Government is needed there now to keep the farmers in those stricken counties on the farm.

In other counties we have had a partial to a fair crop of corn. So that in those counties where we did have a crop conditions are somewhat better than they were a year ago when we had a total crop failure.

However, the membership of this House should know that notwithstanding this partial crop, conditions are not good and that whatever the farmers in my district have raised will be sold to pay debts and to keep humanity alive.

In the counties where the crop failure has been complete relief must continue to come from the Federal and State Governments. In these counties especially, Mr. Speaker, there is and has been human suffering. In these and other counties we must be lenient in the collection of our feed and seed loans. In some cases these feed and seed loans cannot be paid and should be canceled entirely. The newspapers, the movie-news pictures, and even Members here and high Government officials continue now to shout from the housetops that the farmer "is in clover." That he is better off today than ever before. This is giving the country a wrong impression because that is absolutely not true of the farmers in my district. I resent these statements which would lead people here to believe that our farmers are so well off today. I say they are worse off today.

Mr. Speaker, I am very much disappointed that I did not have a longer time to spend with the people in my district. It requires considerable time to travel over 22 counties. It is my belief that I have been sent here by the people of my district to represent and to speak for them. It is my belief that I am sent here by these people to express their views and their wishes. Therefore, I feel very badly that here today we come for a special session of Congress only to find that we have no program to work on and no real business to transact. I feel that if there is no program we should have been allowed to stay home to get a better opportunity to visit with our people and to get better instructions from home. I feel that these idle hours we are spending here could be better put to real use in asking more instructions from our people back home.

However, Mr. Speaker, during the short time that I had to cover my district I feel that I have some sort of picture of conditions there and also feel that from contact with my constituents I know in some manner what they wish me to do while I am here.

Mr. Speaker, my district is purely an agricultural district. There are approximately 300,000 people who live in my 22 counties and who live from the resources of the farms. Therefore the people there are intensely interested in what we do here during this session regarding the proposed legislation on a permanent farm measure. In all of my contacts with the people back home I found a determined and forceful feeling against anything that would be compulsory in any farm bill we pass.

The people in my district feel that the loaning of Federal money on farm crops to stop the speculator is a good program. Most of them feel that the soil conservation program has been of some benefit. But there is a unanimous feeling that when we do draw up a farm measure that there will be nothing compulsory about it. That there will be no fines and penalties or regimentation which in any way would take away from the farmers their freedom and individual independence on their own farms.

Mr. Speaker, the people in my district feel that there has been an undue amount of force in collections of feed and seed loans in cases where farmers did not raise enough crops to even feed what animals they have on their farms. Many of these farmers feel that my bill which would allow them to repay feed and seed loans bushel-for-bushel in kind when they do raise a crop, should be given consideration by this House. I hope the House committee will consider this bill and give me the hearing I merit on that bill.

Mr. Speaker, the farmers in my district are debt-burdened. They no longer can afford to borrow money. If the present conditions continue, these debt-burdened farmers will be forced on relief and out of the farm homes in which many of them have lived for 30 or more years. These farmers need refinancing and not more indebtedness. These farmers in my district are anxious that we make permanent the 3½ percent on land-bank loans and commissioner loans. These farmers are pleading for the passage of our bill to refinance their indebtedness at a low rate of interest with a long amortization period. Many of them agree with me that if we could pass this refinance bill in this House and if God Almightly would give us bounteous crops, we would need no other farm-relief measure.

Mr. Speaker, my investigation over my own district leads me to believe that our farmers are opposed to any trade agreements with foreign countries which result in putting our own farmers into competition with farmers of foreign lands. The farmers in my district are against surrendering the American farm market to foreign farmers. Our farmers are willing to trade with foreigners for those things which we do not have for sale. They are even willing to buy farm products from foreigners when we do not raise enough farm produce to feed ourselves. But they are opposed to putting the foreign farmer into the American market when our own farmers have anything to sell in their own market.

Mr. Speaker, I call your attention to the promises which were made to our farmers in the campaign to eliminate prohibition in our land. Our farmers were then promised a great market for their corn and grain if they would eliminate prohibition. But that promise has not been carried out. We find today that the foreign blackstrap molasses trust is bringing this molasses into our country and distilling it into alcohol and destroying a market for millions of bushels of American corn and grain annually.

In my State farmers have hoped some day to manufacture alcohol from their corn grain and other farm products in order to distill industrial and spirits alcohol. In this way many of our farmers hoped to eliminate any danger of farm surplus. However, we find that this meritorious plan of our farmers and their dream of expanding the use of American farm products is being destroyed by inroads made by the products of foreign farmers to whom we are opening the doors of the American farmers' market.

Mr. Speaker, the American market belongs to the American farmer first of all. Farmers in my district look with fear and trembling over the importations of fats and oils, meats and grains from foreign lands into their own market at a time we tell them we plan a permanent farm crop reduction control program. Many of them feel that they should be allowed to raise all the food Americans can consume and then discuss the destruction of surplus food. That is why, Mr. Speaker, so many farmers in my district who have felt the ravages of four or five complete crop failures fear any plan whereby we may destroy any food whatever.

Mr. Speaker, the people in my district are grateful for whatever aid which has come to them through the Federal relief programs. But they are Americans who love their country and pray for good statesmanship in government. They pray for common-sense legislation and careful distribution of Federal money which they recognize is their own tax money which we so liberally spend here. The people in my district urge upon me as their Representative to protect their interests in the expenditure of their tax dollar. They are opposed to any kind of waste in the distribution of their funds and I urge you that whatever is done here in the way of appropriations that these funds be spent wisely, economically, and efficiently in order that every dollar so expended is used for the purpose intended. These people whose interests I must guard in this great legislative body are the best people of America, Mr. Speaker. They are not party-politically minded. They are people whose ancestors came from all parts of the world.

They represent great pioneers who had their beginnings in Europe and later from Virginia, Wisconsin, and other States. They broke the raw prairies of Nebraska and built

great farms and comfortable homes for their families. They represent those who opened the old Oregon Trail and drove the covered wagon to the gold fields of California. They are those who fought the wild man and who have gone through many other droughts and dust storms and insect plagues and blizzards. They represent the hardy pioneer man and woman of early American history and who today find themselves facing many of the battles which their pioneer forefathers faced years before them. They have the inspiration of those early pioneers and they love America and love the land from which they dig their daily bread. They are serious in the selection of the men they send to their State and National lawmaking bodies. They are hard-working, frugal men and women who know what it means to earn a livelihood. So they are worried over the financial condition of our Federal Treasury today. They are men and women who pay their debts when that is possible. They believe that the payment of debts is a human obligation. Therefore, they are worried over our national debt of nearly $40,000,000,000 and our spending of once more as much as is represented in our receipts. They are generous people, Mr. Speaker; people who want to help their neighbors who are less fortunate. They are the people who were so liberal in their contributions to the Red Cross and to the sufferers of the Ohio floods. So they have not been adverse in the expenditures of great sums of money from their own Treasury for the relief in national depressions or emergencies. But they are beginning to feel, Mr. Speaker, that much savings could be made in better administration and better distributions of these funds. They demand economy and efficiency; and if that is the objective of the present reorganization program, I feel they would want me to support it.

For that reason, Mr. Speaker, I wish to call to your attention another matter of spending which is worrying the people of my district, as it is worrying me as their representative. It is the matter of the moneys collected in social-security taxes. It is true that my district is composed mostly of farmers. But in my district are many merchants, small factories, and people who employ others. Hundreds of these, Mr. Speaker, as employers, pay into the social-security fund and thousands of employees also pay into that fund. Under the law, these taxes are collected from the workers and employers as a trust fund, out of which old-age pensions are to be paid as they accrue. The taxes are being collected. But here we find that this money goes into the general fund of the Treasury, and is being spent for general government expenses as fast as they come in. Our Treasury simply places an I O U—a piece of paper—in a special compartment of the cash drawer and calls it the "Social Security Fund." Instead of a large reserve, the Treasury is accumulating merely a pile of special obligations in this important trust fund. When the time comes to begin paying pensions, the bonds will have to be sold to the public for cash—to the same public which is now paying in the social-security taxes. Meanwhile, the taxpayers must pay increasing taxes to cover the interest on the bonds. This, Mr. Speaker, is not good housekeeping with the taxpayers' money. I hope, at this special session of Congress, that some of these matters shall be remedied in order that the people back home will know that we are doing our utmost to run an orderly house and spending their money with as much frugality as if it were our own money.

At some later date, Mr. Speaker, I shall take the floor again to discuss in detail the matter of protecting the American market for the American farmer. In the meantime I hope that Members will keep in mind the importance of my bills to keep out of this country the competing fats and oils, the blackstrap molasses, and other foreign farm produce which will destroy the future welfare of the American producer. Also, Mr. Speaker, I wish to repeat, in closing, that no matter what the farm receipts figures show today I wish to deny the implications made so many times here these days that the farmers' conditions have improved so much. So far as the Third District of Nebraska is concerned, the farmers are no better off than they were a year ago. I say they are worse off today than they were a year ago. I only wish every Member of this House could go with me through the Third District of Nebraska to see for himself how really "well off" our farmers are. I especially direct the attention of the Members from the industrial East to this statement.

Ever-Normal Granary

EXTENSION OF REMARKS

OF

HON. CLYDE L. HERRING

OF IOWA

IN THE SENATE OF THE UNITED STATES

Wednesday, November 17 (legislative day of Tuesday, November 16), 1937

ARTICLE BY HON. HENRY A. WALLACE, SECRETARY OF AGRICULTURE

Mr. HERRING. Mr. President, I ask leave to have printed in the RECORD an interesting article appearing in the New York Times Magazine, of the issue of the 14th instant, by Hon. Henry A. Wallace, Secretary of Agriculture, on the subject of a balanced abundance and the ever-normal granary.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times Magazine of November 14, 1937]

WALLACE URGES BALANCED ABUNDANCE—IN THE EVER-NORMAL GRANARY THE SECRETARY SEES THE SALVATION OF THE FARM AND THE CITY

(By Henry A. Wallace, Secretary of Agriculture)

In the summer of 1934 hot winds and drought swept the Corn Belt and there was a smaller corn yield per acre than ever before in the recorded history of the United States. Again, in 1936, the same thing happened and the yield of corn per acre was less than in any other year with the one exception of 1934. Not one person in a hundred on the Atlantic seaboard can imagine the wreckage caused by drought. But one needs no imagination to understand high meat prices. The newspaper articles on the New York kosher meat strike might well have carried the headline, "The droughts of 1934 and 1936 finally visit New York City."

Meat prices and livestock production are determined more by the size of the corn crop than by any other single thing. But the corn crop unfortunately is very subject to drought. The corn supply affects not only the price of beef and pork but also, to a lesser extent, that of butter and eggs. It can accurately be said, therefore, that the variability of the weather in the Corn Belt is one of the leading sources of national disequilibrium.

It is rather surprising that in the past we have ordinarily carried over from one year to the next only about 7 percent of the corn crop, as compared with 15 percent of the wheat and 30 percent of the cotton crop. The carry-over of corn on the farms of the United States from one year to the next is ordinarily only about 170,000,000 bushels. This means that when a drought like that of 1936 comes along, which reduces the yield by nearly a billion bushels, the shortage is so appalling as to affect in one way or another every person in the United States.

In view of the droughts of recent years, it is essential that the Nation should have a corn carry-over from one year to the next several times as large as it has been having. In normal years it should have a carry-over of at least 350,000,000 bushels, instead of only 170,000,000. The welfare of the entire Nation demands this. Such supplies would insure New York consumers against meat shortage like that experienced this fall.

But while the larger carry-over seems to be vital from a consumer's point of view, there are many corn farmers who feel strongly that their prices and incomes ought to be protected against the price-depressing effect which it would be certain to have in the absence of adequate protective measures. Some of them remember that back on October 1, 1932, there was a carry-over of 250,000,000 bushels, which was only 90,000,000 bushels in excess of the normal carry-over, and that corn prices in the Western Corn Belt went down to 10 cents a bushel in November of that year. In South Dakota certain elevators actually offered as low as 2 cents a bushel for corn.

The big supplies of corn and other farm products in 1932 were accompanied by grief to farmers which they are not likely to forget soon. Moreover, their grief was communicated at once to the farm machinery and automobile factories and then on to the steel mills and finally in a thousand different ways to the people in New York City. Corn was so superabundant in the fall of 1932 as to be almost worthless. But the abundance brought waste, not plenty, to the people in the cities. Thousands of bushels of corn were burned because corn was a cheaper source of heat than coal.

Consumers are right in asking that they be protected from the after effects of droughts like those of 1934 and 1936. They don't

want to pay so much for meat as they did this fall. But farmers are equally right in asking that they be protected in the situation which results when corn supplies are too large. The problem is how to help both farmers and consumers by making it practical to have on hand a normal carry-over of corn from the preceding crop of from 300,000,000 to 500,000,000 bushels.

So far as corn and meat are concerned, this is what the ever-normal-granary legislation is all about. We want to bring greater stability to the supplies of corn from year to year so that the meat supplies also will have greater stability from year to year. We want to make it impossible for either a 1932 superabundance or a 1936 drought to do us such great harm.

It is therefore proposed in years of abundance that the Federal Government should lend enough money on corn at low rates of interest to make it possible to carry over corn from the good years into the bad years. It is further proposed that the loans be handled in such a manner that in the good years there will be enough corn available to feed sufficient livestock to take care of the needs of the consumers of the United States at a reasonable price, but not enough to cause the corn price to slump to a point destructive to the purchasing power of the corn farmer.

Ever since the Civil War we have had again and again a situation when hog prices 1 year would be twice as high as they were 3 or 4 years later. When the prices were high the consumer was hurt, and when the prices were low the farmer was hurt. What both farmers and consumers want is a more uniform price and a more uniform supply from year to year. The ever-normal-granary legislation is designed to iron out the peaks and fill up the valleys.

The suggestion has been made in New York City that the ever-normal granary would not be practical until the country has ever-normal weather, ever-normal bugs, and ever-normal plant-disease pests. In reply I would say that it is because weather, bugs, and pests are so abnormal that the Nation should build an ever-normal granary to equalize between the good years and the bad.

Farmers have already had experience with this kind of thing. In the fall of 1933 the Federal Government lent 45 cents a bushel on 270 million bushels of corn. This corn was stored under Government seal on the farmer's own farm. That is the cheapest place to store it. That is the place where as a rule it will finally be needed. We can say quite definitely because of our knowledge and experience that the cheapest and most practical way to operate the ever-normal granary for corn and meat is by means of Government corn loans and corn storage on the farm.

The most difficult administrative problem is presented by the need for controlling the surplus when the granary overflows. We need in this country now only about 2,370,000,000 bushels of corn annually to feed our horses and mules, our chickens and dairy cows, and to produce a supply of pork and of fat beef about 30 percent greater than has been consumed in 1937. With the present income of the United States and present productivity of city factories, corn crops of 2,370,000,000 bushels will most nearly bring the interests of both farmers and consumers into harmony. But suppose we should have two corn crops of 2,800,000,000 bushels and the granary was overflowing. Obviously the Government loans would be imperiled and we would be in danger of repeating the Farm Board fiasco. To guard against this the farmers must use Government power to control the overflow.

The most practical way of controlling the overflow is by means of marketing quotas and storage quotas. These would be used only in the Corn Belt extending from eastern Nebraska to western Ohio and from southern Minnesota to northern Missouri. Marketing and storage quotas would not be used in this area unless the Corn Belt farmers by two-thirds vote approved them. The essence of marketing and storage quotas is to require farmers who have overplanted their land to corn or who have had an unusually large yield per acre to seal up a certain percentage of their corn under Government loan. The objective would be to bring the total amount of corn thus sealed to a point which would leave available for market about 2,370,000,000 bushels.

Noncooperators in the soil-conservation program who have overplanted their land to corn and who have a small percentage of their land in soil-building crops would be given the right to borrow money on their sealed-up corn but at a somewhat lower rate than the cooperators. It is obvious that these men who have been overplanting corn or destroying the Nation's precious heritage of soil fertility should not have the privilege of borrowing from the Government at a rate per bushel which might later result in the Government's having to take over their corn at a loss to itself. The noncooperators should be treated fairly, but they should not be allowed to unload on the Government.

If during the years ahead there should be 3 or 4 years of good crops in succession, the plan I have described would result—in case of affirmative votes by two-thirds of the farmers—in the Government's requiring the sealing under loan of larger and larger percentages of the crops. After the second year of good weather, many farmers would find it necessary to build more cribs. Even the noncooperators would then begin to cut down their corn acreage. However, they would know that the corn sealed under Government loan on their farms could come out from under seal whenever the total national supply was cut to a manageable point. A year or two of bad weather would bring the sealed corn out onto the market.

In the system I have described it is obvious that a lot depends on the amount lent by the Government per bushel. If too much is lent, the result will be an eventual Farm Board disaster, no matter how tightly the overflow from the granary might be controlled. A high loan would make every farmer eager to produce to the limit, and, therefore, most farmers would object strenuously to any action hampering their corn planting or corn marketing. The combination of high loans and drastic controls to back up such loans would inevitably lead to an explosion which would blow up the whole system unless the vast majority of Corn Belt farmers fully understood and were agreed as to the desirability of the system.

In saying this I am speaking about the undesirability from the standpoint of the farmers themselves of high loans and high-powered, drastic control of marketing and production. It is much safer from the farmer's point of view to have more reasonable loans which can better be defended to the consumer and which will not cause so many farmers to want to expand their production beyond the true needs of the market.

At the present time corn would have to be selling for 87 cents a bushel in order for a farmer to buy as much with a bushel from the cities as he brought before the war. It can hardly be said, therefore, that 45 cents a bushel is an excessive loan so long as cities are charging farmers such high prices.

Under many conditions a higher loan than 45 cents would be justified in order to set up an ever-normal granary in such a manner as to minimize the likelihood of $1.20 corn in years of drought. Every year the conditions are different and there must be examined all the surrounding factors, such as the size of the new crop, size of the carry-over, number of head of livestock, and the way in which the corn loan will best stabilize the livestock cycle.

The point I am making is that considerable freedom should be left to the administration in determining loans. As in other business enterprise, the program should be carried out over a period of years so as to make it possible to improve the ever-normal-granary model, as we improve our automobile models from year to year.

It is essential that the loan policy should in the long run bring the maximum of security and stability to both farmers and consumers. It must be high enough to encourage the carrying over of abundant corn supplies from the good crop years to the poor crop years. If it does this there will never again be quite such a meat shortage as we experienced this fall—unless, of course, we should have year after year of bad weather. On the other hand, the loan must not be so high as to pile up surpluses impossible to control with any ordinary means. Corn farmers would not want the loan policy to cause the Government losses running into the hundreds of millions of dollars. There is a sensible middle view which can and should be embodied into legislation.

I will not take the space here to discuss the details of the proposed ever-normal-granary legislation as applied to cotton and wheat. The principles are much the same, except that it is essential to make sure that the loans do not interfere with exports. This is especially true with cotton.

Because our high tariffs have destroyed the ability of many foreign countries to pay a decent price for our extra cotton and wheat, it is proposed to pay both cotton and wheat growers a special adjustment payment to compensate them for the market lost to them by our tariff policy. The money for this would come from a tariff-equalizing tax.

But in no event is there any likelihood that the market price of wheat and cotton, plus the tariff-equalizing tax, would be sufficient to give the farmers as a 5-year average a total equal to the share they had in the average consumer's income before the war. With all the benefits of loans, soil-conservation payments, and adjustment payments, it is impossible to give cotton and wheat farmers an income which will return them on the average more than 3 percent on their investment and more than $300 to $400 a year for their labor and capital above out-of-pocket costs. Wheat may average a little more than this and cotton somewhat less. The Dakota wheat farmer and Alabama cotton farmer both have an income which, with all Government payments added in, is pitiably low, and their standard of living in many cases is below that of the tenantry and peasantry of western Europe.

Some people say farm-land values are too high, not realizing that, if we take 1921 to 1925 as a base, farm land today is less than one-half as high as industrial stocks after the October 1937 crash. No, farm land has had the water squeezed out until it is cheaper than before the World War, whereas industrial stocks are still several times as high as they were before the war. But on the bone-dry values for farm land the return is low, and the labor return is much lower on both an hourly and a yearly basis than labor in the cities.

Before the war, even after counting in the value of the house rent and the value of the home-raised food, the average farm family received only $1 as compared with $2 for the average city family. In the decade of the twenties the farm family received only 90 cents as compared with the city family's $2.

A few city people will say: "What do we care about the farmer? What if he is hard up? His loss is our gain."

But most city people now understand the interdependence of farm and city. City workmen know that low farm income constantly threatens their jobs. Low farm income means that farm children will come to town willing to work for low wages. City businessmen know that low farm income means small sales in the farm territory.

The problem obviously is to find that happy middle course which will give the farmers enough income to keep them in proper balance with labor and business. Since 1920, farmers in nearly every year have received less than the amount necessary to bring about such proper balance. Our tariffs, our changed relationships

to the outside world, certain practices of our corporations and some of our labor policies have all contributed to the farmer's disadvantage.

The farmer does not want to attack tariffs, corporations, or labor unions. Rather he wants such bargaining power as other groups have, and he wants all groups to exercise their separate grants of power jointly under the common limitation that they all serve the general welfare. He believes the Soil Conservation Act and the new farm legislation now being proposed are the means by which he may serve both himself, the consumer, and the general welfare. He believes he can achieve balanced abundance for both the consumer and himself if the soil is sensibly handled, if the farm income is fairly maintained, and if highly variable weather is offset by a workable ever-normal-granary policy.

Acting under a joint resolution adopted by both Houses of Congress and signed by the President on August 24, the first order of business when Congress reconvenes tomorrow will be ever-normal-granary legislation. All the farmer organizations are agreed as to the fundamental principles of such legislation, though there is difference of opinion as to details. They all believe the farmer should get a fair share in the national income and that the consumer should be protected against scarcity. They all believe in commodity loans and in storing up crops in the good years which can be of service in the bad years. When there is this much agreement in principle it is certain that the details can eventually be adjusted.

I am convinced ever-normal-granary legislation will be enacted into law and that it will be looked on by future generations of farmers and consumers as vital to their mutual welfare.

Un-Americanism Marches On

EXTENSION OF REMARKS

OF

HON. SAMUEL DICKSTEIN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 17, 1937

Mr. DICKSTEIN. Mr. Speaker, are the Nazis gaining a foothold in America? Will the liberal democratic Government of this Nation be able to survive the Fascist and un-American trend, which during the last 4 years has risen in alarming crescendo? Will our Government be able to expose the subversive methods now being employed by paid foreign propagandists and Nazi agitators? Has any group in America the right to organize camps and uniformed armies for the purpose of carrying out foreign doctrines and ideology? Will this country wait until it is too late to suppress insurrection, which is being planned by Nazi and other American Fascist revolutionaries?

The Congress of the United States, now convening, will, I believe, once and for all answer these vital questions in the coming months. The American Nazis, known as the German-American Bund, have in the past 2 years erected over 20 camps from coast to coast, and have enlisted over half a million members, including several hundred thousand storm troopers. Their boldness is unequaled in the annals of this Nation. Their uniformed parades, rifle practice, meetings, and constant maligning agitation against Jews, Catholics, and Negroes, constitute them as an unprecedented menace. Subsidized from within the United States and from without, cleverly connected with the consular service, using the Hapag Lloyd Steamship Company—North German Lloyd—as their vehicle of communication with Germany, these American Nazis as a serious threat cannot be taken lightly.

Under the direct inspiration of their Führer Fritz Kuhn and encouraged by a vicious propaganda press of German origin direct from Berlin, these uniformed maniacs are striving and working night and day among revolutionary groups throughout the Nation. They hope that by 1940 the subversive groups will have agreed upon a definite set of policies Fascistic in nature, to allow them to present a strong united front as the "Fascist Party of the United States."

The way Germany uses its diplomatic offices to carry on its propaganda in and around this country is best exemplified by the activities of the German Consul General at San Francisco, Von Killinger, whose activities I exposed a few months ago on the floor of this House.

A statement furnished me from authentic sources even discloses his connection with the execution of Helmuth Hirsch. It will be recalled that Helmuth Hirsch, concerning whom the question of American citizenship was presented by our State Department at the time of his execution, was killed as a spy in Germany by the so-called Peoples' Tribunal of that country on June 4, 1937. It appears now that Von Killinger was a member of the Peoples' Tribunal which sentenced Hirsch. The members of the Peoples' Tribunal are never professional judges, nor are their names generally published, but it is surprising that Von Killinger, who was among the proscribed individuals in the so-called Nazi purge on June 30, 1934, escaped death. He was imprisoned for a long time, and Hitler himself finally pardoned him on the condition that he display loyalty to and activity for the National Socialist Party. It was therefore Killinger's desire to do something spectacular to prove his loyalty to Hitler, and he did that by his membership in the Peoples' Tribunal and his sentence of Helmuth Hirsch. Having been shown his loyalty to the National Socialists, Hitler then appointed Von Killinger, who was not a professional diplomat, to the position of German Consul General at San Francisco, and on June 25, 1937, Killinger was appointed to that position.

Here on the coast his aim and object is to contact particularly the anti-Semitic organizations in Mexico which he whipped into shape, and they cooperated with him in the present anti-Jewish legislation which the Mexican Government is sponsoring. After Mexico he will continue with his work in Canada, where the initial steps of a Fascist movement have been taken by the so-called anti-Communist drive, which the government of Quebec has recently instituted.

The names of the Nazi organizations on the west coast of the United States in cooperation with the west-coast bund leader, Herman Schwinn, who is directly under orders from Killinger, are as follows:

LIST OF PUBLIC SPEAKERS AND AGITATORS OF HITLER MOVEMENT IN LOS ANGELES, CALIF.

(These men work up and down the west coast of the United States. Names of these 100-percent Nazis are correct; addresses may not be very correct at this time)

Abrath, Elfriede, 5635 Carlin Street, Los Angeles, Calif.; citizen, Los Angeles.

Arno, Paul, 310 South Grand Avenue, Los Angeles, Calif.; citizen, Los Angeles.

Austein, Johanna, 7905 Selma Avenue, Hollywood; alien, Los Angeles.

Baecker, Clemens, Huntington Hotel, Pasadena, Calif.; alien, Los Angeles.

Baldauf, Carle, 1428 East Fifty-ninth Place, Los Angeles, Calif.; citizen, Los Angeles.

Baltuttis, Heinrich, 601 East Fourth Street, Los Angeles; alien, Los Angeles.

Bantle, Claire P., 3117 George Street, Los Angeles, Calif.; citizen, Los Angeles.

Bantle, Joseph E., 3117 George Street, Los Angeles, Calif.; alien, Los Angeles.

Bauer, Wilhelm P., 644 Eighth Street, San Diego, Calif.; citizen, Los Angeles.

Baumgartner, Ludwig, 140 East Fourth Street, Los Angeles, Calif.; Austrian, Los Angeles.

Becker, Fried. Wilh., 515½ North Spaulding Avenue, Los Angeles, citizen, Los Angeles.

Behm, Kurt (care of Mr. Wheaton), Hotel Huntington, Pasadena; alien, Los Angeles.

Boehm, Fritz, 414 Sixth Street, San Pedro, Calif.; alien, Los Angeles.

Boernge, Ernest Friedrich, 1452 Wiliose Avenue, Hollywood, Calif.; alien, Los Angeles.

Boernge, Frederich Wilhelm, 1452 Wiliose Avenue, Hollywood, Calif.; alien, Los Angeles.

Boernge, Gertrude, 1452 North Wiliose Avenue, Hollywood, Calif.; alien, Los Angeles.

Breitung, Dr. Erick, 6812 Santa Monica Boulevard, Hollywood, Calif.; alien, Los Angeles.

Burchardi (Hutterer), Emma J., 4969 Ambrose Avenue, Los Angeles, Calif.; citizen, Los Angeles.

Burchardi, Konrad, 4969 Ambrose Avenue, Los Angeles, Calif.; citizen, Los Angeles.

Casprowiak, Joseph, 1004 West Washington, Los Angeles, Calif.; alien, Los Angeles.

Conrad, Carl, Route 1, Box 832 B, San Diego, Calif.; alien, Los Angeles.

Conrad, Caroline, Route 1, Box 832 B, San Diego, Calif.; alien, Los Angeles.

Culemann, Otto W., 1842 Princeton Street, Glendale, Calif.; alien, Los Angeles.

Demmler, Rafael, 451 South Irving Boulevard, Los Angeles, Calif.; citizen, Los Angeles.

Doepping, Otto, 127 East Twenty-fifth Street, Los Angeles, Calif.; citizen, Los Angeles.
Dorn, William, care of Union Oil Co., box 661, San Luis Obispo (Middlewater); citizen, Los Angeles.
Ernst, Hermann R., 917 South Norton Avenue, Los Angeles, Calif.; alien, Los Angeles.
Ernst, Lotte, 917 South Norton Avenue, Los Angeles, Calif.; alien, Los Angeles.
Ferenz, Franz K., 5407 Hollywood Boulevard, Hollywood, Calif.; citizen, Los Angeles.
Flury, Rose, 558 North Briston Avenue, Brentwood Heights; Swiss, Los Angeles.
Frey, Annie Marie, 316 North Larchmont Boulevard, Los Angeles, Calif.; citizen, Los Angeles.
Gassert, William Walter, 902 South Alvarado, Los Angeles, Calif.; alien, Los Angeles.
Giestbeck, Adolf, 902 South Alvarado, Los Angeles, Calif.; alien, Los Angeles.
Gieske, Otto, 936 West Washington Street, Los Angeles, Calif; alien, Los Angeles.
Goez, Hermann, 2010 Magnolia Avenue, Los Angeles, Calif.; citizen, Los Angeles.
Grah, Hans Richard, 1431 Constance Street, Los Angeles, Calif; alien, Los Angeles.
Grebstein, Fritz, 140 West Thirty-seventh Place, Los Angeles, Calif.; alien, Los Angeles.
Greiner, Marie, 917 South Norton Avenue, Los Angeles, Calif.; alien, Los Angeles.
Hausmann, Tilly, 902 South Alvarado, Los Angeles, Calif.; citizen, Los Angeles.
Heiman, Hanna, 12350 Riverside Drive, North Hollywood, Calif.; alien, Los Angeles.
Heiman, Wilhelm, 12350 Riverside Drive, North Hollywood, Calif.; alien, Los Angeles.
Hildebrand, Paul, 141 Metzler Street, Los Angeles, Calif.; alien, Los Angeles.
Hutterer, Louise Maria, 269 South Mariposa Avenue, Los Angeles, Calif.; alien, Los Angeles.
Kaven, Paul, 4523½ Ambrose Avenue, Hollywood, Calif., citizen, Los Angeles.
Keuchzied, Paul, 911 West Twentieth Street, Los Angeles, Calif., alien, Los Angeles.
Kienitz, Eberhard von, box 264, Santa Barbara, Calif., alien, Los Angeles.
Knester, Richard, 5933–A Carmelita Avenue, Huntington Park, Calif., alien, Los Angeles.
Krause, August, 902 South Alvarado Street, Los Angeles, Calif., alien, Los Angeles.
Krische, Hildegard, 1002 West Washington Boulevard, Los Angeles, Calif., alien, Los Angeles.
Kruckemeyer, Heinz, 1814 Toberman Street, Los Angeles, Calif.; alien, Los Angeles.
Krupka, Victor, 902 South Alvarado, Los Angeles, Calif.; alien, Los Angeles.
Kulzer, Georg, 1212 Shatto Street, Los Angeles, Calif.; alien, Los Angeles.
Lehmann, Paul H., 1934 West Florence Avenue, Los Angeles, Calif.; citizen, Los Angeles.
Liedhold, Anna, 1822 Fourth Avenue, Los Angeles, Calif.; citizen, Los Angeles.
Lierke, Martin Erich, 1255 West Ocean Boulevard, Long Beach, Calif.; alien, Los Angeles.
Ludwig, Christian, Asso. Oil Co., San Pedro, Calif., citizen, Los Angeles.
Maaz, Franz, 1922 West Seventy-fourth Street, Los Angeles, Calif., citizen, Los Angeles.
Malzahn, Hermann W., 1041 West Eighth Street, Los Angeles, Calif.; alien, Los Angeles.
Marhenke, Paul, 1464 North Garfield Avenue, Pasadena, Calif.; citizen, Los Angeles.
Meckler, Ludwig, 1402 Sunset Boulevard, Los Angeles, Calif.; alien, Los Angeles.
Mertens, August, 1336½ West Twenty-third Street, Los Angeles, Calif.; citizen, Los Angeles.
Mertens, Gertrude, 1336½ West Twenty-third Street, Los Angeles, Calif.; alien, Los Angeles.
Moeser (Möser), Rudolph Erich, 513 Court Street, Los Angeles, Calif.; alien, Los Angeles.
Mügge, Käthe, South Pasadena, 525 Arroyo Square, Los Angeles, Calif.; alien, Los Angeles.
Neuer, Otto, 1004 West Washington Street, Los Angeles, Calif.; alien, Los Angeles.
Noack, Kurt, 4057 South Figueroa Street, Los Angeles, Calif.; alien, Los Angeles.
Oberdorf, Carl, 637½ South Olive Street, Los Angeles, Calif.; alien, Los Angeles.
Oefler, Fritz, 729 Kelso, West Inglewood, Calif.; alien, Los Angeles.
Oehm, Henry, 3038 East Sixth Street, Los Angeles, Calif.; citizen, Los Angeles.
Onstein, Wilhelm, 7905 Selma Avenue, Hollywood, Calif.; alien, Los Angeles.
Paehler, Albert, 210 North Marguerita Avenue, Alhambra, Calif.; citizen, Los Angeles.
Reichel, Fritz, 3915 West Third Street, Los Angeles, Calif.; alien, Los Angeles.
Reimold, Willy Hermann, 921 South Hope Street, Los Angeles, Calif.; citizen, Los Angeles.
Rheydt-Dittmer, Ernest, 552 Gladys Avenue, Los Angeles, Calif.; citizen, Los Angeles.
Roehling, Helene, 1447 Temple Street, Los Angeles, Calif.; citizen, Los Angeles.
Roehling, Hubo, 1447 Temple Street, Los Angeles, Calif.; citizen, Los Angeles.
Rudy, Edward P., 1740 Browning Boulevard, Los Angeles, Calif.; citizen, Los Angeles.
Rudy, Gertrude, 1740 Browning Boulevard, Los Angeles, Calif.; citizen, Los Angeles.
Schacht, Ernst Friedrich, 1323 Liberty Street, Los Angeles, Calif.; alien, Los Angeles.
Schacht, Gerhard, 5507½ Romaine Street, Hollywood, Calif.; alien, Los Angeles.
Schact, Marta, 1323 Liberty Street, Los Angeles, Calif.; alien, Los Angeles.
Scheler, Leander R. C., 2037 Lake Shore Avenue, Los Angeles, Calif.; citizen, Los Angeles.
Schilling, Fidelis, 1004 West Washington; alien, Los Angeles.
Schmidt, Gretel, 902 South Alvarado, Los Angeles, Calif.; alien, Los Angeles.
Schultz, Hugo 242½ South Main Street, Los Angeles, Calif.; alien, Los Angeles.
Schulze, Hellmuth, 417 East Fifth Street, Los Angeles, Calif.; alien, Los Angeles.
Schwinn, Herman (Nazi Bund leader of California), 2321 Magnolia Avenue, Los Angeles, Calif.; citizen, Los Angeles.
Sellman, Richard, 724 West Queens Street, Inglewood, Calif.; alien, Los Angeles.
Siemers, Bernard, 2007 South Figueros Street, Los Angeles, Calif.; alien, Los Angeles.
Siemers, Werner, 1984 Parkgrove Avenue, apartment 301, Los Angeles, Calif.; alien, Los Angeles.
Specht, Kurt, 564 North Larchmont Boulevard, Los Angeles, Calif.; alien, Los Angeles.
Spitz, Carl, 12350 Riverside Drive, North Hollywood, Calif.; alien, Los Angeles.
Stocker, Elfriede, 599 South Humphreys Avenue, Los Angeles, Calif.; citizen, Los Angeles.
Stocker, Therese, 599 South Humphreys Avenue, Los Angeles, Calif.; citizen, Los Angeles.
Strom, Carl Emil, 2948 Sixty-first Street, Huntington Park; citizen, Los Angeles.
Themlitz, Paul, 1004 West Washington Boulevard, Los Angeles, Calif.; alien, Los Angeles.
Toner, Rudolf, 902 South Alvarado Street, Los Angeles, Calif.; alien, Los Angeles.
Van Geelkerken, Mathilde, 1163 Steuben Street, Pasadena, Calif.; alien (Holland), Los Angeles.
Voch, Mathias, 260 E Street, Oxnard, Calif.; citizen, Los Angeles.
Voigt, Albert Emil, 1212 Shatto Street, Los Angeles, Calif.; alien, Los Angeles.
Von Geelkerken, Jan Corenlis, 1163 Steuben Street, Pasadena, Calif.; alien (Holland), Los Angeles.
Wach, Otto, 414 Sixth Street, San Pedro, Calif.; citizen, Los Angeles.
Wacker, Heinrich, 8773 Hooper Avenue, Los Angeles, Calif.; citizen, Los Angeles.
Walther, Armin, 902 South Alvarado, Los Angeles, Calif.; alien, Los Angeles.
Warmuth, Joseph M., box 293, Saugus, Calif.; citizen, Los Angeles.
Watson, Elizabeth; 902 North Robinson Street, Los Angeles, Calif.; citizen, Los Angeles.
Weber, Ernst Otto, 2251 West Twenty-eighth Street, Los Angeles, Calif.; Austrian, Los Angeles.
Wehl, Franz, 455 Butterfly Lane, Montecito, Calif.; alien, Los Angeles.
Weiske, Fritz, Pasadena, Huntington Hotel, Los Angeles, Calif.; alien, Los Angeles.
Wirth, Otto Hugo, Huntington Hotel, Pasadena, Calif.; alien, Los Angeles.
Wollseifeen, Herman J., 936 West Washington Boulevard, Los Angeles, Calif.; citizen, Los Angeles.
Wurzen, Ernst, 231 South Bunker Hill, Los Angeles, Calif.; alien, Los Angeles.
Ystrom, George, 343 South Pedro Street, Santakosa Hotel, Los Angeles, Calif.; alien, Los Angeles.
Zeiss, Fritz, 1209 Garibaldi Avenue, San Gabriel, Calif.; citizen, Los Angeles.
Zimmerman, Hans, 1212 Shatto Street, Los Angeles, Calif.; alien, Los Angeles.
Zimmer, Kurt, 2115 Bonzallo Avenue, Los Angeles, Calif.; alien, Los Angeles.

Americans, wake up before it is too late! Americans, protect your country from this ever-growing menace of fascism which is creeping into all parts of the country! Let us be Americans and have Congress authorize an investigation. Let us find out what laws can best be passed to combat the un-American movements in our country. Let us also investigate the financial sources of these subversive organizations which are being directed from within and from without.

The facts are here. Similar incidents are occurring daily. Let us do something, and let us do it now.

Warning to United States Brewing Association to Clean House and Eliminate Abuses or Face Another Prohibition Fight

EXTENSION OF REMARKS

OF

HON. JOHN J. COCHRAN

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 17, 1937

ADDRESS BY HON. JOHN J. COCHRAN, OF MISSOURI, AT PITTSBURGH, PA., OCTOBER 27, 1937

Mr. COCHRAN. Mr. Speaker, under leave granted me I submit a speech I delivered before the United States Brewers Association at a banquet in connection with the sixty-second annual convention of the organization at Pittsburgh, October 27, 1937. I was invited to make the speech by Col. Jacob Ruppert, president of the association. The speech follows:

President Ruppert, members of the United States Brewers Association, I have accepted the invitation to address the United States Brewers Association because I wish to speak plainly to you about great problems that concern your industry and the public welfare. I shall neither flatter you nor indulge in unfair criticism.

You are the heads of a great industry that is subject to attacks by professional prohibitionists and which was once destroyed by the power of professional propaganda. You hold your destiny in your own hands.

Your products have contributed much to the health, happiness, and sobriety of the world. But in a rebellion of public opinion culminating in 1919—preceded by years of bitter controversy—your industry was legislated out of business. It is claimed and not denied that experience cost the industry in round figures a billion dollars and the loss of more than 13 years of profitable business. It cost untold thousands their means of making a living for themselves and families.

After another raging controversy over the merits of prohibition, the people, voting directly in 38 States, restored your industry to legality and good public standing. The popular repeal majority in these 38 States was nearly 10,000,000 votes—the largest ever recorded on any issue up to that date.

You are now in the fifth year of your new adventure in business. The vital question that concerns you here and now is whether you are permanently or temporarily in business. As a Member of Congress who fought prohibition at every opportunity, I hope that you are on a permanent basis.

But there are ominous clouds on the horizon. The dry organizations are rapidly revitalizing themselves and reorganizing on wide fronts. Numerous powerful organizations have all passed resolutions pledging themselves to fight for the return of prohibition. There are at least 5,000,000 sharpshooters sniping at you. In the last analysis, public opinion will judge you on your merits and render its verdict accordingly.

Organizations that represent the public welfare, particularly of children and youth, are complaining that all is not well in the distribution and retail end of the trade. Many citizens strongly opposed to the principle of prohibition are voicing similar complaints. There are disquieting reports of a train of evils. I do not need to tell you what they are. You know. You come in daily contact with them. You realize they are threatening. You know they are creating a hostile public opinion against you. Thousands of local-option elections are being called. A discouraging number of these elections have gone against you. The record of the repeal elections of 1933 would indicate that the drys would have little difficulty in voting at least 1,000 counties dry. That would be a big loss to you. It would give great impetus to the dry cause.

I am not going to ask you to take my word for this, but let us see what some of the results show. Take this State of Pennsylvania, where local-option elections were held in 194 communities scattered in 36 of the counties of the State. What was the result? Fifty-eight communities that were permitting the sale of beer voted against the sale of beer in the future. Seventy-nine voted to continue to permit the sale of beer. In 43 communities where petitions were filed to permit the sale of beer, the people voted "No." Forty-nine communities voted to stop the sale of distilled liquor. Sixty-one voted to continue the sale of distilled liquor. In 34 communities the people voted to continue as they have been in the past and not permit the sale of liquor. Nearly 250 communities that sought to vote on the wet-and-dry issue were denied an opportunity because the courts held petitions were not properly prepared. They will vote at the next election.

Look at Tennessee. The referendum to permit the sale of liquor in that State was defeated, the vote being 38,928 for the sale of liquor and 105,961 against.

It is unnecessary for me to say that when a county votes to prevent the sale of beer that it is a loss to the brewing industry, just as it is a loss to the distilling industry when the sale of distilled liquor is prohibited. The main thing is, such results will certainly give encouragement to those who are advocating a return of prohibition.

You are all acquainted with the name of F. Scott McBride, the man who for many years was the superintendent of the National Anti-Saloon League. We find him now superintendent of the Pennsylvania Anti-Saloon League. If the papers correctly quoted him, he is prepared to put an entire dry slate of candidates in the fall election for the State legislature, in the general primary elections which will be held next May. What does that spell? That, of course, means that this resourceful fighter who has always had a capacity to make trouble for the brewing industry is going to try to dry up the legislatures. That is the method that they followed in the early days—first secure recognition in the communities, then in the counties, and finally, elect men to the legislature who are in sympathy with their cause.

Some of you, at least, are familiar with the tremendous cost of fighting local option and State-wide prohibition contests. Let me give you some reminders from the records of public investigations of your industry in what is known as the "old days." Between 1902 and 1907 there was an assessment of 20 cents a barrel on all beer sold in Texas to raise a fund to fight prohibition. That assessment yielded $900,000. In 1908 and 1909, $400,000 more was expended. Then in 1910 the assessment was increased to 30 cents a barrel, and in 1910 and 1911 that produced $670,000 more. Between 1911 and 1915 the Pennsylvania Brewers' Association spent $922,151.64. In 1 year alone, 1914, your own organization, the United States Brewers' Association, spent $1,404,485.24 trying to save the brewing industry from destruction. In Colorado the assessments ran as high as 60 cents a barrel. I do not have other State records, but, in the aggregate, the industry must have taxed itself enormously to fight its enemies, and in the bitter end not only lost everything but found itself so thoroughly discredited that it was entirely helpless.

I have cited these records to show you what a strain prohibition agitation puts upon the finances of your industry. You cannot afford, from your own selfish standpoint, to let the woods get on fire again. You must find the cause of the present unrest against your industry—you must locate the source of infection—and vigorously apply the surgeon's knife. You can save your industry—you can protect your profits, by keeping the retail industry clean and respectable, and by yourselves avoiding sharp trade practices prohibited by law.

When Congress passed the Federal Alcohol Administration bill it exempted the brewing industry from its provisions. Congress put you on your good behavior. It expects you to keep faith. Congress put the distilling industry in irons. It said to that industry: "Thus far you can go and no farther. This you may do, and this you shall not do."

If you break faith with Congress, and with the people of the country by permitting your retail establishments to become indecent, obnoxious, and outrageous, there will be strong agitation in Congress for the submission of another prohibition amendment. We do not want another prohibition fight in Congress. A majority of the Members come from so-called dry districts. It would not require a great deal of agitation to foment a formidable prohibition movement in Congress. The drys are of the opinion that even without a new constitutional amendment they could bring about a real effective national prohibition under the provision of the twenty-first amendment, prohibiting the shipment of intoxicating liquor into States in violation of their laws.

It appears that in less than 5 years after repeal we must face the threat of a new prohibition fight. You wish to avert that. So do I. So do the Members of Congress. We do not want this distracting subject again brought into the Halls of the National Assembly. But the professional propagandists find in the conditions that exist today the ready-made propaganda they need to fill their coffers. Prohibition propaganda is a profitable racket. The Anti-Saloon League, largest and most resourceful of the nearly 100 professional dry organizations, collected $50,000,000 from a gullible public to put over prohibition and spent an additional $20,000,000 between 1920 and 1930 trying to save the amendment. For many years its resources were in excess of $2,500,000 a year. All the dry combined organizations must have had at least $5,000,000 a year to finance their campaigns. Many thousands of persons lived profitably and comfortably upon the fruits of professional propaganda. With the aid of these tremendous funds, and by capitalizing on the mistakes of the brewing industry, they demolished you and discredited you in the public mind. They forced the ratification of the eighteenth amendment by 46 of the 48 States, and supported this with State laws and State amendments. The question is, What are you going to do about it? Are you going to invite your own destruction by permitting conditions to exist in the industry that create a hostile public opinion against you and furnish your enemies with the ammunition they need to shell you? You do not have to go outside of your own industry to find a precedent to guide you in your present course. You have it. I wish to give it to you and to commend the policy therein to your earnest consideration.

I wish to take you back to 1916 for the precedent. In my home city of St. Louis there was much public criticism of saloon conditions. As you know, the national prohibition movement was then well under way. A great St. Louis brewer rose to meet the emergency created by violations of the law by saloonkeepers. I wish to quote you now a letter the late August A. Busch then wrote to the excise commissioner of St. Louis, who had jurisdiction over saloon licenses.

"There are two sides to this question," Mr. Busch wrote, "and our own observation prompts us to say that you should be

sustained in any effort to correct conditions. We make no question that the responsibility for the correction rests, in a large part, with the business itself. The law alone cannot do it. As an official you are put to the proof, and you must often be hampered by technicalities. On the other hand, we cannot do it without your guidance.

"We are persuaded, however, by cooperation a better result can be obtained. Every disreputable saloon should be closed. Whenever your authority is insufficient to discontinue such a saloon we are prepared to act on your judgment. If you will say to us that a saloon which is our customer should, in the interest of public peace or welfare, be closed, we will withdraw whatever support it may draw from us. We do not ask you to take any responsibility beyond suggesting what should be done. We will take the responsibility of the decision. Inasmuch as the police department must be conversant with conditions we shall be glad to have you confer with that department in order that no establishment that in the judgment of properly constituted authority is a menace to society may be overlooked."

Other great brewers of that time, particularly Col. Jacob Ruppert, Mr. Julius Liebman, Mr. Ed Schmidt, and Mr. Gus Becker, all of whom are members of the board of directors of the United States Brewers' Association, shared these sentiments of their associate and took similar actions in an effort to correct then existing conditions.

Gentlemen, there is your precedent and your remedy. Apply the principles laid down in the letter to your retail conditions today and you solve your problem and perpetuate your industry. Such a policy will bring you wide public support and throw behind you a sustaining public opinion and good will that you have never enjoyed before.

I know what the attitude of some brewers has been in the past. It is that the industry is not fully organized and that it cannot meet this situation until all brewers are in agreement that the disreputable retail establishments must go. These brewers have taken the position that unless you sell to a disreputable customer some other brewer will do so. Now, I say to you that it is your duty as brewers to see to it that every disreputable tavern, regardless of whose customer it may be, is put out of business so that no brewer can sell to it. I am glad to learn that your association, recognizing this obligation to the public, has sponsored a brewers' foundation to carry forward just such a program.

It is your duty to organize the industry 100 percent behind such a policy. You must stand united for decent conditions in the retail trade, because there is where your troubles largely originate. In order to do this brewers must all stand together, and both State and national organizations must cooperate to the end that there will be a united front in your efforts to stamp out the evils in the industry.

I advise you to get busy. Lay aside petty jealousies. Organize, not to take advantage of other brewers, but to compromise all your difficulties so that you may be as one big happy family, determined above all else to keep your industry clean and respectable in all of its departments. Place this industry upon the high repute that it enjoys in England, Germany, and Canada.

When there was laid down the policy to which I have referred, of cleaning up the saloons, there was also laid down, in my opinion, the principle that led to the relegalization of beer and the repeal of the eighteenth amendment. In fact, 4 years before the eighteenth amendment was imbedded in the Constitution, such men as Colonel Ruppert and Mr. Busch, as well as the other great leaders in your industry, began the fight for repeal.

I know the inside story of the fight for repeal. I was in Washington throughout that fight. I think I ought to tell it to you for your own information and guidance. I give credit to the men whom I have mentioned and to every other right-thinking brewer, more than other private citizens, for the legalization of beer and the repeal of the eighteenth amendment.

When the eighteenth amendment became effective in January 1920 these men to whom I refer adopted as a policy for their companies strict obedience to the letter and the spirit of the law. They endeavored to build up a business in nonalcoholic beer. They soon found themselves crowded out of the market by floods of illegal liquor and beer. Thereupon they began a series of investigations and exposures of conditions under prohibition. Investigators developed proof that both the United States Government and a superintendent of the Anti-Saloon League had embarked upon bootlegging enterprises. The Government entered the bootlegging business for a prize of $100,000,000 a year in ocean passenger traffic. With rare courage they exposed both the United States Government and the Anti-Saloon League, with far-reaching effect on public opinion. Throughout the entire prohibition period this small group of brewers continued to develop the facts and create avenues for getting the facts to the public. Information was furnished that brought about the exposure in the Senate of the powerful Anti-Saloon League, which had millions of dollars at its command and a great army of skilled directors to control it. I personally saw much of these operations from the inside, and I know what I am talking about.

Of course, these men are not wholly responsible for legal beer and repeal, but they originated the fight and were the leaders behind the scenes. They had powerful aid toward the end of the battle, but the fact must always remain that they developed more than 75 percent of all the factual material on which the great issue was fought, and created, on this subject, perhaps more publicity than any other private individuals in the world.

By pursuing a policy of law obedience and law observance, and by the exhibition of rare courage and intelligence in dealing with this great public problem, it resulted in the restoration of brewing. This restored the entire industry to good public standing. Within a short time after repeal, 46 of the 48 States passed beer laws. This was the exact reversal of the conditions that prevailed at the beginning of national prohibition.

In the example and the policies thus laid down you have the formula for the salvation of your industry. If there are any horns now sprouting, cut t..em out. Let the industry stand as one man for the rigid enforcement of the law to make retail places of sale clean and respectable. Cooperate to the limit with law enforcing and licensing officials. Take the initiative. Remove the cause of public irritation. Don't satisfy yourself by talking about bad conditions. Act, and act swiftly and vigorously.

If a few brewers by their courage and vision and intelligence, could create and execute a policy that assisted so much to bring about repeal and restore your industry to good public standing, the combined vision, courage, and intelligence of all the brewers of the United States ought to be able to devise and execute a policy that would protect repeal and save the industry.

In closing, let me again emphasize the importance of uniting within your ranks and of a unanimous, determined effort on your part to so conduct your business and to see that distributors and retailers so conduct their business as to merit public support.

The industry realized the statements I made warranted action and I am pleased to record before the convention adjourned the following code of practice was adopted by a unanimous vote:

CODE OF PRACTICE

The brewing industry of the United States, custodian of an art and science practiced since the beginnings of recorded history, supplies a mild beverage to the major part of our population. Beer is the bulwark of moderation and sobriety. The industry recognizes its direct responsibility to itself and to the Nation to conduct its operations in accord with the desires and conscience of the American public. Members of the United Brewers' Industrial Foundation in convention assembled, representing nearly half the production of beer and ale in the United States, mutually and individually pledge themselves to the following code of practice:

We pledge ourselves, as citizens and as businessmen, to conduct our business in conformity with established laws in cooperation with the authorities.

We pledge ourselves as scientific brewers to maintain exacting high standards in the brewing and packaging of beer and ale.

We pledge ourselves, with all thoughtful citizens, to the promotion of practical moderation and sobriety.

We pledge our support to the duly constituted authorities for the elimination of antisocial conditions wherever they may surround the sale of beer to the consumer.

We pledge ourselves morally to support and encourage the great body of retailers who sell beer as law-abiding citizens and who operate legal, respectable premises.

We pledge ourselves to cooperate with the duly constituted authorities to prevent beer sales to minors or to persons who have drunk to excess.

We pledge ourselves to truth in the advertising of beer.

We pledge ourselves faithfully to observe the provisions of this code of practice, convinced that beer is the Nation's bulwark of moderation and sobriety.

Is This Business Recession?

EXTENSION OF REMARKS

OF

HON. JERRY J. O'CONNELL

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 17, 1937

Mr. O'CONNELL of Montana. Mr. Speaker, under leave to extend my remarks, I wish to include herein an Associated Press dispatch from New York of November 12, showing that the income of the Anaconda Copper Mining Co. for the 9 months ending September 30, 1937, amounted to $36,965,194, equal to $3.11 a share. During this same period in 1936 their income amounted to $9,940,132, or $1.15 a share. In other words, for the first 9 months of 1937 their income was $27,025,062, or $1.96 a share more than the same period in 1936. Can this be the business recession which we hear so much talk about today? Is this the unwholesome situation which capital complains so much about?

Notwithstanding this tremendous income, the Anaconda Copper Mining Co. is closing its mines in Butte, Mont., and is throwing thousands of men out of work. It is evident that the Anaconda Copper Mining Co., along with all the other wealthy corporations in the United States, are pur-

posely causing this so-called business recession in an effort to sabotage the New Deal and frighten this Congress into granting all of these great corporations tax concessions to which they are not entitled.

There is no need for the mines in Butte being closed. There is no need for the thousands of miners in Butte to be thrown out of work.

The Associated Press dispatch, which I quote below, shows that this wealthy corporation is making ample money. In order to mold public opinion in the State of Montana, the Anaconda Copper Mining Co. owns practically all of the daily newspapers within the State of Montana. Their Montana Standard, Butte Post, Daily Missoulian, Missoula Sentinel, Helena Independent, Helena Record Herald, Billings Gazette, and Livingston Enterprise are operated at a tremendous loss. The Anaconda Copper Mining Co. has sufficient money to continue running these newspapers even though they are a steadily losing proposition, but they have no money to put starving miners in Butte, Mont., to work.

I am at a loss to understand why this Congress should give any thought whatsoever to the question of granting tax concessions to any of these corporations, in view of the concerted effort which they are all making to thwart recovery. Let this Congress exert itself to enact legislation for the benefit of those who have not. Those who have seem to do a pretty good job of looking after themselves.

A. C. M. EARNS $3.11 A SHARE ON 9 MONTHS OF BUSINESS, IT REPORTS

NEW YORK, November 12.—Anaconda Copper Mining Co. and subsidiary companies said today consolidated income for the 9 months ended September 30 amounted to $36,965,194, equal to $3.11 a share on 8,674,338 shares of capital stock.

Equity in undistributed earnings of subsidiaries not consolidated and not included in the consolidated income account totaled $1,569,085, or 18 cents a share.

Net income in the comparable 1936 period stood at $9,940,132, or $1.15 a share.

The Postal Service and Its Part in Our Nation's Progress

EXTENSION OF REMARKS

OF

HON. JOSEPH B. SHANNON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 17, 1937

ADDRESS BY HON. JOSEPH B. SHANNON, OF MISSOURI, BEFORE THE ANNUAL CONVENTION OF THE NATIONAL ASSOCIATION OF LETTER CARRIERS AT KANSAS CITY, MO., SEPTEMBER 6, 1937

Mr. SHANNON. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following address delivered by me on September 6, 1937:

When I stood on the streets this morning and witnessed your colorful parade, into my mind came a vision of the great armies that are now embattled in deadly conflict raining bombs, poison gas, death and destruction on each other, apparently without aim or purpose. I looked at your units marching by with beautiful uniforms and banners that spoke of peace, harmony, and good will. I could look across the lines of your parade and see an army of a quarter-million letter carriers and post-office employees knit together in harmony throughout the States of the Union—a grand army of peace—and I recall the inscription engraved upon the post-office building at Washington, D. C., which reads:

"Messenger of sympathy and love
Servant of parted friends
Consoler of the lonely
Bond of the scattered family
Enlarger of the common life.

"Carrier of news and knowledge
Instrument of trade and industry
Promoter of mutual acquaintance
Of peace and of goodwill
Among men and nations."

I thought what a wonderful privilege it was to be a messenger of such a gospel, to know that your coming from day to day is eagerly watched for in every home in the land, whether you bring news of loved ones, pledges of friendship, greetings from distant travelers, news of the great world of industry, or even messages of sorrow, for even these, as you deliver the letter, are tempered with the sympathy of your presence; and I thought how very human a thing is the great Department of the Government of the United States which you peacefully marching men of today so faithfully represent.

THE FIRST POSTAL SERVICE

The carrying of messages is as old almost as the history of civilization. Every civilization of which there is any record has had a post-office system of some kind, or at least the bringers of news from distant places. It occurred to me that it would be interesting for you today if I took the trouble to look into the record of the origin and growth of the modern postal system.

The primitive carriers were either fast runners or riders. The riders rode horses, mules, camels, or young dromedaries, but always in the old days the fleet of foot who carried the news of victory or defeat were honored as heroes. The world today has not forgotten Pheidippides, the man who brought the news of the great battle of Marathon.

The name "post office" originated with the Romans, who used posts along the side of the road to mark the convergence of post roads. These posts were called "post offices" and the highways along which the courier ran became known as "post roads." I find in this statistical record that there was a postal system in Persia (now Iran) under Cyrus the Great as early as the sixth century before Christ. The imperial government appointed the postmaster general, who supervised the runs of the couriers and appointed grooms to look after the horses. Couriers of other posts brought their packages of letters to his central post, which were forwarded by fresh carriers and fresh horses to the next post toward their destination. This was the pony express of the ancients. So you see that there really is nothing new under the sun, not even our own pony express, about which I will say a few words later on.

THE COLONIAL PENNY POST

When the colonists came to America there appeared to be no great desire at first for communication among themselves, but many of them did wish to keep in touch with the motherland. This brought about the penny post. Letters were brought from England to America for 1 penny each. Bags to receive the mail were placed in the coffee houses in London, from which sources they were collected before sailing. I find a curious entry in the records of the General Court of Massachusetts as early as 1639 with reference to these ship letters. I am sure you will enjoy its quaintness and very human flavor. It read:

"Richard Fairbanks, his house in Boston, is the place appointed for all letters which are brought from beyond the seas or are to be sent thither; they are to be brought unto him and hee is to take care that they bee delivered or sent according to their directions and hee is allowed for every such letter 1 penny and must answer all miscarriages through his owne neglect in this kind; provided that no man shall be compelled to bring his letters thither except hee please."

The first post route officially established in America was in 1672, when Governor Lovelace, of New York, decreed that there should be a monthly post between New York and Boston. This route, however, was not very successful and was soon abandoned.

Many other post routes were established from time to time, some of which were failures from the very start and others surviving for short periods.

On February 17, 1691, William and Mary granted to Thomas Neale, by letters patent, power and authority to establish a postal system for the American Colonies. Neale's term was fixed at 21 years. He remained in England, but nominated Andrew Hamilton as Postmaster General for America. Thus Mr. Hamilton, who served from April 4, 1691, until his death in 1703, was the first Colonial Postmaster General. He was succeeded by his son, John Hamilton, who served from 1703 until 1721. Both Andrew Hamilton and his son are recognized as having operated the postal system for the convenience of the public, and their services were given a high place in the estimation of the colonists.

Some of the other early Postmasters General in this country were:

John Lloyd, who served from 1721 to 1730.
Alexander Spotswood, from 1730 to 1739.
Head Lynch, from 1739 to 1743.
Elliott Benger, from 1743 to 1753.

THE ORIGINAL NORTH-SOUTH LINE

Now, when we go delving into history we are always likely to run across something either that we never knew or that we have long ago forgotten. It was news to me that practically the first division between the North and the South in this country was exemplified in the Postal Service long before the Mason and Dixon's line became a division line between the slave States and the free States. As a matter of fact, that Mason and Dixon's line began as far back as 1753 and the first line merely marked the division between Pennsylvania and Maryland; and here is a strange fact that I encountered in my researches which will perhaps be news to most of us. There was a time when there were two Postmasters General for this country, one for the North and one for the South, away back in colonial days. About the year 1753 the British possessions in America were divided into northern and southern postal districts, and Postmasters General were appointed for each district. Perhaps here was where all the subsequent trouble began that ended in Abe Lincoln's day. It was a definite recognition of a nation divided in interests.

The first postmaster general for the southern district was Benjamin Barons, who served from 1765 until 1766. He was succeeded

by Peter de Lancy, who served from 1766 until 1771; then George Roupell served from 1771 until after the Revolution.

The northern district, established in 1753, had two postmasters general—William Hunter and Benjamin Franklin—who served jointly from 1753 to 1761. Hunter was then succeeded by John Foxcroft, who served with Franklin until the latter's removal by the British Government in 1774.

START OF MODERN SYSTEM

But let us come to our own United States that found birth with our Declaration of Independence and our severance forever from the tyranny of England. We were no sooner organized as a nation than we began to establish our post offices and postal system. In July 1775 a United States Post Office Department was established by the Congress and our first Postmaster General was none other than old Ben Franklin. The British postal system in America was officially discontinued in the following December, but, of course, during the period of the Revolution the mail service was necessarily limited and the transmission of letters infrequent and unsatisfactory.

When the Constitution was adopted in 1789, President Washington appointed Samuel Osgood, of Massachusetts, as the first constitutional Postmaster General. He was not, however, made a member of the Cabinet. His office was subsidiary to that of Alexander Hamilton, the then Secretary of the Treasury. The establishment of a general post-office system throughout the country was authorized by the Congress in 1792, and from that time on the service steadily improved.

JEFFERSON A POSTAL PIONEER

And here let me refer to a man who stands out head and shoulders above all the men of his period in broad vision, in the extension of the influence of the United States, in the westward expansion of the country, as he did in inculcating the basic principles of human rights and the liberties of the people. I refer to Thomas Jefferson. As he did in everything else that he undertook, he foresaw that the Postal System was to become the great arterial system of communication between the States of the Union and between the home folks and the pathfinders of the West. He was the first who saw that speed was the essence of the system. He found fault with the service of his day principally on two grounds: First, that it was not fast enough; and, secondly, that it was not always dependable.

In 1792 he wrote to T. M. Randolph:

"I am now on a plan with the Postmaster General to make the posts go from Philadelphia to Richmond in 2½ days instead of 6, which I hope to persuade him is practicable."

Again, in another letter, he wrote:

"I opened to the President a proposition for doubling the velocity of the post riders who now travel about 50 miles a day and night without difficulty, go 100, and for taking measures (by waybills) to know where the delay is, when there is any."

So earnest and efficient were Jefferson's efforts to increase the speed of the Postal Service that he became known in his day as the Father of Fast Mails. As President of the United States, Jefferson's interest in improving the Postal Service continued, and the Department under his administration was widely commended for the excellency of the service and the efficiency of its administration. And, in this connection, let me add, it was another great President who first recognized the fact that the Department was important enough for its head to become a member of the Cabinet. The first Postmaster General to be made a member of the Cabinet was William T. Berry, of Kentucky, and he was invited into the Cabinet by President Andrew Jackson in 1829.

BIRTH OF THE PONY EXPRESS

One of the most romantic periods in the Postal Service was between April 3, 1860, and October 26, 1861, during the operation of the pony express.

The pony express is of peculiar interest to the people in this vicinity because it had its origin in St. Joseph, Mo.

One of the founders of the pony express was Alexander Majors. Majors' bullwhackers had been engaged in the freighting business since 1848, principally between the Missouri River and the military posts in the frontier West. His first train of six oxen-drawn wagons started from Independence, Mo., in 1848. In 1855 he went into partnership with Russell and Waddell of Lexington, Mo., and it was he and Russell who took the lead in the establishment of the pony express.

Alexander Majors' son, Greene Majors, later described the preliminary arrangements for the pony express as follows:

"To establish the pony express required 500 of the best blooded American horses; 190 stock stations for changing the riding stock; 200 station tenders to care for the horses and have them ready, saddled and bridled, for the incoming rider to mount and be off like the wind; 80 of the keenest, toughest, bravest of western youths for the riders, with stations all supplied with hay, grain, and other needed materials. It required $100,000 in gold coin to establish and equip the line."

The saddles of the pony express riders were of special design, light in weight, and were made by the saddlery of Israel Landis in St. Joseph. There was a bit of doggerel concerning his saddles that went something like this:

> If a good saddle you would find,
> One that's just suited to your mind,
> You need not to St. Louis go,
> For you can get one in St. Joe.

Mr. Landis was also active in politics, and took a leading part in the fight to remove the county seat from Sparta to St. Joseph.

Many of the horses used by the pony express were purchased from Captain McKissack, of Leavenworth.

As the time drew near for the inauguration of the pony express service, excitement was at fever pitch. Announcements were carried in all prominent newspapers to the effect that beginning April 3, 1860, a pony express would run weekly between St. Joseph, Mo., and Sacramento, Calif., and that it would cut the time between New York and San Francisco, for telegraphic dispatches, to 10 days, and for letters to 13 days. This was a saving of 12 days in the coast-to-coast mail service. The movement was hailed with enthusiasm.

THE RIDERS AND THEIR OATH

Extensive preparations were made for the opening of the pony express. The riders began drifting in weeks before the date set, and they were all quartered at the famous Patee House, built by John Patee in 1856. Many entertainments were given in their honor. They were costumed in red shirt, blue trousers, fancy boots, and a buckskin jacket, and were provided with a horn for use in announcing themselves at relay stations. The mayor of St. Joseph at that time was Jeff Thompson.

Alexander Majors tried hard to impress upon his employees the importance of proper conduct. He required each of the riders, as he had required his employees in the freighting business, to sign this pledge:

"I do hereby swear before the great and living God that during my engagement, and while I am an employee of Russell, Majors & Waddell, I will, under no circumstances, use profane language; that I will drink no intoxicating liquors; that I will not quarrel or fight with other employees of the firm, and that in every respect I will conduct myself honestly, be faithful to my duties, and so direct all my acts as to win the confidence of my employers. So help me God."

After signing the pledge, each rider was presented with a copy of the Bible. It is true that some historic doubts have arisen as to the results of Mr. Majors' moral campaign with the pony express riders. But if occasionally the Bible was forgotten or the oath relaxed, the lapses were easily forgiven when it was remembered that these hardy mail carriers of the West were kept busy dodging Indians on the prairies, blizzards on the plains, snows in the mountains, and incredible hardships that often brought death on the road. Some of the best know riders in St. Joseph were Johnny Frey, Billy Richardson, Charlie and Gus Cliff, Alex Carlyle, Henry Wallace, Don C. Rising, and J. H. Keetley, and in Kansas City, some 8 or 10 years ago, there passed away one of the most courageous riders of the old express, well known to Kansas City pioneers. His name was Henry Avis.

The pony express had a remarkable and spectacular existence, although not a very long one, in the face of innumerable hazards. It was in operation 79 weeks. During the first month the trips between St. Joseph and Sacramento were weekly, then they were semiweekly each way; 308 one-way trips were made. The pony express route was something like 2,000 miles long, and the riders covered 616,000 miles. Approximately 30,000 letters were carried all told.

FROM PONIES TO AIRSHIPS

The transcontinental telegraph, completed in 1861, rang the death knell of the pony express. It had never been a financial success, but it was a great moral lesson in the transportation of the mail. It demonstrated the ability of man and beast to overcome all obstacles. It increased the speed of mail deliveries. Its greatest achievement was the carrying of the news of Lincoln's death from Washington to Sacramento in 7 days. After all, there is a blood kinship between the pony express and the Department of today with its Air Mail Service, its 44,877 post offices, and its grand army of carriers whose representatives are meeting here today.

The days of the pony-express riders have been cut down to the few hours of the air-mail pilots who, while they have no hostile Indians to contend with, as the pony-express riders did, yet go forth in all seasons, through storms and blizzards and across high mountains to keep up the tradition, established by Thomas Jefferson, of speed and dependability in the service of the mail.

TRIBUTE TO JIM FARLEY

And now, gentlemen and ladies, in conclusion let me say a word about the man who today occupies the position of Postmaster General of these United States.

I have the honor of his personal acquaintance. I have come in contact in various ways as a Congressman with the workings of his Department, and I want to say here and now that there has never been a man who occupied that position from Ben Franklin's time down to the present day who has been more honest, more earnest, or more efficient in the discharge of his duties. He has been a pioneer, too, in his way. He has coordinated the system into a vast organization that works together in harmony, and, more than that, he has humanized the system.

Jim Farley, Postmaster General, has in his own inimitable way made the postmasters, the mail carriers, and the mail employees of this country understand that he is standing by them, that their interests are his, and that, in fact, he regards himself, as you do, as the servant of a great system.

STAMPS RECORD HISTORY

There is one feature of his administration that I must refer to. I have heard Mr. Farley criticized for his stamp-printing office. I want to say that I am not a stamp collector, but I am a reader of stamps. I never affix a stamp to a letter that I do not take a look at the portraits that are printed thereon. Mr. Farley has made these stamps of historic interest. He has made us stop in our daily business to recall the great men of the past who have contributed to the

history and the development of our country. Jim Farley's stamps are historic records in brief.

I came across one yesterday that contained the portrait of Putnam and on the other side a portrait labeled "Cutler." Now, everybody who knows anything of the history of this country knows Israel Putnam, but I failed to find any of my acquaintances who knew who Cutler was. I didn't know myself, and thanks to Mr. Farley's history lesson, I went to the book and found out that the picture represented one of our forgotten heroes, Manasseh Cutler, the civil organizer who followed in the footsteps of George Rogers Clark and wrote the Ordinance of 1787 which established the civil government of the Northwest Territory, including the Ohio Valley, and added it to the domain of the United States.

So here are my hand and voice in a closing tribute to Jim Farley, Postmaster General of the United States, organizer and historian, and a man whose sympathies are not only concerned with methods of efficiency and speed in the delivery of the mails, but in broad human sympathy with the men who carry on the work of the Department from one end of this country to another.

Restoration of Foreign Markets for Our Agricultural Surpluses

EXTENSION OF REMARKS

OF

HON. J. BURRWOOD DALY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 17, 1937

LETTER FROM HON. CORDELL HULL, SECRETARY OF STATE

Mr. DALY. Mr. Speaker, as the life and prosperity of our Nation depends primarily upon agriculture, and the profitable disposition of our farm surpluses has given the country great concern for many years, I think it fitting that the attention of the Congress be called to the agreements that have been effected with foreign nations toward that end and effected with great benefit to the farmer, and consequently to the advantage of the United States, by the Department of State under the most efficient direction of the Honorable Cordell Hull. I therefore incorporate in my remarks a copy of a letter sent to the Honorable ARTHUR CAPPER, United States Senator from the State of Kansas, by the Secretary of State, wherein is briefly set forth a résumé of the agreements and the beneficial effect upon our agriculture.

OCTOBER 18, 1937.

The Honorable ARTHUR CAPPER,
Topeka, Kans.

MY DEAR SENATOR CAPPER: My attention has recently been called to reports in the press that you propose to conduct what was described as a "grass-roots campaign" against the reciprocal trade agreements program. It is further reported that you denounced the program as a disguised method of "selling out the farmer for the benefit of eastern manufacturers" and that, in support of this statement, you cited the increase in imports and decrease in exports of agricultural products in the fiscal year ending June 30, 1937, as compared with the preceding fiscal year. Assuming that you are correctly reported, I feel that it is my duty, as one charged with a heavy official responsibility in connection with the formulation and execution of the program, to bring to your attention relevant facts and considerations which, in my opinion, show not only that your impressions are ill-founded but that as a matter of fact farmers are about the last group in the United States which should oppose the program.

Ever since the inauguration of the trade-agreements program there have appeared, from time to time, in the press and elsewhere, statements designed to foster the belief that agricultural interests are being injured. In some cases these criticisms have doubtless been due to misinformation on the part of the individuals concerned as to the facts of the situation. Much of the time, however, the circumstances attending their dissemination are such as to leave no doubt of a deliberate intent to alienate public, and particularly farm, support by means of an incomplete and biased presentation of trade figures. As a result of such distortions of statistics by opponents of the trade-agreements program, many persons who have sincerely at heart both the general public interest and the welfare of the farming population, but who are unable to devote much of their time to a study of the complex facts concerning trade agreements, are likely to be seriously misled.

The gist of the argument of those who contend that agriculture has been "sold out" appears to be somewhat as follows: (1) that imports of agricultural products are unduly large and have been increasing rapidly to the great detriment of the farmers; (2) that trade agreements are in large measure responsible for this allegedly unfortunate state of affairs; and (3) that the trade agreements have been ineffective as a means of expanding outlets for farm products. The evidence commonly cited in support of these propositions contains just enough admixture of partial fact, or of half-truths with misleading implications, to convey, in a most insidious manner, what are essentially complete untruths concerning this whole situation. An examination of the outstanding facts with reference to the character and trend of our imports and exports of farm products, and of the role played by trade agreements, will show that this is the case.

Before going into these facts, however, it may be well to point out that prices alone furnish strong presumptive evidence that there is something radically wrong with any theory which says that the tariff and other policies of this administration affecting agriculture have been detrimental to the interests of farmers.

In 1932, 2 years after the enactment of the Smoot-Hawley tariff, the average farm price of corn in the United States was 28 cents a bushel; in 1936 it was 77 cents, and for the first 8 months of 1937 approximately $1 a bushel. In 1932 the average farm price of wheat was 39 cents a bushel; in 1936, 96 cents; and for the first 8 months of 1937, $1.17. In 1932 hog raisers got, on the average, $3.44 a hundred pounds for their pigs; in 1936 they got $9.17; and for the first 8 months of 1937, $9.79. In 1932 beef cattle brought the producers, on the average, $4.07 a hundred; in 1936, $6; and for the first 8 months of 1937, $7.62. Butterfat yielded dairy farmers an average of 17.9 cents a pound in 1932, 32.5 cents in 1936, and 32.6 cents in the first 8 months of 1937. Wool growers got 8.7 cents a pound for their wool in 1932; 26.7 cents in 1936; and in the first 8 months of 1937, 31.8 cents. It must be recognized, of course, that the high prices of some of these products in 1937 were largely due to drought, hence prices for 1936 are also given. The drought factor is particularly significant, for example, in connection with the 1937 price of corn; with the harvesting of this year's more normal crop the price of corn may be expected to recede.

Without going into all the factors affecting these prices, it must be evident that such figures fail to square with the fantastic notion that farmers have been "sold down the river" by this administration, either through its tariff policies or otherwise. On the contrary, what they suggest, and what is the actual fact, is that the real "sell-out" occurred when the Smoot-Hawley Act was passed. That was the time when agriculture received the real body blow from which this administration has sought for the past 5 years, with marked success, to rescue it.

Now let us examine a little this question of farm imports about which so much is heard. Which agricultural imports have increased? To what extent are they competitive with domestic farm products? Why have they been increasing?

From the fiscal year ended June 30, 1934, to that ended June 30, 1937, the value of our agricultural imports increased by $699,000,000, or 83 percent. Of this total, $252,000,000 represents increases in the leading imported commodities not produced in the United States and not substituted for the farm products which are produced in the United States. These imports, the principal among which are coffee, tea, cacao beans, rubber, silk, bananas, and spices, compose more than 36 percent of the increase in agricultural imports upon which so much emphasis has been placed. They have no proper place in any discussion of the tariff problem, and are usually lugged in simply in order to swell the total of agricultural imports and thus excite unwarranted apprehension on the part of uncritical observers. Instead of being hurtful, they are well nigh indispensable; and yet they are paraded as injurious imports.

A further $141,000,000 of the increase in farm imports is accounted for by increases in the leading items affected by the great droughts of 1934 and 1936. Most of these products we ordinarily export rather than import. In years, however, of extremely poor growing conditions (and hence low yields per acre) we may have inadequate supplies in spite of large acreages originally planted. Under these conditions prices rise sufficiently to make it profitable for foreigners to send us supplementary supplies of the drought-affected commodities. Such imports in no sense displace the products of American farms. They supplement the domestic supply. They relieve shortages of feedstuffs which could not otherwise be relieved. They do not depress prices, but, on the contrary, come in precisely because prices are high. They do, of course, tend to check the rise of prices to famine levels. Hence they benefit the many farmers who have to buy feed for their livestock, as well as the ultimate consumer. The leading imports which have been increased in this fashion during the past 3 years are corn, wheat and wheat flour, fodders and feeds, meat products, barley, barley malt, tallow, and butter. In the case of butter, while there is always some seasonal importation in the winter months, there is no doubt that high prices of dairy feed in consequence of the drought have tended to increase prices of butterfat, and thus to attract larger imports of butter over the present tariff of 14 cents a pound. Increases in imports of this general class of items account for over 20 percent of the total against which so much criticism has been directed.

Of the remaining $306,000,000 increase in agricultural imports during the past 3 years, forty-five millions represents the increase in sugar imports. Sugar imports into the United States are subject to strict quantitative control. The quotas for foreign countries are fixed in such a way as to reserve for domestic producers at least as much of our home market as they can supply at a reasonable price. As a matter of fact, the quantity of sugar imports has increased only slightly in the past 3 years. Most of the rise in their aggregate value has been due to higher prices. Under the circumstances that rise is hardly detrimental to American agriculture.

After deducting these three categories—i. e., the leading imports of commodities neither produced in the United States nor substituted for our farm products, the principal drought-affected products, and sugar—there is a remainder of $261,000,000, representing the difference between the total increase of $699,000,000 and the sum total of these three groups. By far the greater part of this is accounted for by commodities which we regularly import in large quantities in spite of high tariffs, because we cannot produce enough of them at reasonable prices to supply our needs. Imports of such products have increased because economic conditions in this country have improved, with the result that we have been using greater quantities of both industrial raw materials and foodstuffs. The increases in the value of imports have reflected both larger quantities entered and higher prices. The leading items in this group are vegetable oils and oil seeds, dutiable types of wool, hides and skins, certain types of nuts, molasses, long-staple cotton, wrapper tobacco, field and garden seeds, sausage casings, olives, and dates. These enumerated items account for $178,000,000. The remaining $83,000,000 is made up of a large number of small items distributed throughout all of the categories above mentioned, except, of course, sugar.

Thus, in summary, the figures with reference to the increase in our agricultural imports between the fiscal year ended June 30, 1934, and the fiscal year ended June 30, 1937, stand as follows:

Group:	*Excess of 1936–37 imports over 1933–34*
1. Products not grown in the United States or substituted for domestic farm products (major items only)	$252,000,000
2. Products the imports of which were affected by the great droughts of 1934 and 1936 (major items only)	141,000,000
3. Sugar	45,000,000
4. Products normally imported in large quantities because we cannot produce enough of them at reasonable prices to supply our needs (major items only)	178,000,000
5. Residual of small items distributed throughout groups 1, 2, and 4, above	83,000,000
Total increase in imports of farm products, 1933–34 to 1936–37	699,000,000

The assumption that large imports of agricultural products denotes distress to farmers is not warranted.

Agricultural imports exceeded $2,000,000,000 every year from 1925 to 1929 and in none of these years was domestic production curtailed by drought to anything like the extent experienced in 1936. As a matter of fact, there is a direct correlation between imports and farm income. For example, in 1929, when farm income amounted to nearly $12,000,000,000, agricultural imports totaled $2,218,000,000. In the succeeding depression years farm income and agricultural imports declined in about the same degree, both of them reaching a low in 1932, when income was $5,337,000,000 and imports $668,000,000. Since then the two have increased again with imports only a little larger in proportion to farm income than previously, and this is fully explained by the droughts of recent years and the rapidly increasing imports of agricultural raw materials in consequence of economic recovery. I take it that you would not view the latter of these causes as a matter for regret.

There is no basis whatever for the belief that duty reductions in reciprocal trade agreements have been a major cause of the increase in agricultural imports in the past year. This is strikingly shown by a comparison of the increases since the trade agreements became effective in items upon which the duty has been reduced and those on which it has not. Most of the trade agreements, other than the one with Cuba, went into effect between May 1935 and June 1936. Accordingly, by segregating items on which duty reductions have been made in trade agreements and those on which no reduction has been made and comparing imports in the first half of 1935 with the first half of 1937, an indication can be had of the relative importance of duty reductions and other factors in increasing imports.

Take, for example, foodstuffs. The figures show that excluding sugar, imports of which are regulated by quotas, there was a total increase of $112,643,000 in imports of the principal foodstuffs in the first half of 1937 as compared with the same period 2 years earlier. But note how this was comprised. Of the total increase, $56,544,000 (more than half) is accounted for by dutiable foodstuffs or foodstuff groups upon which duties were not reduced. A further $42,410,000 is accounted for by free-list items—on which, obviously, there could be no duty reductions. These two groups, on which there were no duty reductions, account for 88 percent of the total. A third category which is somewhat, but not primarily, affected by duty cuts (groups of dutiable foodstuffs on less than half of which duties were reduced) accounts for $7,589,000, or some 7 percent, of the total increase. Finally, there is the group consisting of dutiable foodstuffs or foodstuff groups, including wrapper tobacco, on more than half of which the duties were reduced. This group accounts for just $6,100,000, or 5 percent, of the total increase. It is of interest also to note that imports of dutiable foodstuffs on which no tariff reductions were made increased by 77 percent; whereas imports of that group of foodstuffs on the greater portion of which the duties were reduced, increased by only 41 percent. (Imports of free-list foodstuffs increased by 33 percent; and of foodstuffs not primarily subjected to duty cuts, likewise by 33 percent.) It is clear from these figures that factors other than trade agreements must have been chiefly responsible for the increases in imports which took place.

A complete list of changes in import duties since the passage of the Tariff Act of 1930, prepared by the United States Tariff Commission, is enclosed.

While the concessions that we have granted with respect to agricultural products have been unimportant to our farmers, the value of the agricultural concessions obtained from other countries is considerable. In spite of the extreme policies of protection for agriculture in many foreign countries and the consequent difficulty of obtaining concessions on agricultural items, tariff, and tax reductions and liberalization of import quotas have been obtained on agricultural commodities which comprised about one-third of our 1929 agricultural exports to the countries with which agreements have been concluded. Duties on agricultural products constituting almost another third of imports have been bound against increases during the life of the agreements, thus bringing up to some 60 percent the value of all agricultural products favorably affected. Especially valuable concessions were obtained from Canada, which country reduced its duties on about 125 agricultural and horticultural products imported from the United States.

While significant increases have occurred in exports of a number of agricultural products for which concessions have been obtained, the full benefits have not been realized up to the present time because of greatly reduced surpluses or actual shortages of some of the most important farm products in consequence of severe droughts. I am enclosing a list that enumerates the important export products benefiting from reciprocal trade agreements signed up to May 1, 1937.

The direct concessions obtained for exports of farm products do not by any means, however, suffice as a measure of the benefits of the trade agreements to agriculture. What is altogether too commonly ignored are the indirect benefits. When increased foreign outlets are obtained for our industrial exports that inevitably results in expansion of economic activity and employment in our cities and hence a better market at home for American farm prod- by over two and one-half billion dollars between 1928–29 and 1932–33, the magnitude of the sums involved is apparent. If we regain a substantial part of this lost trade in consequence of trade agreements, as we are already commencing to do, the results, in terms of increased employment and purchasing power for products of both farm and factory, right here in our own market, will be tremendous.

Another indirect benefit to agriculture resulting from the trade agreements is their tendency, insofar as they increase outlets at home and abroad for such products, to check the diversion of land and labor from production of export crops to crops raised for domestic consumption. An outstanding example of this is cotton, exports of which have been reduced by lack of buying power in many foreign countries and by other factors. Unless export outlets for cotton are maintained large areas in the South will ultimately be used for the production of farm products which, in the past, have customarily been purchased from the Middle West.

It hardly needs to be recited that as a general proposition agriculture stands to gain far more by a liberal commercial policy and to lose far more by a high tariff than other elements of our population. The price of the bulk of what the farmer produces is governed by world prices and no amount of tariff can increase his return. What the farmer buys, on the other hand, is protected and, more often than not, the cost is higher as a result of import duties than it otherwise would be. The trade-agreements program, by lowering excessive duties in exchange for concessions by other countries, is designed to lessen this discrepancy. Opponents of the program, whether intentionally or otherwise, are in effect advocating the perpetuation of a long-standing policy of tariff discrimination against the farmer.

Those who continue to advocate higher import duties to protect the farmer seem to forget the terrible experience that we had with excessive tariffs only a few short years ago. The misery and confusion that befell our people in the years prior to 1933 were felt by none more acutely than the farmer. The Smoot-Hawley tariff, which was protectionism run amuck, ushered in the most disastrous period in the history of American agriculture. In my opinion, no greater disservice could be rendered to our farm population than by alienating their support of our present liberal trade policy, which is not only the most effective way of safeguarding our farmers from a return to the conditions prevailing under the Smoot-Hawley Act, but is also the policy which offers the only solid foundation for peace.

Sincerely yours,

CORDELL HULL.

The Worker Over 40

EXTENSION OF REMARKS

OF

HON. THOMAS O'MALLEY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 17, 1937

RADIO ADDRESS OF HON. THOMAS O'MALLEY, OF WISCONSIN, OCTOBER 31, 1937

Mr. O'MALLEY. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following address

delivered by me over the radio on October 31, 1937, and also a bill which I introduced yesterday:

For the opportunity to address you this evening I am indebted to the National Broadcasting Co. through whose courtesy and cooperation the next 15 minutes has been made available to me. With much publicity being given to the fact that the forthcoming special session of Congress will have as one of its main objectives, legislation on wages, hours, and fair-labor standards, it seems to me most timely that another problem of great importance to American workers be brought to public attention and so I have chosen as the subject for my discussion tonight the problem of the worker over 40 years of age.

Perhaps most of us are familiar with the now commonplace phrase that "Life begins at 40." For a few endowed with ample means and well established economically this may be true, but for the vast majority of men and women employed in industry or in the ranks of the unemployed and seeking a place to market their services, the far more pertinent phrase occurs to me—"the fight for economic survival begins at 40."

Some months ago my interest was directed toward the problem of working men and women over 40 by the activity and publications of a small group banded together under the title of the Forty and Over Clubs of America to bring to the attention of the legislators of the States and Nation the growing menace to our economic system of an almost universal policy in both industry and Government to deny employment to citizens of 40 years of age and over. As a result of the information gathered by these thoughtful people I agreed to introduce in the next session of Congress appropriate legislation, designed to forbid discrimination in Government employment by reason of age where applicants were qualified and able to do the work which they sought. My bill proposes further to repeal such laws or parts of laws which permit any governmental agency, department, or service to make regulations fixing the hiring policy of the Government, at an age lower than that now established as the retirement and old age pension benefit ages provided in the Social Security Act.

Since press reports concerning this proposed legislation were published, letters from persons in all parts of the country have reached my office. These letters testify not only to a Nation-wide age-discrimination policy in industrial and governmental employment, but they give appalling and heartbreaking examples of the hardship of the unemployed in the higher-age brackets and the dangers of unemployment facing those over 40 who may now be employed but who may wake up tomorrow without a job unless something is done to stop this growing trend.

Much attention has been given by Government, industry, and organized labor to the problems of the younger worker whose services are in demand and often at a premium because of the "speed-up" policies upon which our economic and industrial system has developed since the World War. The real "forgotten men and women" in all the programs that have been put forward and all the advances that have been proposed for the worker are those employed and unemployed who are 40 years of age and over. Many organizations have recognized the seriousness of the problem but no practical solution as yet has been suggested. The condition has been deplored and resolved against but no one or no organization has offered a program designed to correct this dangerous and unfortunate condition which directly affects nearly 30 percent of our total population. Like every other problem those most affected are usually the best fitted to devise the most effective solution. Thus, to the interested men and women past 40 it is sufficient to merely endeavor to point the way toward those objectives which their organized efforts can gain.

In September the Secretary of Labor, in commenting upon unemployment and the growing tendency toward consigning men and women of 40 years of age and over to the economic and industrial junk heap for no other reason than age, recognized the existence of a widespread policy of discrimination against the worker, "after 40." She said, and I quote her remarks, "as a State or Federal Labor Department official over a period of 15 years I have seen it grow until now it is a menace and terror to thousands of family breadwinners when they reach the age of 45 or 50 * * * with the reopening of many plants older workers were not called back to their jobs, their places going to younger men and women, and while many industries still retain workers to the age of 60, or even 70, the general hiring policy is to fix an entrance limit age at 45 and, in some cases, even 35 and 40. * * * Such a policy affects the well-being and comfort of a considerable number of our citizens and threatens our social structure so that its alleviation and correction is becoming a growing matter of public concern."

Madam Secretary of Labor goes on to say that in a study of the plight of the older worker made in Massachusetts last year out of 3,781 industrial establishments, 230 had no male employees 45 years of age or over, 137 had less than 10 percent, and 434 had less than 20 percent.

As I remarked before, while no solution has yet been offered to the problem, one simple one seems to me to be most apparent. It might be briefly stated in that old-fashioned but apt statement that the "Lord helps those who help themselves." That the policy of discrimination against anyone in employment because of age is false, short-sighted, and economically unsound has been demonstrated again and again. Only last evening there was brought forcibly to my attention that a valuable scientific employee of the Government was beginning his eighty-sixth year in the full vigor of his faculties, and that in work and research in the scientific field in which he specializes he had contributed as much as might reasonably be encompassed in two average lifetimes. In ancient times men were not supposed to have reached maturity until the age of 30, while upon entirely false premises today industry arbitrarily declares that 30 years marks the beginning of the process of elimination and refusal of employment, with the mental and physical capabilities of men and women totally and cruelly disregarded.

It must occur to all of you who are among my listeners this evening that the breadwinner at 40 faces in the next 15 or 20 years of his life the period of his greatest economic burden. His children are in their "teens" where the expense of their support and education are at the highest figure, his financial obligations of home, insurance, medical expenses, and other necessities are at the highest point of the normal working lifetime. Yet our laws from the Social Security Act on down, bar him from any prospect of retirement on any income if he should be unfortunate enough to be without employment or facing the loss of his job because of the age discrimination policy now in effect.

That industry is short-sighted in the continuation and encouragement of such a policy is evidenced by the fact that the people between the ages of 40 and 60 in the United States, plus those dependent upon them for support, purchase and consume approximately 50 percent of our manufactured products. It is inconceivable, therefore, that any sound economic policy would dictate a program that would eliminate a large group of people from the ranks of purchasers of more than the sheer necessities of life.

In my own travels and my own investigation of this problem I have been at a loss to understand the reasons back of a business policy that employs boys and girls in their "teens," who should be in school acquiring an education and fitting themselves for the responsibilities of life, when the fathers of these same boys and girls, experienced, capable, and skilled craftsmen, sit in an enforced idleness, refused an outlet for their services and denied an opportunity to support and educate the children who have replaced them in the factory, filling station, store, and office. The only possible explanation is the desire for cheap labor and the fact that the workers over 40 have failed to make their number and their power felt by those who draft and direct employment policy.

I have always believed in Government setting a good example to industry in its employment practices. Therefore, I have consistently supported legislation to improve wages and working conditions in Government, just as I have supported legislation designed to have the same effect in industry. It is a ridiculous contradition for Government, through legislative enactment, to say to business "you must pay decent wages, work your employees reasonable hours, and provide for their health, safety, and retirement" when Government itself fails to do the same things. It has, therefore, seemed to me that the place to strike at the root of the evil of discrimination against a worker solely because of his or her age should be in the Government's employment system, and toward that end I have directed my first efforts.

Here before me, for instance, are some examples of governmental employment policy that should interest and arouse the American citizen and voter of 40 years of age and over as examples of how far this unfair discrimination policy has crept into the Federal Government itself. Here is a civil-service application for examination for substitute railway postal clerk, which states on its face, "applicants must have reached their eighteenth but not their thirty-fifth birthday on the date of the close of receipt of applications." Here is another, for associate engineer, which states, "applicants must not have reached their forty-fifth birthdays, and applicants for assistant engineer must not have reached their fortieth year." Here are a few more gathered at random from the civil-service announcement of examinations: Associate refuge manager and assistant refuge manager, age under 45; assistant in home economic information, age under 45; associate geophysicist, age under 45; cotton seed technologist, age under 40; associate commodity exchange investigator, age under 45; assistant commodity exchange investigator, age under 40.

In many of these examples I have cited you must realize that, especially in the professional field, men and women cannot ordinarily gather the widespread practical experience that makes their services of unusual value in a position below the ages specified above as the absolute limit upon which applications for employment would be accepted. Business and industry cannot wholly be blamed for the pursuit of a policy of consigning men and women to permanent unemployment during the best years of their lives, when Government itself is practicing such a policy through its employment regulations. To the American men and women who believe that this problem must be corrected and this dangerous and menacing policy in employment definitely eliminated I appeal for the support of legislation designed to apply more humane principles, so that nearly 30 percent of our entire population may not be without hope of permanent employment.

Alert, organized, and intelligent American men and women of 40 years and over can solve this greatest of present economic problems through their own collective efforts better than anyone else. Your elected Representatives can do much to aid in bringing about reforms in laws so as to prevent discrimination against you in employment because of your age. To be successful, however, your Representatives must first know what you want and have brought to their attention a knowledge of your difficulties and the pledge of your support. When the initial measure I propose to introduce comes before the House, you can aid much toward its successful enactment by enlisting the support of your own Representative toward its passage.

None of us employed or unemployed can afford to be lulled into disregard of the gravity of this age-discrimination problem and its disastrous effect on a large mass of our population. For every

man and woman dependent upon personal employment for a livelihood the slogan we need to keep constantly before us is that the "fight begins at 40" for from that age onward the struggle for economic survival is a bitter one unless American employment policies are radically changed. Like any fight for a good cause and sound humane principles if we want success we must begin on those fronts where immediate victory is possible because the means and methods are under our control. Thus, when we have removed the age-discrimination evil from the employment system of Government we can go forward from there to the education and encouragement of industry to abandon its similar unfair and unwise policy.

In closing, let me say that I should be pleased to hear from any of you among my listeners who are interested in the legislation I am sponsoring and would be glad to supply copies of these remarks. At some later date I hope to discuss in greater detail the problem of the worker over 40 and submit facts and figures resulting from a study of age discrimination in employment in various industries. Thank you for your time and allow me to express my pleasure in being able to address you tonight.

H. R. 8390. A bill relating to age limits for individuals seeking positions in the executive branch of the Government, and for other purposes

Be it enacted, etc., That notwithstanding any provision of law or any rule or regulation promulgated thereunder, no individual who is otherwise duly qualified shall be held to be ineligible for appointment to any position in the executive branch of the Government, whether or not in the classified civil service, solely by reason of having attained at the time of appointment an age not in excess of 65 years.

SEC. 2. (a) Section 1 (relating to the time of eligibility for retirement) of the Civil Service Retirement Act of May 29, 1930, is amended by striking out the words "15 years" the first two times they appear in such section and inserting in lieu thereof "10 years."

(b) Section 2 (relating to the time of automatic separation from service) of such act of May 29, 1930, is amended by striking out the words "15 years" where they appear therein and inserting in lieu thereof "10 years."

SEC. 3. In the making of appointments to positions in the executive branch of the Government, whether or not in the classified civil service, preference shall be given to individuals 40 years of age or over to the extent necessary in order that, of the total number of individuals holding such positions, there will be at all times (1) not less than 25 percent between the ages of 40 and 50 years, and (2) not less than 25 percent between the ages of 50 and 65 years.

Philippine Independence

EXTENSION OF REMARKS

OF

HON. SHERMAN MINTON

OF INDIANA

IN THE SENATE OF THE UNITED STATES

Thursday, November 18 (legislative day of Tuesday, November 16), 1937

ARTICLE BY JAMES G. WINGO

Mr. MINTON. Mr. President, I ask unanimous consent to have printed in the RECORD an article by Mr. James G. Wingo, correspondent of the Philippine Press, and appearing in the Washington Star of November 14, concerning the Philippine independence question.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Washington Star, of November 14, 1937]

FILIPINO ANNIVERSARY FINDS OLD ISSUE ALIVE—EARLY INDEPENDENCE QUESTION, LONG REGARDED AS SETTLED, REVIVED BY PRESIDENT QUEZON

(By James G. Wingo)

The second anniversary tomorrow of the Philippine Commonwealth will find the islands once more engaged in an issue over early independence.

President Manuel Quezon revived what had been considered a settled question when he proposed to President Roosevelt to ask Congress to grant Philippine independence on December 30 (Filipino Hero-Martyr Jose Rizal day), 1938, or July 4, 1939. Recently Quezon announced that he would not seek to amend the Philippine constitution to allow him to run for a second 6-year term. This leads observers to believe that the long-time Filipino leader is ambitious to become the first president of the Philippine Republic.

Under the Philippine Independence Act, as written, the islands will be set fully free on July 4, 1946. Unless independence falls before November 15, 1941, Quezon's successor will become the new Republic's first President.

Quezon gave reasons not so personal as this, however. He recently told his national assembly that if there were objections to independence now, they will still exist in 1946.

NEW DEAL ANOTHER REASON

Another reason he gave for wanting early independence is the New Deal. "It will be to our best interests to secure independence during and under the administration of President Roosevelt," he explained. "I have no doubt that under his leadership we will receive from the Government of the United States the fairest treatment that we may ever expect to receive under the leadership of his successors."

Opposition to early independence, however, has grown tremendously in the past 2 years. Sugar and coconut planters and others whose businesses depend upon United States-Philippine reciprocal free trade have succeeded in creating a public opinion favorable to a continuation of the Commonwealth. A Nation-wide poll recently conducted by the American-edited Philippines Free Press indicated that 55.46 percent of the people are against Quezon's early independence proposal.

A joint preparatory committee on Philippine affairs, composed of American and Filipino experts appointed by President Roosevelt and President Quezon, last week ended a 3-month study of economic conditions in the Philippines. The American experts are now on their way back to Washington, but the Filipino members chose to remain in Manila because of a reported disagreement. It had been previously reported that President Quezon once threatened to withdraw the Filipino group. Ambassador John Van A. MacMurray, chairman of the committee, denied that a split existed but admitted that members were not in agreement in all things.

CHIEF MATTERS DISCUSSED

Main problems given consideration by the committee were the character of the trade preferences which should exist for a specified limited period between the United States and the Philippines; the precise arrangements for governing the trade relations between the two countries after termination of preferential trade relations; economic adjustments that could be undertaken in the Philippines and methods of executing and financing them; the need or appropriateness of changes in the Philippine currency and banking system, and in the provisions for servicing Philippine bonded indebtedness, that may be required to implement the plan for economic adjustment recommended by the joint committee; adequate protection of the rights and interests of the United States and its citizens in the Philippines and of the Philippines and its citizens in the United States after the attainment of independence, and the bearing which the possible negotiation of the neutralization agreement provided for in the Philippine Independence Act would have on the problems studied by the committee.

The committee gave no consideration to the political relations between the two countries but took cognizance of the bearing which the advancing of the date of Philippine independence would have on the chances of the Philippine economic structure to survive. The committee's report will be presented to President Roosevelt in December or early in January. High Commissioner McNutt will fly to Washington to discuss the report with the President before he makes recommendation to Congress.

Despite the uncertainty created by the revival of the independence issue, general prosperity exists in the Philippines. Although government expenditures have grown considerably, no new taxes have been imposed. On the other hand, one of the main sources of government revenue the poll tax, was abolished recently.

TAX REFUNDS IMPORTANT

This prosperity has been brought about by increased values of exports to the United States, increased shipments of gold bullion to this country, the value of which now averages more than $2,000,000 a month, and the tremendous contribution made by the United States Treasury to the Philippine Government in the form of refunds of Philippine coconut oil tax and Philippine sugar processing tax. These windfalls amount to more than $30,000,000 annually. Last summer accumulated collections of coconut oil excise tax totaling approximately $50,000,000 were paid to the Philippine Government.

After spending 8 months abroad, President Quezon returned to Manila last August and called the National Assembly, a unicameral body which he is now seeking to make bicameral, to a special session. He recommended means of spending the windfall from the United States.

First problem he tackled was the ancient agrarian trouble, which has caused sporadic uprisings in various parts of the archipelago. He recommended the appropriation of $3,500,000 for the purchase of large haciendas. Observers were surprised by the small size of the allotment. Quezon explained that if he announced that the Government would buy all large estates, those who would want to sell their haciendas would promptly start tenant trouble. He said, however, that he was determined to destroy the political power of hacienda owners, who control the social and political life in their respective bailiwicks.

In line with the Commonwealth policy to develop Mindanao, Quezon revealed that he had been in negotiation with the Goodyear Tire & Rubber Co. for assistance in the development of rubber plantations in the second largest island of the archipelago. This company's 2,500-acre rubber plantation in Mindanao is currently earning a high yield, on par with the best in Sumatra. When Quezon was reminded that Firestone refused to invest in the Philippines because of the limitation of corporate landholding to 2,500 acres, he said both the sugar and coconut industries have prospered under the same limitation.

One of Quezon's current pet projects is the raising of wages in all industries, not only as a social-justice reform but also as a means of spreading out to all the people the benefits of United States-Philippine relationship, especially free trade. Keen observers pointed out that this plan does not jibe with his early

independence proposal. Inasmuch as those advocating independence are mostly nonsharers of free-trade benefits, it looks as if Quezon is fermenting public opinion against his early independence proposal by making everybody have a proportionate share of the fruits of United States-Philippine relationship.

Another obvious reason for Quezon's solicitude for the underpaid workers is that the newly organized Philippine Popular Front is making considerable headway among the masses. The Popular Front is a federation of all the political organizations, which see virtual dictatorship in the Quezon administration, including Bishop Gregorio Aglipay's republican party, Gen. Emilio Aguinaldo's national socialist party, and Benigno Ramos' Sakdalistas, the group which staged a bloody uprising in 1935.

M'ARTHUR WINS APPROVAL

Although objections to universal military service continue, the plan designed by Maj. Gen. Douglas MacArthur is being carried out. The Army has the rebellious Moros under control. However, the Army has supplanted education as the largest item of government expenditures. In the next fiscal year national defense will cost $12,500,000, about one-third of the total income of the Philippine government (excluding the windfalls from the United States). Immensely satisfied with General MacArthur, the field marshal of the Philippine Army, the National Assembly is seeking the continuance of his services upon his retirement from the United States Army at the end of the year.

Women of the Philippines became last May the first of their sex to be granted suffrage in the Orient. Taking advantage of their newly acquired right, women are running for provincial governors and municipal mayors in the long-delayed election next month.

Pointing out that radical groups may disturb the peace of the country, President Quezon and the National Assembly postponed the election constitutionally set for last June. The continuation in office of every elective municipal and provincial official depended upon Quezon. Persistent cries of dictatorship finally led to the setting of the election next month. It is believed that, although a number of popular front candidates will be catapulted into office on the dictatorship issue, the Fusion party, a coalition of the parties of Quezon and Vice President Sergio Osmena will win handsomely.

JAPANESE EXPANSION FEARED

President Quezon dismisses the Japanese penetration of Mindanao with the remark, "There is no Japanese problem in Davao," but Filipinos are still apprehensive of Japanese incursions. "Right now," they say, "the Japanese have their hands full in China, but what will happen to our country when they are through there and resume their southward empire march?" At the Manila hearings of the joint preparatory committee of experts, Japanese frankly and unabashedly asked for equal economic and trade privileges in the Philippines with the United States.

Relations between the high commissioner, the representative of the President of the United States in the Philippines, and the Commonwealth, which was widely discussed editorially in the United States a few months ago, may be described best by the following excerpts from Quezon's recent message to the national assembly:

"The present United States high commissioner has been but a few months in our midst. Some of his early acts were misrepresented or misunderstood. * * * It is my pleasure and my duty to report to you—and what I am going to say is no mere gesture of official courtesy, but an honest and straight talk—that I could wish for no better United States high commissioner in the Philippines than His Excellency Paul V. McNutt. * * * Since my return we have had some difficult problems to settle and I had occasion to appraise the measure of him. * * * He deserves our respect and affection. The best spirit of mutual cooperation characterizes our official association, and we have also become good friends."

Outstanding achievement of Commissioner McNutt, besides his winning the confidence of the Filipinos even after he had made it plain that he, as representative of the sovereign Government precedes the President of the Philippines, is the repeal of the law which stopped the payments of pensions to American teachers who had served in the islands. McNutt urged Quezon to recommend the repeal of the law, the enactment of which the Filipino President himself had recommended.

Contemplated Trade Agreement With United Kingdom

EXTENSION OF REMARKS

OF

HON. ALBEN W. BARKLEY

OF KENTUCKY

IN THE SENATE OF THE UNITED STATES

Thursday, November 18 (legislative day of Tuesday, November 16), 1937

ANNOUNCEMENT BY STATE DEPARTMENT

Mr. BARKLEY. Mr. President, I ask unanimous consent to have printed in the RECORD a memorandum issued yesterday by the State Department concerning negotiations with the United Kingdom for a trade agreement.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

The Secretary of State announced today that this Government contemplates the negotiation of a trade agreement with the United Kingdom, and invited interested persons to submit suggestions as to the products that should be considered.

This preliminary announcement, which is made with a view to obtaining suggestions from interested persons in the early stages of the discussions, should not be confused with the formal notice of intention to negotiate regularly given. The formal notice will be issued at a later date, after receipt of the proposals of the Government of the United Kingdom, at which time there will also be made public a list of products on which the United States will consider granting concessions to the United Kingdom.

The object of this preliminary announcement is to provide notification at the earliest possible date that negotiations are contemplated, in order that interested parties may have an opportunity to suggest the import or export products which, in their opinion, should be included in the negotiations. Such suggestions, particularly those in regard to export products, are most useful to the trade-agreements organization if available at an early stage. Full information should be submitted as soon as possible.

Exact technical descriptions of the products in question should be given, including, so far as possible, their nomenclature in the tariff laws of the importing country. These suggestions may be submitted in any form and need not be under oath. They should be addressed to the chairman of the Committee for Reciprocity Information, Seventh and F Streets NW., Washington, D. C., and should reach the committee not later than December 16, 1937.

Suggestions received by the Committee for Reciprocity Information will be distributed promptly to all agencies of the trade-agreements organization for use in the preparation of lists of commodities that may be involved in the negotiations. The list of commodities upon which the United States will consider the granting of concessions to the United Kingdom will be published along with the formal notice of intention to negotiate. The formal notice, as heretofore, will indicate dates for the submission of briefs and applications for oral hearings and the dates on which the customary open hearings will be held. The listing of products will indicate to American producers and importers whether or not particular tariff rates in which they are interested are under consideration. They will thus be saved the work of preparing briefs on products of interest to them but which are not expected to be involved in the negotiations.

The United Kingdom is the largest foreign market of the United States. Our exports to that country in 1936 were valued at $440,122,000 and accounted for nearly 18 percent of our exports to all countries in that year. The value of the trade in 1935 was $433,399,000. In 1929 it totalled $848,000,000.

As a source of imports into the United States, the United Kingdom was second only to Canada in 1936, supplying about 8 percent of the imports from all countries. Imports from the United Kingdom in that year were valued at $200,385,000 as compared to $155,282,000 in 1935 and $329,751,000 in 1929.

Preliminary figures for the first 9 months of 1937 indicate a still further recovery of our trade with the United Kingdom. During that period our exports to the United Kingdom were valued at $342,763,000 and our imports from that country, at $158,182,000. The export figure represents a gain of nearly 16 percent over that for the corresponding period of 1936. A similar comparison of import figures for the same periods shows a gain of 14 percent.

In 1936 the import trade of the United Kingdom was divided among the principal supplying countries, in the order of importance as follows: The United States, 11 percent; Canada, 8.8 percent; Australia, 7.2 percent; Argentina, 5.3 percent; British India, 6.1 percent; New Zealand, 5.1 percent; Denmark, 3.9 percent; Germany, 3.9 percent; France, 3 percent; and the Netherlands, 3 percent.

The countries which purchased the largest amounts of the exports of the United Kingdom in 1936 were as follows: The Union of South Africa, 8.5 percent; British India, 7.7 percent; Australia, 7.3 percent; the United States, 6.3 percent; Canada, 5.3 percent; the Irish Free State, 4.8 percent; Germany, 4.3 percent; France, 4.0 percent; New Zealand, 3.9 percent; and Argentina, 3.5 percent.

A detailed compilation showing the principal products involved in the 1929 and 1936 trade between the United States and the United Kingdom, prepared in the Bureau of Foreign and Domestic Commerce of the Department of Commerce, is appended. Additional copies may be obtained from that Bureau or from any of the district offices of the Department of Commerce, as well as from the Committee for Reciprocity Information, or the Department of State.

CORDELL HULL,
Secretary of State.

WASHINGTON, D. C., *November 18, 1937.*

UNITED STATES EXPORTS TO UNITED KINGDOM

[Data for individual export items include only United States products]

Commodities	1929			1936	
	Unit	Quantity	Value	Quantity	Value
Exports, including reexports			$848,000,000		$449,122,000
Meats and edible animal fats, total	1,000 pounds	462,099	75,755,000	139,513	23,855,000
Bacon	1,000 pounds	51,956	9,271,000	1,156	197,000
Hams and shoulders	1,000 pounds	101,003	21,419,000	36,828	7,585,000
Canned meats	1,000 pounds	10,697	3,908,000	9,286	2,870,000
Pork, fresh	1,000 pounds	5,551	998,000	1,275	208,000
Sausage casings	1,000 pounds	4,546	1,648,000	4,038	2,184,000
Lard	1,000 pounds	242,027	31,216,000	63,547	7,645,000
Salmon, canned	1,000 pounds	29,332	5,379,000	33,227	5,660,000
Leather			10,365,000		3,161,000
Goat and kid upper leather (except patent)	1,000 square feet	12,595	3,566,000	7,310	1,739,000
Patent side upper leather	1,000 square feet	6,366	1,815,000	1,096	194,000
Furs, undressed	Thousands	7,973	11,310,000	8,337	10,125,000
Fox	Thousands	55	1,503,000	125	1,121,000
Muskrat	Thousands	1,619	1,607,000	2,498	2,455,000
Skunk and civet cat	Thousands	1,227	2,846,000	1,431	1,961,000
Opossum	Thousands	2,857	3,318,000	3,138	1,676,000
Barley grain	1,000 bushels	10,125	9,237,000	6,293	4,686,000
Wheat:					
Grain	1,000 bushels	21,772	27,758,000	197	195,000
Flour	1,000 barrels	1,317	7,852,000	44	223,000
Fruits and nuts			52,256,000		32,968,000
Grapefruit	1,000 boxes	570	2,330,000	343	896,000
Oranges	1,000 boxes	1,383	4,232,000	768	1,991,000
Apples, fresh	1,000 bushels	8,256	15,440,000	3,617	5,182,000
Pears, fresh	1,000 pounds	28,185	2,080,000	52,958	2,068,000
Dried and evaporated fruits	1,000 pounds	77,110	5,723,000	78,685	4,596,000
Raisins	1,000 pounds	40,538	2,330,000	42,984	2,263,000
Prunes	1,000 pounds	32,473	2,826,000	28,391	1,548,000
Canned fruits	1,000 pounds	218,344	21,823,000	220,358	15,696,000
Grapefruit	1,000 pounds	(1)	(1)	28,710	1,732,000
Peaches	1,000 pounds	65,086	5,926,000	60,756	4,038,000
Pears	1,000 pounds	48,511	5,280,000	52,779	3,708,000
Fruits for salad	1,000 pounds	20,675	4,452,000	26,176	2,734,000
Sugar, refined	1,000 pounds	47,803	1,204,000	61,971	1,206,000
Rosin	1,000 barrels	291	4,159,000	255	2,309,000
Gum spirits of turpentine	1,000 gallons	6,893	3,396,000	6,136	2,519,000
Tobacco, leaf	1,000 pounds	214,598	79,880,000	206,550	95,097,000
Cornstarch and corn flour	1,000 pounds	159,434	5,828,000	25,457	747,000
Hops	1,000 pounds	4,063	648,000	1,826	386,000
Cotton, raw	1,000 bales	1,534	159,715,000	1,231	78,663,000
Cotton pulp and mill waste	1,000 pounds	21,463	3,254,000	20,456	1,544,000
Hair, unmanufactured	1,000 pounds	9,428	991,000	6,661	733,000
Sawmill products			24,999,000		14,800,000
Timber, sawed	1,000 board feet	76,375	2,936,000	33,196	1,553,000
Boards, planks, etc	1,000 board feet	378,061	22,028,000	273,108	13,246,000
Ash	1,000 board feet	34,878	2,487,000	37,073	1,524,000
Oak	1,000 board feet	112,393	7,006,000	103,227	4,873,000
Advanced manufactures of wood			9,284,000		3,879,000
Wooden doors	Thousands	1,614	2,592,000	139	180,000
Petroleum and products			100,805,000		28,342,000
Gasoline and other motor fuel [2]	1,000 barrels	17,518	67,393,000	3,593	7,889,000
Illuminating oil	1,000 barrels	2,704	8,734,000	937	1,663,000
Gas oil and fuel oil	1,000 barrels	3,593	4,735,000	1,360	1,741,000
Lubricating oil [3]	1,000 barrels	1,804	14,957,000	2,058	11,932,000
Paraffin wax	1,000 pounds	78,139	3,025,000	55,604	1,557,000
Sulphur, crude	Tons	43,856	945,000	79,004	1,379,000
Iron and steel-mill products			6,560,000		5,425,000
Iron and steel scrap	Tons	2,807	58,000	364,862	3,791,000
Iron and steel advanced manufactures			9,522,000		2,657,000
Copper (ingots, bars, rods)	1,000 pounds	207,163	37,300,000	61,323	5,686,000
Brass and bronze, scrap and old	1,000 pounds	12,937	1,377,000	2,764	199,000
Nickel, monel metal, and alloys, in bars, rods, sheets, or plates	1,000 pounds	1,491	546,000	3,901	1,186,000
Electrical machinery and apparatus			8,368,000		10,114,000
Refrigerators and parts			[4] 988,000		3,770,000
Radio apparatus			631,000		2,901,000
Industrial machinery			26,394,000		20,495,000
Metal-working machinery			7,905,000		11,793,000
Textile machinery			2,190,000		1,204,000
Sewing machines	Number	40,257	2,145,000	20,303	1,484,000
Office appliances			8,868,000		6,498,000
Accounting and calculating machines	Number	6,176	2,237,000	9,557	2,189,000
Typewriters	Number	60,619	3,299,000	59,096	2,814,000
Printing and bookbinding machinery			3,494,000		2,429,000
Agricultural machinery and implements			1,844,000		2,974,000
Automobiles, parts, and accessories			25,206,000		12,225,000
Motortrucks and busses [5]	Number	17,555	6,249,000	2,327	1,219,000
Automobiles, passenger [5]	Number	9,422	6,163,000	8,813	6,174,000
Automobile parts (excluding engines)			11,725,000		4,305,000
Chemicals and related products [6]			18,314,000		12,564,000
Medicinal and pharmaceutical products			3,458,000		1,480,000
Pyroxylin plastic film support (celluloid film base)	1,000 pounds	(1)	(1)	2,276	2,210,000
Carbon black or gas black	1,000 pounds	23,274	2,069,000	46,957	2,164,000
Motion-picture films	1,000 linear feet	61,190	2,052,000	63,247	1,496,000
Motion-picture projectors, sound equipment, stereopticons, magic lanterns, and other projection apparatus			4,495,000		924,000
Scientific and professional instruments, apparatus and supplies			1,964,000		2,291,000
Teeth	Thousands	15,091	479,000	41,797	1,201,000
Books, maps, pictures, and other printed matter			3,920,000		2,907,000
All other (including total reexports)			92,756,000		38,234,000

[1] Not shown separately.
[2] Naphtha, etc., included through 1935, excluded beginning 1936.
[3] Insulating oils and light lubricating oils are excluded prior to 1936.
[4] Household refrigerators only.
[5] Second-hand automobiles included prior to 1936.
[6] Flavoring extracts and pyroxylin products are excluded prior to 1936.

UNITED STATES IMPORTS FROM UNITED KINGDOM

[Import commodities are "General imports for consumption" 1936]

Commodities	1929			1933	
	Unit	Quantity	Value	Quantity	Value
General imports			$129,731,000		$200,385,006
Imports for consumption					199,236,000
Butter	1,000 pounds	18	6,000	490	95,000
Herring, pickled or salted	1,000 pounds	17,484	1,361,000	5,700	432,000
Hides and skins, total			6,653,000		2,153,000
Sheep and lamb skins	1,000 pieces	4,262	3,164,000	2,249	1,219,000
Goat and kid skins	1,000 pieces	1,571	1,189,000	1,005	477,000
Leather, total			14,666,000		3,970,000
Calf and kid, upper and lining	1,000 square feet	34,687	5,907,000	21,403	2,045,000
Footwear, leather, and with fabric uppers	1,000 pairs	477	2,247,000	166	563,000
Tallow	1,000 pounds	181	12,000	16,356	730,000
Furs, undressed			16,409,000		22,490,000
Coney and rabbit	Thousands		2,248,000	10,421	1,455,000
Fox, except silver	Thousands	232	3,013,000	368	3,278,000
Lamb, kid, sheep, and goat skin furs	Thousands	717	3,527,000	2,807	12,512,000
Marten	Thousands	30	616,000	42	705,000
Squirrel	Thousands	1,229	939,000	2,544	1,029,000
Cod-liver oil	1,000 gallons	121	92,000	1,358	715,000
Bristles, sorted, bunched or prepared	1,000 pounds	403	734,000	577	1,449,000
Dates	1,000 pounds	2,373	113,000	2,955	100,000
Marmalades, jams, jellies, etc	1,000 pounds	2,452	333,000	1,832	222,000
Edible vegetable oils	1,000 pounds	22	4,000	38,917	2,448,000
Cottonseed oil	1,000 pounds			28,009	1,757,000
Cocoa or cacao beans	1,000 pounds	16,878	1,734,000	17,402	1,017,000
Coffee	1,000 pounds	575	114,000	6,601	562,000
Tea	1,000 pounds	21,923	8,162,000	18,025	5,362,000
Mustard, whole seed, ground or prepared	1,000 pounds	4,903	1,168,000	3,436	786,000
Whisky and other spirits and compounds	1,000 proof gallons	(1)	1,000	5,995	27,609,000
Wines	1,000 gallons	(1)	(1)	128	726,000
Malt liquors	1,000 gallons	(2)	(2)	498	846,000
Rubber, crude	1,000 pounds	9,864	1,958,000	5,813	886,000
Expressed oils and fats, inedible			5,682,000		630,000
Palm-kernel oil	1,000 pounds	33,444	2,536,000	247	14,000
Opium	1,000 pounds	6	34,000	111	442,000
Cotton:					
Raw	1,000 pounds	11,533	4,197,000		
Waste	1,000 pounds	8,584	727,000	14,140	1,060,000
Cotton yarns and warps	1,000 pounds	2,526	3,195,000	1,683	1,447,000
Cotton cloth	1,000 square yards	32,732	9,794,000	11,410	2,988,000
Machine-made laces			300,000		1,529,000
Burlaps	1,000 pounds	51,222	7,313,000	33,651	3,137,000
Flax, unmanufactured	Tons	1,662	1,341,000	1,256	918,000
Manufactures of flax, hemp, and ramie			21,850,000		13,529,000
Table damask of flax	1,000 pounds		3,299,000	1,190	1,382,000
Other fabrics	1,000 pounds	9,467	9,552,000	8,907	8,211,000
Towels, napkins, bed clothing	Thousands		1,891,000	9,555	1,759,000
Handkerchiefs	1,000 dozen	4,137	3,739,000	879	847,000
Carpet wool (actual weight)	1,000 pounds	31,445	8,878,000	27,855	5,341,000
Combing wool (actual weight)	1,000 pounds	10,198	4,114,000	8,376	2,256,000
Wool noils	1,000 pounds	4,358	3,568,000	7,937	3,434,000
Wool rags, flocks, and mungo [3]	1,000 pounds	13,381	3,795,000	4,124	1,357,000
Wool and mohair fabrics	1,000 pounds	7,793	15,392,000	4,538	6,479,000
Wool hosiery and other wearing apparel			6,007,000		3,463,000
Tracing cloth	1,000 square yards	2,050	1,152,000	1,022	572,000
Wood furniture and parts			1,138,000		264,000
Carbon paper	1,000 pounds	(2)	(2)	640	324,000
Rags and other paper stock	1,000 pounds	120,777	3,250,000	37,820	1,049,000
Anthracite	1,000 tons	316	2,532,000	141	1,060,000
China clay, or kaolin	Tons	245,894	2,642,000	122,139	1,071,000
Earthen, crockery, and stone table and kitchen ware	1,000 dozen	1,800	2,807,000	801	1,174,000
Diamonds:					
Rough or uncut	Carats	163,437	4,346,000	21,668	1,395,000
Glaziers', engravers', etc	1,000 carats	7	460,000	483	1,413,000
Other precious, semiprecious stones, and imitations			6,938,000		498,000
Iron and steel-mill products			4,925,000		1,206,000
Tin plate, terneplate, etc	1,000 pounds	554	62,000	487	58,000
Iron and steel advanced manufactures			1,768,000		931,000
Needles			601,000		531,000
Ferro-alloys			1,973,000		270,000
Copper, unrefined, black, blister, etc	1,000 pounds	14,435	2,369,000		
Nickel and alloys in pigs and other forms	1,000 pounds	5,302	1,954,000	567	249,000
Tins in bars, blocks, etc	1,000 pounds	36,948	17,231,000	18,904	8,709,000
Platinum (ore, grain, ingots)	Troy ounces	36,325	2,213,000	119,842	3,520,000
Platinum metals and native combinations	Troy ounces	35,444	1,281,000	52,525	1,066,000
Palladium	Troy ounces	23,538	512,000	38,802	589,000
Silver-plated ware, except cutlery and jewelry			(2)		410,000
Textile machinery and parts			1,767,000		633,000
Other industrial and printing machinery			2,899,000		2,024,000
Tractors and other agricultural machinery and parts			695,000		1,549,000
Dead or creosote oil	1,000 gallons	39,384	5,067,000	24,004	2,606,000
Cresylic acid	1,000 pounds	(2)	(2)	1,452	602,000
Chalk, precipitated	1,000 pounds	(2)	(2)	6,350	105,000
Nitrogenous fertilizers	Tons	22,158	709,000	35,387	578,000
Toys, athletic and sporting goods			1,545,000		250,000
Books, maps, music, etc., 20 years old			3,417,000		770,000
Other books and printed matter			8,493,000		2,914,000
Original paintings, statuary, etc			8,834,000		1,700,000
Works of art (100 years old)			30,196,000		8,211,000
All other			56,386,000		30,812,000

[1] Less than 500.

[2] Not shown separately.

[3] Wool rags only, beginning June 1930.

Industry's Tax Burden

EXTENSION OF REMARKS

OF

HON. JAMES J. DAVIS

OF PENNSYLVANIA

IN THE SENATE OF THE UNITED STATES

Thursday, November 18 (legislative day of Tuesday, November 16), 1937

EDITORIAL FROM PHILADELPHIA INQUIRER

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD an editorial from the Philadelphia Inquirer of November 17, entitled "Congressmen: Cut Industry's Tax Burden Now." I voted against the bill that contained the tax on corporate surpluses when it passed the Senate in June 1936. Our problem now is to open the way for industry to go forward as the President has indicated it should do. More employment must be created. Punitive taxes stand in the way. It has been estimated that in American industry as a whole it takes $8,000 to provide one job. For the railroads $25,000 is the figure. Each job in one automobile company represents $9,000. One out of every seven "gainful workers" in this country derives his or her pay directly or indirectly from the automotive industry. The number of separate industrial plants in which they are engaged runs into the thousands, including steel, rubber, wood, textiles, glass, gasoline, and oil. The stream of private capital into these industries has dwindled to such a low point that we now face a condition of despair in the minds of many business and labor leaders. The trial and error methods of taxation have hurt business and made investors fearful. The way forward is to establish confidence of labor and industry in the Government. This is the supreme task of Congress at the present time.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Philadelphia Inquirer of November 17, 1937]

CONGRESSMEN: CUT INDUSTRY'S TAX BURDEN NOW

It is plainly up to Congress to do its part to end the business recession which menaces recovery, wages, employment, and the welfare of every American.

Congress can do its part by slashing away—right now, without delay—the fetters that are strangling industry, hamstringing its attempts to put the Nation back on the road to prosperity.

President Roosevelt, in his message to the special session, seemed to give Congress the "Go!" signal on limited tax revision to help business. Congress should do no less than promptly take the President at his apparent word and go head.

The country cannot go ahead unless industry goes ahead. Industry cannot go ahead unless the Government eases taxes and, by ending extravagant spending, proves that it is working toward a balanced Budget, without which there is positively no cure for business jitters.

In spite of the President's frank recognition of industry's problems and the generally conciliatory tone of his message, there is danger that his view that recovery depends more on business policies than on Government policies and his implication that tax revision can wait until his huge, controversial legislative program is adopted, will do the Nation more harm than good.

It is up to Congress now to take recovery in its own hands, to make the administration's vague assurances to business factual, and to do it at once.

The President hopefully bespoke the cooperation and goodwill of industry. But there is vastly greater need for Government cooperation with industry than for industry's cooperation with Government. What the administration does not seem to be able to understand is that its one best means to attain the more abundant life for all, to increase national income, to swell buying power and to provide more jobs and higher wages, is in helping business to help itself.

At no time since the administration began its great crusade in the spring of 1933 has business, as a whole, skimped in its cooperation with Government. It has not, contrary to the usual administration plaint, been a slacker. Instead, industry has surmounted almost unconquerable difficulties to maintain employment, wages, and earnings.

There was the N. R. A. With unbelievable unanimity business rallied to support what it thought was a Government-supervised movement for industry's self-improvement and self-regulation.

But what did business find? It found itself in the meshes of a Government net that destroyed its liberty and prevented its growth and development. It found itself in a maze of codes, rules, laws, orders, denunciations, and penalties over which the "blue eagle" presided like a bird of ill omen.

The N. R. A. fell to pieces because it represented a degree of Government regimentation of business that could not possibly work in a democracy. Collapse of the N. R. A., and its outlawing by unanimous decision of the Supreme Court, was proof positive that Americans were still free, that this country was not ready to go the way of Russia, Italy, and Germany.

The N. R. A. was a sorry adventure for most of business. But did it make industry desert the Government and refuse to cooperate? Not at all. So far as it could, business went along with the Government, even to the extent of supporting dubious policies. Above all, it went on producing goods, employing workers, paying wages while struggling under a burden of taxation unparalleled in American history.

It is commendable for the President to talk about cooperation and good will. But it is high time that the administration accorded to business a fraction of the cooperation that business has given the administration. Congress now has the opportunity to provide that cooperation. If the administration could take credit for recovery by saying, "we planned it that way," it should frankly shoulder its share of the blame for the present industrial recession—unless, again, it "planned it that way."

Industry is retarded, employment hampered, recovery checked, in part by intolerable taxes and in part by dangerous Government financial and economic policies. The first mandatory need is that Congress repeal or revise drastically the taxes on undivided surpluses and capital gains. The next requirement is for Congress to put the brakes on extravagant spending so that a balanced Budget may become a reality. The third requirement is for Congress to reconsider those Government activities that constitute competition and undue interference with business.

The time to reduce the tax load on business is right now. Farm relief, wage-hour legislation, Government reorganization, and regional planning can wait a few weeks. Tax relief can't wait. It is a positive "must" now, if recovery is to be brought back quickly. A slash in Government spending is almost as necessary, with a let-up in Government competition a close third.

Let first things be put first. Let Congress revise its schedule so that it can ease industry's tax burden immediately. There is no time to be lost.

Congress has the opportunity, now, to free business and lead the country back to the high road of prosperity.

Congressmen, it's up to you.

The Brussels Conference

EXTENSION OF REMARKS

OF

HON. HENRIK SHIPSTEAD

OF MINNESOTA

IN THE SENATE OF THE UNITED STATES

Thursday, November 18 (legislative day of Tuesday, November 16), 1937

EDITORIAL FROM PHILADELPHIA RECORD

Mr. SHIPSTEAD. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the Philadelphia Record of yesterday morning dealing with the question of foreign relations.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Philadelphia Record of November 17, 1937]

ARE THEY PEACE-LOVING OR EMPIRE-LOVING?

The United States entered the Brussels Conference with the avowed purpose of maintaining the front of the democratic, "peace-loving" nations against the aggressive, treaty-breaking Fascist nations.

The conference now has voted a condemnation of Japan and prepared the way for further specific action against Japan. A glance at the vote on the resolution condemning Japan indicates that the Powers voting for the resolution may be quite as much concerned with preserving their own territorial conquests as in preserving democracy or upholding the sanctity of treaties.

Norway, Sweden, and Denmark, the three most democratic, nonaggressive and truly peace-loving nations in the world, did not vote for the resolution.

Their deliberate abstention from voting casts a fatal suspicion upon the character and motives of the whole conference. If the Scandinavians believed this conference a bona fide gesture in line with the principle of collective security, they would have cooperated enthusiastically with the majority. The fact that they did not is much more important than the vote of the majority.

Of the 15 nations that voted for the resolution, 6—Great Britain, Canada, Australia, New Zealand, India, and the Union of South Africa—are included in the British Commonwealth of Nations. In foreign policy these nations are dominated largely by the present reactionary Government of Britain, which is not too horrified by Fascist aggression to be making the most friendly gestures toward Germany and Italy.

Another is the Fascist Government of Portugal, which is actively aiding Franco's aggression in Spain, and which is Britain's oldest and closest ally on the Continent. Portugal, incidentally, still maintains in China its possession of Macao, the classic example of imperial exploitation and inefficient government.

Another is the Netherlands, which maintains a colonial empire that fears Japan.

Two others are France and Belgium, which have extensive colonial possessions.

The remaining nations are Bolivia, the United States, Mexico, Soviet Russia, and China.

The group of nations joining in the condemnation is not, as a whole, especially predatory or aggressive. Neither is it as a group especially "peace-loving" or democratic or devoted to the principles of collective security.

What that group as a whole has in common is susceptibility to Britain's imperial interests plus special interests of the various countries in maintaining their own preferred position in the Chinese market and in the backward countries generally.

Bearing in mind that any real "police work" in the Orient will have to be done by the naval power of the United States, doesn't the line-up at Brussels suggest that Norman Davis had better pack up and come home—quick?

National Conference of Mayors

EXTENSION OF REMARKS

OF

HON. WILLIAM H. DIETERICH

OF ILLINOIS

IN THE SENATE OF THE UNITED STATES

Thursday, November 18 (legislative day of Tuesday, November 16), 1937

INTRODUCTORY SPEECH OF PRESIDING OFFICER EDWARD J. KELLY, MAYOR OF CHICAGO, AT RELIEF AND UNEMPLOYMENT SESSION, NATIONAL CONFERENCE OF MAYORS, WASHINGTON, D. C.

Mr. DIETERICH. Mr. President, I ask unanimous consent to have inserted in the RECORD the introductory speech delivered by the presiding officer, Hon. Edward J. Kelly, mayor of Chicago, at the relief and unemployment session of the National Conference of Mayors, at the Mayflower Hotel, Washington, D. C., November 16, 1937.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

Fellow mayors, large and vital issues are at stake here today.

We face an economic and political imperative in the present national tension, not only to maintain recovery but to accelerate it.

Today's tension in business and government is the pause for second wind on the upward climb; we are refueling our booster engines for the last push over the hump.

We are not here to determine merely the whys and wherefores of relief, unemployment, housing, taxation, and municipal management.

We must determine wherein our unity of thought can consummate a thoroughgoing and corrective action—to build even stronger backlogs against even the slightest cave-in of our credit and confidence.

This tension in financial and trade marts marks a transition that has brought out a healthy crossfire of conjecture and prophecy.

The real threat to prosperity is not in government or business.

It is in people's thinking.

And what the people think is influenced by what they see and hear about them.

A few ragged-looking beggars with tin cups on a busy street may start thousands of people thinking that there are dark days ahead.

A newspaper picture of an evicted family with their furniture strewn upon the street may breed a germ of discouragement and fright that will infect the mental attitude of thousands of families.

Even those more fortunate than others will start immediately hoarding their money and postponing purchases they were on the verge of making.

Every unfortunate who may be cut off relief goes back to his own neighborhood as a messenger of despair.

In these times, when we are all jittery, panicky feelings gather momentum out of small exhibitions of poverty, which, unchecked, may blanket whole cities with dread.

What happens? Business marks time, orders are canceled, the wheels of industry are retarded, and fear gets a foothold.

It seems to me that we should make every effort to provide the incentives for the right thinking of our citizens.

If our people are assailed by any doubts and uncertainties that might sour their present faith and undermine their forward-looking courage, we will face more than production lags and security slumps.

We have come away, and a far way, from the period of hedge and squeeze when timid money froze in the storm cellars of credit, and we don't want to go back.

But more important, we have helped to inoculate our citizens with a definite trust in our future by practical measures for stimulating business and sound programs for enhancing public service, and we don't want to go back.

Our analysis of the present national set-up must be realistic.

Our diagnosis of our needs and problems during the coming months calls for the utmost in clear-headed resolution and action.

We cannot retreat from recovery.

We cannot be intimidated by false propaganda.

We must be line buckers in carrying the ball and not buck passers.

Let's face a few of the facts.

Organized Government relief, whether local or Federal, may not be here to stay but it will be with us until industrial employment takes up the slack.

Call it "pump priming" or "spending to save"—the Government cannot now reduce its commitments for relief, and moreover will be faced with the possibility of increasing them.

Business may retrench during any market slump and put up the "no help wanted" sign—but Government cannot retrench and put up the "no help given" sign when such recessions occur.

The endeavor to create a balanced Budget and to reduce deficit financing occasioned by the extraordinary expenditures of relief may bring about in the coming months social involvements and economic penalties which will hasten another depression.

And so I ask: What price an immediate balanced Budget?

Will we be clearing the decks for stabilized credit while millions of unemployed are swept into the backwash?

Will we be window dressing our financial status—putting up an imaginary front of a balanced Budget while unbalanced bread lines drag up in the rear?

Shall we mop up, and pay up, our paper deficits and take a run out on relief?

Poverty and assistance of the needy is one thing we cannot end by decree.

We should not favor a balanced Budget that will sacrifice the unemployed to an economic slaughter.

We should not concur in any effort that will place the pruning knife on essential relief expenditures for some time to come—it's gambling with human misery.

Government exists for a higher purpose than merely creating a big dollar reserve, building battleships, or promoting a favorable trade balance.

Its larger objective is to build up the character and security of every individual citizen—to assist in stimulating a wider diffusion of employment so that there may be wider diffusion of purchasing power—and to do everything in its power to conserve human resources even above physical resources.

Let those in the "house of have" look into some of the "hovels of the have nots" and see if they would let humanity go into default by lessening Government support.

Day in and day out we hear complaints from those who haven't got the facts. If they would analyze our burdens, they would sanction our demands for continued Federal aid.

I believe our picture in Chicago on relief and unemployment typifies the situation in other industrial and commercial centers.

A year ago September the relief commission had 67,000 on its rolls.

This past September that number had increased to 88,500.

In addition to the 88,500 families on relief, there are approximately 49,000 relief clients employed by W. P. A., which makes a total of 137,000 families in Chicago, or, roughly, a half million people, who require assistance.

Your situation may differ in numbers and percentages, but at bottom we know that if W. P. A. activities are suspended and Federal money withdrawn, we shall be plunged into municipal bankruptcy.

Where is the community, attempting to ferret out additional taxes, that would place the last straw on the camel's back of real estate.

Already crushed and oppressed beyond endurance, the property owner, especially the small home owner, would rather throw up the sponge than go on as the tax goat.

Mounting real-estate taxes have rinsed out the values of properties, killed off continuing investments, multiplied defaults, and threaten to stagnate the building industry.

When one building artisan is denied work it means that another man who makes his tools is out of work, another man who makes his clothing and shoes is idle, another and another all down the line are placed on the lay-off list.

When we think of such unemployment in terms of hundreds and thousands of men, it is a shuddering and ghastly nightmare.

And the grand total of a further tax gouge on real estate is beyond figuring in dollars and cents—the backbone of the Nation's well-being is broken.

As I see it, then, we face four alternatives relative to this problem of relief and unemployment:

First. Our current and capital financing will be disrupted and our essential public services will be jeopardized by relief demands.

Second. Any curtailment of relief is certain to bring about wholesale starvation, evictions, and relief disturbances.

Third. Added relief demands will force communities to the impossible task of placing an additional load on the already crushing burden of local taxation.

Fourth. We can sustain the unemployables and put the employables to work on productive enterprises through Federal subsidy by W. P. A.

My analysis of the problem has led me to the conviction that the fourth alternative is our only solution.

I have endeavored to give you a cross-section of opinion on this relief problem. I wanted my thoughts to be merely high lights on the subject and no infringement upon the particular phases of the problem to be treated by the competent authorities you will now hear. We cannot get too much information nor miss any opportunity to get a clearer insight into relief and unemployment.

Neutrality Act and the Sino-Japanese Conflict

EXTENSION OF REMARKS

OF

HON. SHERMAN MINTON

OF INDIANA

IN THE SENATE OF THE UNITED STATES

Thursday, November 18 (legislative day of Tuesday, November 16), 1937

RADIO ADDRESS BY HON. ELBERT THOMAS, OF UTAH, ON NOVEMBER 4, 1937

Mr. MINTON. Mr. President, I ask unanimous consent to have inserted in the Appendix of the RECORD a radio address delivered by the junior Senator from Utah [Mr. THOMAS] on November 4, 1937, entitled "Shall the President Apply the Neutrality Act in the Sino-Japanese Conflict?"

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Shall the President apply the Neutrality Act? I assume that the question is asked as a result of the fighting in the Far East. The question is then, Shall the President apply the Neutrality Act against China and Japan?

My answer is definitely "no."

There is ghastly war in the Far East and there have been various phases of it for a long time, but there is not, strictly speaking, a legal state of war there. By that I mean that neither China nor Japan has declared war, and neither one of them has even declared a state of war to exist. Thus, to date a state of war, as that condition would affect other than the fighting nations, does not exist. It is well for the world that this is so, because terrible as the lawlessness and the bloodshed are, they are not as bad as they would be if a legal state of war existed. And they are today very much easier to correct than if the world had to adjust to peace after having recognized a state of war.

I realize that such statements as these sound insincere and smack of begging the question. If the consequences were merely a legal face-saving by hiding behind a difference between a dictionary definition of what constitutes "war" and a "state of war," I would not stoop to such an argument. The facts, though, are these: Neither country has declared war; and, what is more, neither dares face the responsibility of declaring war. That means that neither country wants war in the legal sense, and both want to avoid the conditions incident to a state of war. These statements being true, we now should ask, How would the application of the Neutrality Act affect the present condition? It would put America in the position of recognizing a state of war. Immediately each nation now fighting, or both of them, might declare that war was forced on them as a result of America's action and the present ignoble lawlessness would become a glorious war, a war, too, which would by the government affected be justified and therefore made bigger and more intensive by appeals to patriotism, sacrifice, and devotion to country.

To turn today's needless, senseless, and useless slaughter into righteous deeds, justified under the necessities of legal war, is a step which America should hesitate before taking. It would be a responsibility with dire effects upon the whole world and it would be ours, because the present conditions are at least localized. Other nations have not been directly affected so far, because neither combatant can claim a war right, but each could claim such right in the light of a recognized existence of war. For example, the present fighting does not justify the Japanese Navy in molesting the shipping of the world, but a recognized state of war would.

Therefore I say that the President should not apply the Neutrality Act, because to do so would be to change the present lawlessness into lawful war, where Japan and China might then appeal to national honor and glorious sacrifice and thereby turn the present awful wickedness into a righteous defense of might.

There are those who might say that this picture is an impossible one. If that is so, why, then, does not Japan call what she is doing "war"? Or why does not China declare that a state of war exists? The answer is a simple one—either action would make present conditions worse instead of bettering them. If China and Japan will not admit war, then America should not force the admission.

Such an attitude is consistent under the Neutrality Act. The last three Neutrality Acts were all passed primarily to keep America out of war. The present very difficult situation was pointed out by some of us, when we protested that to pass a mandatory neutrality act meant to consider all wars alike. It was shown that wide discretion must be left to the Executive, because no two wars could be exactly the same and our relation to them would always be a changing one—never a constant one.

The spirit of America is for peace. The American people condemn war, and they condemn a resort to war. In the neutrality acts this condemnation is found, for never in our history was war so universally condemned as it was during the discussion of these bills. The acme of condemnation came with the declaration of the late Senator Robinson, when he said, "We want no war and we want no profits gained from war!"

If the application of the Neutrality Act could by any flight of the imagination stop the fighting, we might be forgiven in attempting it. But it would not. It would be purely a unilateral action, which would not affect the fighting one whit. Under the Neutrality Act both belligerents must be treated equally. By it, condemnation of both China and Japan would result, and not a condemnation of the wrong-doer in the fight. Impartial neutrality is a physical impossibility. If we do nothing, we help the stronger. If we act impartially, we still help the stronger. No one in America would want to see us allied with either of the combatant states; above all no one wants to see us aiding the stronger of the two. But an application of the Neutrality Act would do just that. If we should embargo the shipment of arms we would not in any way affect the ability of the state with plenty of arms from continuing the war. If we refused to sell to only those who could not come to get our products—Japan only could buy our goods because no Chinese boat could get past the Japanese fleet. The American people would not stand for taking sides in this way. Of course, we could maintain that we were impartial, but there can be no impartiality if an action of ours should throw all of our resources to the side of the nation strong enough to come to take them.

The virtue of our Neutrality Act rests in the fact that we condemn war; that we put restraint upon ourselves by proclaiming to the world that we would stress our duties as a neutral, rather than demand our rights. The Neutrality Act is self-imposed to keep us from taking steps which might cause us to become involved. The act is domestic legislation—it means nothing to the rest of the world unless it is put into force at the same time as similar action on the part of others. Action solely by us would in no sense restrain either of the two present combatants of the Far East.

Applying the Neutrality Act will not remove American interests from the Far East. It would after a time leave American citizens without even an implied protection against wrongful molestation which they now have. It must never be forgotten that most of the Americans in the Far East are there for humanitarian purposes. They are not there for wealth, but for sacrifice.

We do not want war. We will have to be long-suffering. We must restrain ourselves almost beyond endurance; but we should not take action which might invite insult to the harmless and innocent. If we want to keep out of war in the Far East, and I know we do, we must be prepared to stand wrongdoing.

We must school our patience and forgive, but to ask of the American people that they restrain themselves in the face of insult, is asking more than the American people will ever stand.

Single-handed condemnation of two fighting belligerents—treating each equally—would force both to recognize before the world that they are at war. This would bring nothing but ill; it would bring more war in the wake of the present awfulness. We cannot afford to do this. We should not do it. We would wrong one of the present combatants by making her helpless before the other. We would be unjust to the other of the combatants, in that it would arouse her to drastic sacrifice in defense of a position which she must not be forced to maintain.

China and Japan's phychology, their theories, their wills to action, must be studied and appreciated before we take action. To study the particular conditions of particular nations affected is our duty before we act. In this Far Eastern crisis, we have not yet done this. Let us act only to heal, not to cause wounds to be more deeply cut. Our Neutrality Act, therefore, should not be invoked against Japan and China. We want a return to real peace in the Far East, not a resort to more war.

Interstate Commission on Crime

EXTENSION OF REMARKS

OF

HON. HATTON W. SUMNERS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 18, 1937

EXTEMPORANEOUS REMARKS OF CONGRESSMAN HATTON W. SUMNERS AT INTERSTATE DINNER OF THE INTERSTATE COMMISSION ON CRIME, HOTEL PHILLIPS, KANSAS CITY, MO., FRIDAY, SEPTEMBER 24, 1937

Mr. SUMNERS of Texas. Mr. Speaker, there was held at Kansas City during the recess of Congress, the third annual session of the Interstate Commission on Crime of the Council of State Government. For the purpose of directing the attention of Congress and the public to the importance of the work of this Commission, especially in our present circumstances, I have asked and received leave to print in the RECORD the following remarks:

Governor Hoffman, ladies, and gentlemen, I appreciate very much this privilege to speak in support of this great movement. I want us all to remember the date of this meeting. I am going to venture to be a prophet tonight. We are assembled here tonight at a time which the historian of the future will evaluate as the highest point in human history. This is one of those rare times in history when the nations of the earth are brought to judgment; when the balance sheet is being struck; when peoples are being put to the test. We are in the midst of a great tragedy; free governments are disappearing from the earth because the ability of the people in proportion to their difficulties to govern is disappearing. With every movement away from the people of governmental responsibility there goes a lessening of their governmental capacity.

Serious, deliberate, practical people cannot fail to be deeply concerned as to whether or not we will be found fit, whether or not we can preserve free government in this country. Our problems are great, and it is absolutely certain that when the problems of government of any people get beyond the capacity of that people to provide in themselves an instrumentality through which the business of government can be carried on, that government of necessity lays its hand on a dictator, not because the people want to have a dictator or even because someone wants to be a dictator, but because the business of government must be carried on and the people are not equal to the job.

Now why is this meeting important? It is important because of its immediate objective, but that is not all. It is important because it implies that we realize that, as a people, we have been losing governmental capacity because of the nonexercise of our opportunities as a self-governing people and something must be done about it. In my State, for instance, and in your States no doubt, it is true that when some problem, some difficulty comes to challenge us and gives to us an opportunity through the struggle with that difficulty to develop a capacity to do the bigger governmental job of tomorrow, we turn our backs on that opportunity and cry out for Uncle Sam to come and do the job for us. This movement of the States is important chiefly because it embodies a practical recognition of the destructive influence of that policy upon the governmental capacity of the people and therefore upon justifiable hope for the perpetuity of free institutions. Nature has one fundamental, universal law that controls. Nature will not permit the ability to do a thing to remain where that ability is not exercised. There are no exceptions to that rule. The reason why we are in this situation tonight is not difficult to understand. Directly after the war we went on a grand jazz in this country. Until the last 3 or 4 years we would not give serious consideration to any serious matter. That is not true tonight. On that fact rests the hope of this people. In my judgment, I have studied the thing as best I can, we are certainly at the time when the instincts of an Anglo-Saxon people are endeavoring to turn us toward a return to normal Anglo-Saxon system of government. We must not turn aside to quarrel with each other. We have no time for that.

When this administration went into responsibility the whole economic structure was tottering for the fall. A fascinating thing took place, a psychological governmental phenomenon not infrequent in the long history of Anglo-Saxon government. Anglo-Saxon peoples seem to have the ability, when they confront a situation requiring a quicker pick-up and a stronger power than their institutions ordinarily afford, to sense that situation and to concentrate an emergency power in the executive authority to deal with that emergency situation. At the same time, they are able to retain the power to control the exercise, if necessary, of that emergency power, and to recapture and redistribute it when the emergency situation is over. To that ability, instinctive now, I believe they owe their relative freedom from dictatorship. I believe we are in the back-wash of that instinctive reaction or instinctive movement in the other direction. I doubt you could have done 3 years ago what you have done this year. I am sure you could not. The remarkable success and progress that you have made in this movement is indicative of the fact that this urge, this instinct of the people, is moving in the direction that you are striving to go—back toward the smaller units of government which are close to the people. I am interested, of course, in this crime thing, but I am tremendously more interested in the fact that this may be the turning point. I am inclined to think it is the turning point. If you people can demonstrate by this movement that it is possible for the States by cooperation to deal with these crime problems, you will have done a thing of first importance.

The States are the agencies of government in our system through which Anglo-Saxon institutions of government can function. The Federal Government is essential, of course, as a general central governmental agency, but the Federal Government administered now by a personnel of around a million people with only one person elected is too big in numbers, in territory, too far from the people, for a general governmental agency of free government. Its governmental machinery is not adapted to popular control. The voice of the individual cannot be heard in the tumult of over 130,000,000 voices, and the influence of the individual cannot be felt there. The States function through smaller units where the voice of the individual can be heard and his influence felt. It is the field where the possibility of doing something and the necessity to do something puts him to the effort. Through that effort, and only through it, he retains and increases his governmental capacity to govern in a free country. About that there can be no doubt. If you can make this demonstration that the States can work together and do this job you will have done one of the greatest pieces of constructive statesmanship ever done in this country, and that is why we should be tremendously interested in it. I do not know of any other movement in the United States so calculated to grip the imagination of the people as this movement. They are ready to help you, and if you can make the demonstration I think it is not too much to say—I do not want to be extravagant—I say this, that you will have made as great a contribution toward the salvation of free institutions in America ever made by any group. I think you are doing a great deal bigger thing than you imagine you are doing.

Thank you very much.

Wages and Hours

EXTENSION OF REMARKS

OF

HON. ALFRED N. PHILLIPS, JR.

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 18, 1937

Mr. PHILLIPS. Mr. Speaker, under leave unanimously granted me I append herewith an explanation and summary of the wage and hour substitute bill, H. R. 8406, which I introduced in the House.

On Wednesday, November 17, I introduced a substitute wage and hour bill in the House of Representatives. The measure provides for a 40-hour maximum workweek with minimum wages fixed at 35 cents an hour. Certain specific occupational exceptions are made. Eight additional hours of employment are allowed in defined cases of emergency with pay at one and one-half times the regular rate. The Labor Standards Board is done away with and the Department of Justice is held responsible for the enforcement provisions of the act.

The minimum of 40 cents an hour in the original bill is low for my section of the country, but when legislating for the entire country lower costs of living caused by climatic and other conditions, particularly in the South, must be recognized. I hope eventually for a flat 30-hour workweek with commensurate increase in wages as a solution to the unemployment problem, but feel that the enactment of this bill is a step in the right direction. The employees' right to bargain collectively is not in any way affected by this measure, inasmuch as these rights have already been guaranteed by law.

The substitute minimum-wage and maximum-hour bill which I have offered contemplates the enactment of a law embracing all the practicabilities and merits proposed in the discussions given this character of legislation and at the

same time meets the matter with simplicity and with due regard to the need of economy.

In considering the bill, of course, it is understood that my bill provides for the establishment of fair labor standards in employments in and affecting interstate commerce.

My bill provides:

First, the establishment of a 40-hour week, 8 hours per day, as the basis, with the further provision that 8 additional hours may be worked in case of emergency, but such work in excess of 40 hours shall be paid for at the rate of time and a half.

My bill provides:

Second, for the establishment of a 35-cents-per-hour minimum wage.

My bill provides:

Third, that the enforcement of this law shall be in the hands of the Department of Justice, and that each United States district attorney is required, upon receipt of the information that the law is being violated, to proceed to indict and to prosecute for the violation of the law.

My bill provides:

Fourth, for the exemption, of course, of individuals employed in an executive, administrative, technical, supervisory, outside salesman, or professional capacity; railroad employees who are subject to the provisions of the Hours of Service Act, or any employee of any common carrier by motor vehicle subject to the qualifications and maximum hours of service provisions of Motor Carrier Act, or any air-transport employee subject to the provisions of title II of the Railway Labor Act, or in the taking of fish, sea foods, or sponges, or any person employed in agricultural production.

I think it is important that we give consideration to the difference in the aspects of the maximum workweek and the minimum wage. In the case of the establishment by law of a maximum workweek, I feel that this is necessary in the interest of national defense. It is generally conceded that the only practical manner by which unemployment can be successfully attacked is by and through the reduction of the workweek and the number of days to be worked. Obviously a continuation of unemployment or the increasing of unemployment constitutes a menace to the Nation itself. Therefore employment opportunities must be made in order to meet the vast developments that have occurred and are now occurring in the introduction of labor-saving devices, mechanisms, and processes.

There are those who ask the question as to why the workweek should be placed at 40 hours instead of a lower number of hours. My answer to this is that we cannot definitely know whether the 40-hour week universally applied will meet the unemployment requirements or not. This can only come by a test and a trial. A reduction in the workweek naturally affects the cost of living, and if the workweek is reduced to a point not necessary to cover the unemployment situation, then we find ourselves imposing an increase in the cost of living that might be totally unnecessary.

The regulation of the workweek is not now a matter that involves health or life or life's expectancy, as was the case 25 years ago. In my judgment, it now involves the Nation's welfare and security.

My bill provides for an 8-hour emergency period. In the case of emergency if men are required to work in excess of the basic 40-hour week, I feel they should be paid the usual standard and customary rate of overtime.

In the matter of the minimum wage, my position has always been unfavorable to the establishment of wages in private industry by law; however, in this instance I am supporting a 35-cents-per-hour minimum as a welfare measure. Some criticisms have been made against this low minimum. I have purposely proposed a law to the end that the spirit of the initiative may be conserved in the first instance and that the principle of collective relationship as between employer and employee organizations may be conserved. I believe that the most lasting and responsive arrangement as to wages can best be measured through the principle of collective bargaining by and between the employers and employees who are engaged in an industry in which they have an unescapable community of interest and, too, in which they are better informed as to the physical possibilities of the industry upon which they are dependent. This low minimum of 35 cents per hour seems to me to adequately dispose of any claim upon the part of any group of citizens in any particular section of the country of differential because this is a low minimum and it would be difficult indeed for anybody to justify a minimum wage below $14 per week.

In further connection with my position upon the minimum wage proposed in this bill, I do believe it will reduce to a very substantial degree cutthroat competition which is destructive to the interest of the industry and all of its human elements as well as to the Nation itself. Low as this minimum may be, at least it establishes a floor below which no manufacturer can go who is engaged in a business that comes within the purview of interstate commerce.

The enforcement provisions of this bill are calculated to meet the very great opposition to the establishment of additional bureaus with enforcement power. Likewise the provision contemplates the accomplishment of the results without substantial cost to the Federal Government. I am proposing the enactment of a law that will be enforceable by the same processes through the Department of Justice that are applied to any other law dealing with interstate commerce violations.

Under my proposed plan the responsibility of ascertaining violations is upon the public as in every other case. The fair employers and the representatives of the workers will have a personal and direct interest in seeing that the law is fulfilled. If there be the chiseler and the law violator, then it is the duty of the citizenry in each community to bring the matter to the attention of the United States district attorney in the district in which the violation occurs. The indictment can be made, the trial held and the imposition of the penalties in the bill can be made to the district courts in the district in which the violation occurs. It is my frank judgment that 99⅞ percent of the employers of America will adhere to this proposed law if placed upon the statutes, and with it the Government of the United States will be free from the tremendous cost attendant to administration as measured by previous experiences, and industry of our country, made up of the investor, management, and labor, will be removed from the state of suspense and uncertainties which have heretofore and now exist, which uncertainties, in my judgment, are seriously affecting productivity and delaying complete recovery.

Un-American Activities

EXTENSION OF REMARKS

OF

HON. THOMAS H. CULLEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 18, 1937

RADIO ADDRESS BY HON. SAMUEL DICKSTEIN, OF NEW YORK, ON OCTOBER 5, 1937

Mr. CULLEN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered over the radio on October 5, 1937, by my colleague from New York, Mr. DICKSTEIN:

In one of my radio addresses, I had occasion to refer to the fact that our late lamented war President, Woodrow Wilson, refused to shake the hand of one of the leaders of a so-called German-American, because he said, "I do not know in this country any German-American, nor any other hyphenated American." He said, "that in this country we can only recognize one allegiance, the allegiance to our Stars and Stripes, and not any foreign ideology or religious or political group."

And so following the footsteps of our great leader, permit me to use this also to tell the radio audience of America how important it is that we in this country recognize but one allegiance, the allegiance to our own Government and Constitution.

Only a few days ago this city was decorated with flags, and was full of welcoming signs to members of the American Legion who held their convention here 19 years after the Armistice, which terminated the great war fought by us, again quoting Woodrow Wilson, "To make the world safe for democracy." But the last 5 years saw a crumbling of democratic institutions all over the world. In Italy, fascism became the national creed in 1922. Thereafter, Germany in 1933 became converted to the philosophy and ideology of nazi-ism, which is a form of fascism stressing racial intolerance and hatred, particularly directed against everything so-called non-Aryan, whatever that term may mean. Before fascism, communism established a so-called dictatorship of the proletariat in Russia, and right along a number of European countries would be copying dictatorial methods, whether of the right or of the left, some in the form of fascism and some in the form of communism.

This country has for many years past been infested by foreign agents well supplied with money and subsidized from abroad, who are preaching nazism, fascism, and communism, and who seek to impose an alien ideology upon our American people.

I showed repeatedly in and out of Congress this alien menace, and gave a very detailed story as to how well organized propaganda from foreign sources is seeking to overwhelm our American democracy. I showed how printed propaganda is being disseminated in this country; how foreign agents go about among our people preaching disloyalty to the Government and are undermining the democracy upon which our country was founded.

On this question no racial or religious issue is involved, and it makes no difference whether one is a Catholic, Protestant, Mohammedan, Jew, or follows no religion. It is purely an attempt to protect the American people from foreign intervention and to protect the American home directed by propaganda from foreign sources. I know this menace and I know this propaganda, not only because for years past it was and now is a part of my official activity, but because I receive evidence almost daily of the fact that this menace continues unabated, and nothing is being done to prevent it. Alert to the danger of this propaganda, Congress authorized an investigating committee in 1934, but the investigating committee, while it was successful in exposing it, was only able to scratch the surface, and since the committee ceased functioning, conditions have gone from bad to worse.

If I could take my audience with me to various places in the country where our American flag is trampled upon, and our American institutions derided and made a mockery of, I should have no trouble in proving to you, men and women of America, what a great menace to our institutions these foreign subversive attempts really are. These attempts will crop up from time to time, and we have them with us, and unless something is done to put an end to these continuous attempts to undermine our institutions and Government, I tremble for the future of America.

And you do not have to take my word for it. A very prominent newspaper, the Chicago Daily Times, saw fit to engage the services of three investigators, who made a thorough study of the situation, and who published a series of articles in the paper describing in detail the operation of Nazis and Fascists in America. These investigators were not satisfied with superficial facts, but became members of subversive organizations, and as such members, became intimately associated with the organizations in question, and were able to present a detailed picture as to how these subversive organizations are doing their business.

And so we find constant pressure on Americans to let go of their ideals and philosophy of government, and proclaiming the wonders of fascism or communism or other un-American isms. They tell us that our President does not amount to much since he is only one President elected by the people of the United States every 4 years, while Germany waited 2,000 years for its new messiah. They tell us that our democracy doesn't mean anything, but that the right kind of government is a government by a leader who dictates to his people, telling them what to do, when to sleep, what to eat, and what a god to worship. And so in order to carry out their program they organize camps, camps for adults and camps for children. In the camps for adults foreign uniforms are worn and they are taught how to goose-step, click their heels, and pay homage to a foreign ruler under the foreign emblem. In the camps for children they are not allowed to speak English, but German is the language of conversation and instruction, and children are taught how to salute the flag of a foreign government. Not only children of German residents in the United States but American-born children, who under our laws are citizens of this country, are also trained in un-American activities under the guise of education and as a smoke screen "to fight communism."

When a committee of Congress, under a resolution sponsored by me, was investigating this subversive movement back in 1934, it was not nearly as widespread and comprehensive as it is today. Then it was only the nucleus of a Fascist organization in this country. Now the organization has spread in more than 40 States, and boasts of a score or so of camps throughout the length and breadth of the United States. And what do all these subversive organizations teach their votaries? Do they teach them to revere our flag? No! Do they teach them to love our institutions? Do they teach them to respect our Government by the people, for the people, and of the people? No! Do they teach American history; do they teach them how our forefathers gained their independence, and how the ideals of liberty and justice were proclaimed in our first charter of liberties, the Declaration of Independence? No! Do they teach them how the ideals of our liberty and freedom resulted in the freeing of the Negro slaves and the granting of political equality to persons of an alien race? No! Do they teach them through the years of American history it was always our aim, desire, and ideal to bring freedom to all the oppressed all over the world, and that we went to fight Spain in order to make Cuba free? No! Do they teach them how we went only 19 years ago to make the world safe for democracy? No! Do they teach them that this very Republic was founded on the principle of giving a haven to the oppressed and refuge to those who were persecuted for their religious or political belief? No! Do they teach them that through all the years of American history, and that all through the future America as visioned by our people, we shall never relinquish our ideals of freedom, liberty, and equality? No!

All these camps are nests of vicious propaganda against the democratic principles of the United States, and the things our children have been taught to love, admire, and respect.

Are we going to permit foreign groups to spread intolerance into this country? Are we going to permit bigotry? Are we going to permit hatred to be imported from abroad arraying one class of people against another, one race against another; one group against another? It is the avowed intention of these foreign agitators to save this country from communism. Do we need their help to combat communism? And if that be so, why should it be necessary to wear foreign uniforms, the swastika, or organize camps? Has Hitler become so generous as to finance the fight against communism from the German Treasury? Are we not strong enough to do it ourselves without the aid and assistance from foreign sources? And if this country should decide to go communistic, as the commander of the American Legion stated in his recent address, what business is it of theirs?

We can settle our own political institutions in our own political way, and you foreign agitators of a dual allegiance keep out of this country, and stop at once this un-American conduct, else we will drive you out.

We cannot let the situation go on unchecked. Uncle Sam has been a sort of good-natured old gentleman permitting these agitators to roam around using this country as a dumping ground for foreign propaganda. During the last World War German spies paid no attention to our neutrality laws and plotted their subversive activities quite unmolested on American soil until this country entered the war on the side of the Allies.

We do not want the situation to arise where we shall be confronted with foreign ammunition depots and foreigners being trained by our own Army officers in military tactics.

A few months ago the German Government issued a questionnaire to individuals in this country—a good many of them are citizens or have declared their intention to become citizens, and even some native-born Americans who happened to have German names—asking them to enroll for military service in Germany. And after the questionnaires were returned the German Government went a step further and practically instructed all Germans in this country, whether naturalized or not—and, as I said before, some of them were native-born—to join our own Army or State militia, so as to obtain military training at the expense of our Government, so that when the time comes for these men to fight, they will fight for Germany. Their real allegiance is always to the foreign government, and we cannot allow this condition of affairs to continue.

The recent convention in New York of the so-called German Day has definitely demonstrated to the American people the Nazi movement in the United States, something that we Americans would not dare to do in Germany or any other Fascist country. Military parades are staged of a nature that breeds dictatorships; foreign uniforms, goose-stepping, teaching the philosophy of Hitlerism, everything foreign to our way of thinking, to our way of living, and to our democracy.

If the people at that convention were really and truly interested in America, it was unnecessary to assure the President of the United States as to their loyalty, nor was it necessary if they were Americans, to tell Hitler how much they admire him and how the groups here are ready to follow in his footsteps; it was unnecessary to take young children and put foreign uniforms on them, and teach them to stretch out their hands in foreign salute to a dictator, and goose-step these young children around the hall, in the fashion of the youth movement in Germany.

All of this, I say, is unnecessary to be an American citizen and to believe in our Constitution. We who love our Constitution do not need goose-stepping and the wearing of foreign uniforms; we do not praise or revere any other form of government except our own, which we must always be ready to defend, whether in peace or war; we do not need any outside advice, foreign to our democracy, nor do we need self-appointed and self-designated policemen from foreign shores to tell us that they have saved America from communism. America can take care of herself, her own people and does not need any foreign uniformed policemen, whether Nazi, Communist, or Fascist to save America.

I am happy, however, to note that the vast majority of our German citizens, millions of them, refused to heed this call of the German Government and have proved themselves to be real, loyal, and patriotic Americans.

I feel that I would be an unworthy representative of the people of the United States if I did not bring this matter to the attention of our public. When a foreign government seeks to intervene in the daily life of our people, it surely is time to utter an energetic and warm protest.

A few days ago in opening the academic year of Columbia University, the president of that institution warned this country against this menace of fascism. He said that while communism was objectionable, nevertheless the principal danger assailing all democratic institutions comes from fascism. He also said that the time has come for democratic countries to no longer passively resist the encroachment of dictatorships, but that we must assume a militant attitude in combating the dangers of fascism. Likewise, at the convention of the American Legion just concluding, a resolution was passed calling upon Congress to make a thorough investigation of this danger.

At the opening of the next session of Congress I shall reintroduce the resolution to investigate these subversive forces.

I assure you I have no personal grievance against any one race or creed, but will expose all of these subversive forces without fear or favor.

And so I wish to plead with you, my fellow citizens, to give me your support and write to your Congressman and Senator to be on the alert, and to vote for the investigation of fascism, communism, and nazi-ism, and all other subversive movements in America, whether from within or without.

The Last Best Hope of Earth

EXTENSION OF REMARKS

OF

HON. JOHN W. McCORMACK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 18, 1937

ADDRESS BY HON. JAMES ROOSEVELT, SECRETARY TO THE PRESIDENT

Mr. McCORMACK. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include the following address delivered by Hon. James Roosevelt, secretary to the President, before Catholic Youth Organization, Loyola University, Ill., November 5, 1937:

For this invitation to talk with Catholic American youth—about the plans they share with all American youth to build an American civilization worthy of the gifts God has showered upon this country—I am deeply grateful.

And I am particularly glad that we are discussing our common hopes in Chicago and under the auspices of the Chicago Catholic youth organizations. For here—where the farm, the city, the sea, and all the races of man meet—is a city marked by destiny to be the most vital center of American civilization in our generation. Even a man from Boston has eyes to see that.

That is why it seems to me most fortunate for all America that direction of youth in this City of Youth should have the guidance of Cardinal Mundelein and Bishop Shiel. For here they are directing the future with the ages-old wisdom of the Catholic Church about the fundamentals a civilization must have if it would meet the needs of the human heart, be in tune with the human soul—and thereby be fitted to endure as an expression of human life.

I suppose the common ambition of every generation of youth can be stated as a hope that they may find a way by which in their years of maturity they can live together as generously, as courageously, and therefore as happily, as in their years of youth—that they may find a way in which the democratic comaraderie so natural to youth—before disparity of wealth and power come to spoil it—can become the natural democracy of the whole Nation, young and old alike.

That ambition conceals every difficult problem of human association. It is not a cinch course.

But so far as our generation is concerned, I feel sure of two things about that ambition—that we have a chance to realize it, that we have an obligation to realize it, as no other youth of modern times.

Why do I think we have a chance?

Because from the struggles of the courageous and generous generation ahead of us I am sure we have learned two truths, old truths which Christianity proved and taught all mankind centuries ago.

A first truth, that no scheme of political or economic association can keep itself in balance unless it satisfies the human heart of the average man and woman—and that it will never satisfy that heart unless it seeks and preserves as its primary objective the human dignity of the average man and woman.

A second truth, that we cannot achieve a society based on human dignity unless we are wise enough to follow the teaching of St. Paul that we are members one of another who cannot live or achieve apart from one another—that we cannot achieve a stable and productive society unless we willingly agree that we are each our brother's keeper—a philosophy of individualism invented to justify greed simply does not work as a substitute for that corporate action through which alone men of good will can work out the kingdom of God on earth.

To minds trained in Catholic doctrine and steeped in the encyclicals, those truths are nothing new.

What is new is that today those truths are realized by all Americans as the essential working principles of practical secular government. Those relationships between all parts of the population which the mother church—and all churches—have long commanded their sons and daughters to observe as a matter of religion, have become the relationships which the great majority of the American people want government deliberately to create in order to preserve political democracy and economic and social stability.

For at least 300 years the world has made it hard for the average man and woman to maintain faith in their personal dignity.

Gloomy philosophers have assured them that their human world was at the mercy of great unhuman forces.

Greedy individualists have appealed to their vanity to abandon their old instinct to cooperate with their fellows—that sound instinct through which was once built the unity of all Christendom. And in that individualism, man has been helplessly alone.

As the moral dignity of every man as a son of God crumbled, the moral codes of right based upon that dignity crumbled with it. Might supplanted right because men were no longer important. Race hated race, nation hated nation, because man was no longer important.

When the World War and depression broke upon us, the average man and woman, despite all education was supposed to have done for them, had far less faith in themselves, far less courage in their ability to make a world of justice and security for themselves and their children, than men and women of hundreds of years before. And once the average man has lost confidence in his ability to meet the personal problems of his social and economic life, it is only a short further step to obtain his acquiescence that he is incapable of using his political liberty.

In Europe the end of the road was just that. Dictatorships came because man had been "educated" out of his demand that there should be dignity in the single human life. Political freedom, economic freedom, even religious freedom had come to seem doubtfully worth fighting for. And with the loss of that vital spark, men, no longer sons of God in their own eyes, were easily herded to be cannon fodder for Caesar.

Even in this country when the depression struck us the majority of the population were not too sure of their own right to dignity.

But the spark was not completely out as in so many places in Europe.

When leadership asked the average man and woman to try through a new use of Government to recreate the kind of a world in which the average human being could live with dignity and peace, the spark fanned up into flame.

And taking their courage in their hands, the average American man and woman, through government as their instrument of corporate action, dared to order affairs of man that were supposed to have escaped beyond the control of man—dared to do what common sense told them should be done with the problems of family income, of family savings, of the family home, with the problem of opportunity for youth, with the problem of security for age—with the problem of balancing life so that it might be more than a desperate scrambling up before 30 and a desperate shambling down after 40.

What that meant economically you have heard many times.

But have you thought what it meant spiritually—what it meant to the self-respect of mankind to have the average American man and woman, through the organized self-help of government, reassert their faith in themselves and their own dignity and break the spiral of the defeatist lack of faith in the common man of good will which in Europe had ended in surrender to the forces of ill will? The statutes and the policies that carried out this determination of a people's government to improve a people's life were more than matters of bread and butter. They were a new declaration of independence of the spirit of man.

Today our democracy has unshakeable economic strength because we have the courage to refuse to be frightened by those who would tell us we must keep hands off economic laws, because we have the courage to do what we need to do and to go as far as we need to go to make new economic laws to fit man's needs.

Of course, we still have economic difficulties. There are those today who want to emphasize our difficulties. But the average man and woman is wiser in emphasizing our strength and determination to face facts in time and to meet today's problems in the same spirit as we have met yesterday's problems—a spirit that demands that remedies must benefit the whole country and the average man and woman in it—not just meet the demands of the most articulate few. For American democracy is prepared today to do whatever needs to be done to go as far as it needs to go to keep the fate of the many from falling back into control of the few.

And today our democracy has unshakeable political strength because the many whom Lincoln called God's poor give back to democracy today, as they have always given back to the church which has mothered them, the unmatchable strength of their grateful loyalty to those who really believe in them and really know their heart's desire.

It is just because we have so relearned human courage—just because we have so relearned democratic cooperation—that there

will be no communism, no fascism, no dictatorship of any kind in this country.

It is because our American democracy of today rests on such spiritual bedrock that I think the youth of this generation has a chance to make its own natural democracy the common instinct of the whole Nation.

What of our obligations?

Today the world is at war with itself for the fundamental reason that nations cannot find a way to peace among their peoples at home. Dictatorships and foreign wars are merely vain ways of escape from internal resentments and class hatreds bred by a self-defeating unwillingness of those who have much to let a way be found to get a little more to those who do not have enough.

Desperate men and women, hungry for dignity as well as for food, distrusting themselves as well as their neighbors, in their disappointment turn to the false gods of one "ism" after another just as the disappointed Israelites of old turned to the golden calf and Baal. And solemnly leaders of opinion in other lands talk about class war to come which will divide the nations of Europe against each other as well as within themselves.

Peace needs nothing right now so much as a proof that somewhere men have found a way which other men may copy to relieve the internal strains of a modern nation by effecting a fairer distribution of national income—without injury to the legitimate rights of property—without autocratic interference with the liberties of any group of the population—within the peaceful processes of democratic cooperation.

This Nation is mankind's only present opportunity to give that proof. And the years immediately ahead of us are desperately short to make that demonstration effective in time.

Catholic youth, trained in devotion to the Prince of Peace, trained in the conviction that right and justice will eventually prevail over night and darkness, trained in faith in the ultimate ability of the average man and woman to justify their kinship with God, will particularly feel the greatness of the opportunity and of the obligation.

The peace of democracy in this hemisphere may mean the peace of God throughout the world and a revival of that sense of the moral unity of the civilized world whose potentialities the church proved hundreds of years ago.

The hopes of the Christian Church, the hopes for world peace, and the hopes for a triumphant American democracy all need each other.

As Lincoln said in his message to Congress just before the Emancipation Proclamation, "We shall nobly save or meanly lose the last, best hope of earth."

No more could Catholic youth—no more could all American youth—ask God to give them to work for!

Thirteen Original Colonies

EXTENSION OF REMARKS

OF

HON. J. BUELL SNYDER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 17, 1937

ADDRESS DELIVERED BY HON. J. BUELL SNYDER, OF PENNSYLVANIA, AT THE MEMORIAL MARKING AND TREE PLANTING EXERCISES ON THE POTOMAC, OCTOBER 23, 1937, IN COMMEMORATION OF THE ONE HUNDRED AND FIFTIETH ANNIVERSARY OF THE SIGNING OF THE CONSTITUTION OF THE UNITED STATES

Mr. SNYDER of Pennsylvania. Mr. Speaker, under permission to extend my remarks I include an address delivered by me at the exercises held by the Thirteen Original State Societies on the George Washington Memorial Parkway, an acreage set aside on the banks of the Potomac between the Memorial Bridge and the Key Bridge on the Virginia side, to commemorate the one hundred and fiftieth anniversary of the signing of the Constitution of the United States.

The Thirteen Original Colonies that signed this immortal document are in order as follows, together with the type of tree the State societies selected and planted to represent their own State:

Delaware, December 7, 1787, red oak.
Pennsylvania, December 12, 1787, hemlock.
New Jersey, December 18, 1787, white oak.
Georgia, January 2, 1788, pecan.
Connecticut, January 9, 1788, red maple.
Massachusetts, February 6, 1788, American elm.
Maryland, April 28, 1788, white oak.
South Carolina, May 23, 1788, willow oak.
New Hampshire, June 21, 1788, American ash.
Virginia, June 26, 1788, red oak.
New York, July 26, 1788, American plane (sycamore).
North Carolina, November 21, 1789, sweet gum.
Rhode Island, May 29, 1790, Kentucky coffee tree.

The National Park and Planning Commission appropriately set aside this acreage for the erection of a memorial marker and the planting of trees. At these exercises each of the Thirteen Original States planted three trees each. Each State was permitted to select the tree to represent their State. As a result 39 trees were planted, which represented the 39 signers of the Constitution. The chairmen of the several State societies selected to represent their State on this occasion were as follows: Gov. Richard C. McMullen, Delaware; Hon. J. Buell Snyder, Pennsylvania; Walter Hall, New Jersey; Henderson Latham, Georgia; Capt. B. T. McQueenie, Massachusetts; Senator Augustine Lonergan, Connecticut; Col. Harry C. Jones and John Marshall Boteler, Maryland; Col. Edwin A. Halsey and Wilbur C. Hall, Virginia; Hugh E. Phillips, South Carolina; John S. Davie, New Hampshire; Maurice C. Sands, New York; Gen. R. L. Cox, North Carolina; William J. Crane, Rhode Island.

The Honorable Sol Bloom, director general of the United States Constitution Sesquicentennial Commission, delivered the principal address of the day. The Army Band, the National Park Service, and the Cavalry from Fort Myer participated and helped to make the occasion an outstanding one.

The address is as follows:

"What constitutes a state?" the poet asked, and answered that it was not impressive edifices or vast public works that constitute a state, but people, living together under rules in a land which is their country, knowing and observing the laws which govern their association, which constitute a state.

And so, when we ask what constitutes the United States, our answer must be, not the Capitol and all the other monumental buildings housing the multitude of Federal functionaries, but the fundamental law of the land, our Constitution, and the other laws prescribed pursuant thereto, and the people who accept those rules as the expression of their will and are guided by them in their daily conduct.

Our Constitution is thus more than a written document, preserved and guarded from the ravages of air and sunlight in the Library of Congress. It is more than a scrap of paper. Paper constitutions were turned out in wholesale lots by a French theorist during the French Revolution, but there was no life in them. Our Constitution is a living law and not a literary exercise.

It is more, too, than a body of doctrine or set of ideas contained in or expressed by the phrases of the written instrument when grasped and understood by an intelligent mind. Legal doctrines and ideas about Government can be, like the words in which they are clothed, the idle speculations of a jurist or political philosopher. But the Constitution which we honor is the Constitution which finds reality as a social force of the first magnitude in the actual life of the American people.

No more fitting ceremony, therefore, could be devised to commemorate the one hundred and fiftieth anniversary of our Constitution than that we, the people in whose minds and conduct the Constitution is preserved, and this the land upon which it holds sway, should unite in reaffirming the vitality of our Nation's Government through the symbol of these trees planted by the people of our Thirteen Original States and rooted in our country's soil.

Pennsylvania participates with particular pride in today's proceedings because the Declaration of Independence, which proclaimed the right of the 13 united States to form for themselves and their posterity a new Government of such character as should to them seem capable of insuring their welfare and happiness, as well as the Constitution, in which those States did exercise the right so claimed in the declaration, were both formulated on Pennsylvania soil, the one in 1776 and the other 11 years later.

The species of tree which we have chosen, the hemlock, is also appropriate because of its historical association. At Stanton, the estate of Dr. Logan, on the outskirts of Philadelphia, regarded as one of the outstanding examples of early American architecture and preserved through the efforts of the Colonial Dames, there stood a venerable avenue of hemlocks when George Washington made his headquarters there in 1777 during the American Revolution, and when Thomas Jefferson was Secretary of State, and sitting under those calm trees discussed with foreign diplomats the measures by which the neutrality of our country might be preserved in the midst of the foreign wars which then were raging. Dr. Logan himself was a patriotic Quaker physician, who, on his own responsibility, unofficially visited both France and England in order to do what he could to maintain peace between those countries and America and who condemned particularly the

newly-adopted mode of warfare in which gallant combat between armies in the field was replaced by measures designed to cause starvation and suffering among the inoffensive civilian population of women, children, and the aged.

May these trees of the same variety as those under which Washington, Logan, and Jefferson sat remind us that the same qualities of courage, to defend our country and its rights by force of arms, if need be, and benevolence and prudence, to retain by reason of our just dealings the friendship of other nations and avoid entanglements in the animosities and hostilities arising in the course of their relations with each other are needed today when the Nation's Capital is situated here in the District of Columbia just as much as they were needed when the Nation's Capital was located in Pennsylvania.

On behalf of the people of the Commonwealth of Pennsylvania, the Keystone State of the original thirteen, I dedicate these hemlock trees in commemoration of the one hundred and fiftieth anniversary of the Constitution of the United States.

Will the United States Be Tricked Into Another War?

EXTENSION OF REMARKS

OF

HON. BERNARD J. GEHRMANN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 18, 1937

Mr. GEHRMANN. Mr. Speaker, 20 years ago our beloved United States was in the midst of the World War that was to make the world safe for democracy. Of course, we all know that it has done just the opposite, and instead of strengthening democracy it has entirely destroyed it in several countries, and fascism and dictatorship have taken its place. We are paying the penalty of this foolish, unwarranted, and unnecessary participation in that wholesale slaughter of the world's manhood and will continue to pay for more than a generation to come. Millions of our finest young men were sent across the ocean, thousands of miles from our shores, to be killed, maimed, and crippled for life. Nearly every single man that saw action on the front, even though apparently uninjured at the conclusion of this terrible slaughter, now feels the effects of the hardships they were forced to undergo. Hundreds of thousands of those men are now incapacitated to the extent that they cannot perform hard manual labor and are rejected even on W. P. A. jobs because of a bad heart, defective lungs, rheumatism, arthritis, or other similar ailments, but never were treated while at the front, or if they were, the ailments at that time were of a slight nature, so they are unable to establish service connection, and, of course, under present laws or rules, are denied aid or compensation. Many thousands of these men and their families are now objects of charity. The number of these, and their degree of disability is increasing rapidly, and Congress must face the task of providing sufficient amounts of money to make it possible for those heroes to live in decency and not be public charges.

So we are going to pay for the short-sightedness of entering that war in April 1917 in ever-increasing amounts; but since we were foolish enough to allow Congress and the President to declare war 20 years ago I hope that at least a lesson will have been taught us, so that we will not make the same mistake again and send more of the flower of our manhood across the waters to aid some foreign powers to divide the spoils, and mainly to aid munition and war-material manufacturers to make billions in profits, for which the lives of millions must be sacrified while the war lasts; and, after that, several generations must have a large share of their people hungry, ill-clad, and without homes, to pay for it.

I have just been reading the wonderful speech made by our great leader, now departed, Senator Robert M. La Follette, Sr., on the floor of the Senate on April 4, 1917. I have also read some of the speeches made by those that were war mad and branded our hero as a traitor and everything imaginable. I wonder if they are as proud of their record as was old Bob before he died. Oh, he was most certainly a prophet, because then he could not know what we know now—that the Allies had made a number of secret treaties how they would divide the spoils after victory. The International News Service has just recently released the official text of the document, which clearly shows that these undercover pacts were in existence when we entered the war. Of course, when the Allies were getting us into this war no word was heard of these secret agreements; then the Allies were supposedly battling against German imperialism and militarism, and we were asked to join to make the world "safe for democracy."

Well, we did join, and of course "we" won the war, not England, France, and the other Allies. But when the diplomats gathered around over the spoils, the Allies forgot all about democracy, and its safety with which they enticed us to enter the war. President Wilson found himself dealing with a group of shrewd and very practical war lords whose main interest was in grabbing all they could get. These same powers, whose chestnuts we pulled out of the fire, refuse to pay us back even a part of the billions we loaned them.

I repeat, that it was a terrible mistake to have been fooled into that war in 1917, but at least we should have learned one lesson, and that is that we must keep our eyes and ears open, and not be taken in the second time. England would like to use us as a cat's-paw to pull her international chestnuts out of the fire; she certainly is trying this scheme in the undeclared war with China, as well as her attitude in Spain.

I believe it is dangerous to leave the question of entering into war, except actual invasion, to Congress and the President. Even though it should, and usually does, reflect the wishes of the people, an artificial hysteria and pressure could easily sway the majority of Congress to again fall for propaganda. The only way to ever declare war, except invasion of our own shores, must be left to the people themselves. We would have never entered that war 20 years ago if the people could have expressed their wish.

There is good evidence why Congress cannot be trusted with the declaration of war right now. Several resolutions that would give the people the opportunity to express themselves on declaration of war are pending. The Ludlow resolution has been there during the entire first session of the Seventy-fifth Congress. It has not been allowed to come on the floor for action, but those of us who feel Congress should not be trusted with this most important question, are signing a petition to force it up for consideration. It requires 218 signers, and at this date less than 200 have signed. That shows that less than half of Congress wants the people to say if we are to enter into another world war to help European powers to destroy helpless, smaller nations and then divide the territory.

Several similar resolutions have just recently been introduced, and I feel confident that one of them will be passed at this special session so that it may be submitted to the people for adoption at an early date. Over 20 years ago, during the memorable speech made by "Old Bob," he challenged the Congress to let the people vote on the question of entering the war with these words:

> Who has registered the knowledge or approval of the American people of the course this Congress is called upon to take in declaring war on Germany? Submit the question to the people, you who support it. You who support it dare not do it, for you know that by a vote of more than 10 to 1 the American people as a body would register their declaration against it.

Are we, as Members of this Congress, who have had time to think what the hasty action of the Congress 20 years ago has cost the American people, going to refuse the people the right of expression now, when the whole world is in a much worse turmoil than it was at that time? All of Europe is trying to gain the United States on their side and will try their best to have us become embroiled in their squabble. Let us heed the voice of "Old Bob," whose marble image is in the rotunda of the Nation's Capitol, and who, even now, seems to say to the Members of Congress as we pass by him daily, "Keep your eyes and ears open, listen to the people you claim to represent, and not the munitions makers nor the bloodthirsty war lord across the sea; allow only the people to

declare war, and the United States will be safe for democracy, so that the coming generations may have a chance to wipe out the havoc of the World War, and once again make America the land of the free and the home of the brave."

The People and the Government

EXTENSION OF REMARKS

OF

HON. HATTON W. SUMNERS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 18, 1937

ADDRESS BY HON. HATTON W. SUMNERS, OF TEXAS, BEFORE THE AMERICAN BAR ASSOCIATION, ON SEPTEMBER 29, 1937

Mr. SUMNERS of Texas. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I desire to have printed in the RECORD an address delivered by myself before the American Bar Association on September 29, as that address was printed in the journal of that association from the stenographer's transcript, as follows:

I appreciate very much the privilege of talking with you this evening. This evening a representative of the press asked me for my manuscript. I told him I didn't have a manuscript. He said, "Are you going to speak extemporaneously, then?"

I said, "Worse than that."

I believe the time is coming, in America, anyway, when we ought to recognize that operating a great system of government is a practical thing. The time has come when the people of America must gather around council tables and give plain, practical, common-sense consideration to the problems of their Government. We have passed the time when oratory meets the requirement of the situation. I know it is expected I shall say something about the Court, and I am going to get through with it.

I am going to disappoint you, too, I am afraid. I tried to avoid this controversy about the Court. Then, when I saw that that issue was driving lines of cleavage among our people, driving lines of cleavage among the officers of the Government and between the Departments of the Government, I sought to stop the agitation.

It is my judgment, however, looking back, that that controversy, expensive as it has been to us, has been worth far more than it has cost us. As a nation we were dying of inaction, for in the war we went to the other extreme, from the peak, highest peak, perhaps, of unselfish world patriotism that any people ever reached. We swung to the other extreme; we became a nation of children in the presence of great responsibility; and we entered upon the grand age of jazz. Everybody tried to act young, and everybody acted foolish.

It has only been in the last 3 or 4 years that anybody in this country, almost, could be interested by plain, practical consideration of a serious matter. I believe this agitation has done more to make our people think, to make our people return to the responsibilities of free government than anything that has happened in two decades. But as I look to the immediate future, as I consider the job ahead of us, I am concerned that neither that issue nor any other issue shall be permitted to divide our people at a time when the problems of this people require a solidarity among our people and a cooperation among our departments of government which we have never required before.

I hope in these statements I am making I will not appear to be trying to lecture anybody. I think everybody now who has any appreciation of our situation is humble in the presence of our difficulties.

As we look to the future, we appreciate that we are rapidly approaching the peak of the crisis, when it shall be actually determined whether or not our economic structure will stand and whether or not our Government will stand a strain. I mean literally a strain, not something to be dreamed about, not something to be talked about as though it were on another planet, not something to be discussed academically but a proposition right square before the people tonight, where I stand here and you sit there. It is something on which nobody can venture an expression of judgment.

That is a pretty serious consideration to confront a people. We have got to balance the Budget. We have got to decentralize governmental responsibility. What is more, the people of this Nation must begin to give to this Nation the only safeguard which a free government can have, and that is an intelligent, advised public opinion.

There is only one thing I am concerned about. If I knew we had it, I would know we can win. If we have a people with the governmental capacity to preserve our institutions, I know we can win, for I know it is not written in the book of destiny that only a President and a handful of Members of Congress are going to get all the benefit that comes from the struggle with these difficulties. I know that, regardless of how great the President may be, how great the members of an office may be in other positions, only the greatest people that ever walked the earth can save my Nation.

That is what I want you to go and tell your people, that this government is not in Washington and its fate is not within the keeping of the President. The fate of this Nation is within the keeping of the American people. This Government is back among you people. You can tear down your Constitution. You can tear down your capital, and if you have a people with government capacity, as you have, they can write another Constitution and they can build another capital; but if the foundation, the governmental capacity of the people, ever fails in America, then the situation is hopeless. We are looking too much to Washington. People ask me about Washington. I come back home to see whether or not I have a people that can win the fight. We have no king. We have no hereditary nobility. There are no governors in America except the people, and, if we fail, it is the people's fault.

The time has come, my friends, and I hope when I speak with certainty that I will not appear to be speaking with presumption—you boys look at me. (President Hutchins, of the University of Chicago, had just entered and taken his seat on the platform.) I am not as good looking as that fellow, and I am not going to try to speak even in proper sequence tonight. I am not going to attempt fully to develop any thought, because I appreciate the fact that I am speaking to an audience of trained thinkers, and I have not much time. I am going to cover a heap of space, and I want all the help I can get from you.

The greatest statement, the wisest statement that came to us from the literature of the Revolution, came from the convention of Virginia. It was to the effect that there can be no liberty without frequent recurrence to fundamental principles. When I first went to Washington I heard people talk about fundamental principles. I haven't heard it for many years. We don't hear it among our people.

Doctors recognize the necessity to recur to fundamental principles. They go to school to learn the laws of God Almighty that govern the human body before they ever attempt to practice medicine.

We have schools of science that have no other business than to teach fundamental principles. No human being would attempt in any field now to go forward without knowing something of the fundamental laws that govern in the field of his activity—with only one exception, and that is the great field of economic and political government; and that is the great field of human failure now.

Governments are not accidents. Governments are provided for in the big economy. Governments are themselves governed by natural laws which human beings must respect. Yet we do not recognize in the practical operation of government that there are any natural laws which limit human discretion and fix sound governmental policies. The fact of it is, my friends—I don't want to give any offense—the lawyers of America have been going along with illogical tales with regard to the origin and nature of our Constitution instead of telling the people the truth as to where it came from.

There were great men who sat in the Constitutional Convention but it has been withheld from human genius to write the constitution of a living government. It never was done and never will be, in a creative sense. Our Constitution came from the same source that trees came from. I want to get over this point. The people no longer believe that there lived at one time a group of supermen, who met in a convention and out of their own creative genius fashioned the constitution of a living government. They don't believe it. They are swinging away from reverence for our Constitution. The fact of it is our Constitution is worthy of all reverence among a people who love liberty, because it came from God Almighty.

Governments are not accidents. They are provided for in the great economy, are themselves governed by natural law. The history of our Constitution can be traced for 2,000 years. May I be pardoned for giving you the first picture of our own Constitution? Tacitus gives it to us. He looked in upon the Germanic tribes as they gathered from the forests of Germany, and he tells us that if there was a matter of governmental importance to be considered, the leaders submitted it to the people, and, if the people approved, they brandished their weapons, and if they disapproved, they murmured, and that settled it.

So you have the place of leader, and you have the place of people, but you have the voice of government spoken by the people. Then he tells this fascinatingly interesting thing that finishes the picture. He says that their leaders were influential, they had the power to persuade, as distinguished from their power to command.

When those people five centuries afterward came to England, they planted in English soil those institutions. During the whole period of their history down to our time, even during the period of the Norman conquest, those governmental institutions continued, and that system of government continued, and whenever we abandon that system, we abandon the Anglo-Saxon system of government.

We have never had a Mussolini or a Hitler or a Napoleon in Anglo-Saxon history. Why? Because we followed principles instead of leaders. That is the reason. Whenever we abandon principles, we abandon the Anglo-Saxon system of government. Governmental capacity, like every other capacity, is preserved by its exercise. Children learn to walk by walking. People learn to do everything by doing it, and people learn to govern by governing.

The reason we are in the fix we are in now is because, two decades before this, the people turned their backs upon the responsibilities of government. They couldn't be bothered. We blame politicians, and we blame this man and that man and the other man, and this group, that group, and the other group. But fundamentally—I say it with all kindness—this is the people's Government, and when the people quit governing somebody else governs. When the people quit thinking, somebody else thinks for them and charges them so much per think.

It is not an accident that we have these three coordinate branches of government. Let me get this across: They are the vital organs through which our sort of government functions. You can't have animal life without lungs. Human beings must have lungs, and Anglo-Saxon systems of government have to have these three coordinate branches. I hope I get by with that. Nobody ever said, "Let's have a legislature." There isn't a single fundamental provision in the American constitutional system that does not go back so far and spread out so broadly that it doesn't add to the legitimate fame of a single human being as its originator. It came from God. It came from the same place the tree came from.

I am going to hurry along, but I want to give you a few points there. Some of these younger lawyers, especially, may not have made the examination. In the thirteenth century, when the commission was sent to the shires to send up representatives of the people in order that it might be ascertained as to whether or not they would pay more taxes, and when the representatives of the people arrived at the seat of the central government in England, they had been trained in local government. They were able to take care of the people because they had been trained. The most magnificent picture in human history is the struggle of the representatives of the people, those who came up from the shires and the cities and the boroughs, to protect the people's rights.

Nobody ever said, "Let's have two houses." * * * You know I think that really is funny—how that thing happened. I wasn't there, but I know how it was. * * * The representative of the folks, the ordinary people, couldn't talk about their business with the lords, and they got to meeting, first one place and then another, and after a while somebody said, "You know, boys, I have found there is a vacant room upstairs and there is nobody in there." After a while somebody looked in there and there were two houses of parliament, and nobody ever said, "Let's have it."

Nobody ever said in advance, "Let's support the judiciary," but the King got the control of the judiciary and the people said that wasn't right, and they fussed about it, and when William and Mary came on the throne, it was decided they would hold for good behavior.

When we came over on this side and established our institutions, we claimed from the beginning all the benefits of Magna Carta. A contemporaneous historian says that a representative system of government broke out in Virginia 16 years after Jamestown. It was inherent, it was instinctive among those people. We didn't have a revolution in this country, in an ordinary sense. We had a territorial secession and resort to arms to preserve an existing constitution. All the pre-Declaration of Independence row was not that we didn't have a constitution. The row was that we had a constitution, and King George and the Parliament were violating it.

When we came to write our Constitution it was perfectly natural that we should write into it those great provisions of human liberty that came down through the ages, developing out of necessity, tried by experience among a people peculiarly gifted with a genius for self-government. We wrote into our documents those things around which the battles of the revolution had been waged. Of course we did.

So we do have a Constitution that has come through the ages, every single provision tested by experience, originating out of necessity. That is what we have got to preserve. How are we going to preserve it? Are we going to preserve it on Fourth of July occasions by merely worshipping at the shrine of our ancestors? The only way we can preserve it is by emulating their example.

What are we going to do about it? That is what I am going to talk to you about tonight. I wouldn't give a whoop for these resolutions and these big speeches. What are you going to do about it? Are you willing to join a battalion of death to save the Constitution and this system of government?

I believe we are going to win, probably; I am not sure. I believe so. I have been going home feeling out the people, talking to the people, and it is my judgment that within the last 3 years there has come a regeneration in the American people that has no equal in human history.

I have been taking samples of people, seeing their attitude. When I have told my people that we haven't got an easy job, when I have told them that we have jazzed off into the jungles and there is no boulevard that leads out, that we have to cut down the trees and go out over the stumps, they have answered that they weren't afraid to tackle the job. I believe we would have done the job sooner if those of us who hold positions that enable us to know the truth had come back and told the people the truth. I don't think we need to be afraid to tell our people the truth now. I don't think we need to be afraid to tell the truth for fear they will get scary, nervous, and jittery. If they can't face the facts, we can't win through, anyhow.

Do you tell me we have got an easy job? We have got the hardest job that any people ever had to tackle on this earth, so far as I know. Now let me give you another point. I am just hitting a few high places. You have a real speaker here, and he has his all written out.

One of the most interesting things about Anglo-Saxon systems of government that I have observed is this: First, it is perfectly evident that there is such a thing as an instinct of governmental preservation. I don't have the slightest doubt about it. Government is as much an entity as you are an entity. Government is an agency of yourself, and you are the agents of government. Let me get that across. You are an agent of government and have to do its work, and if you refuse to do its work, the work of government of necessity, having to be carried on, then government lays its hand on a dictator. That is a pretty involved statement. I want to clear it up a little. From my examination of history there has never been a case where a people who once possessed the power of self-government ever lost their freedom (except by conquest) save in those cases where they got so inefficient, as compared to their difficulties, that they were no longer able to tender within themselves an agency through which the government could be carried on. I am afraid that I used too many words then.

The only reason why Hitler is in Germany tonight is because the German people divided themselves into 13 parties, each little group fighting for something for itself and not standing on any fundamental principles. There was no national solidarity, and when the great test came they couldn't do the job, and government reached over and put its hand on Hitler.

People ask me if I think we will have a dictator in America. It depends entirely upon the people. If the American people cease to be able in themselves to carry on the government of this country, since government has to be carried on, a dictator is absolutely certain.

We have thus far avoided a dictator, with probably one exception, in Anglo-Saxon governmental history, because we have developed the instinct and the genius to sense the existence of a crisis which requires a quicker pick-up and a stronger power than Anglo-Saxon institutions ordinarily afford; and in such a situation we have had the genius to concentrate in the executive emergency power to deal with an emergency situation, but also the genius to retain the power to control its exercise and the power to recapture and redistribute it when the emergency is over.

To that fact is due the sort of government we have had during this administration, to a very large degree. When this administration went into power, the whole economic structure was about to fall and, instinctively, that thing happened. Now we are getting the reaction from that. We are getting a movement in the other direction, and that explains a good deal of what is happening now.

I want to get this over if I can: Just as Anglo-Saxon peoples move instinctively in the direction of concentration of power in the executive, when there is a crisis that requires it, and requires a quicker pick-up and stronger power, after awhile they instinctively begin to move in the other direction. If they didn't, they would lose the power of self-government, because the power to govern is retained only by its use. If you tie your arm by your side, the power goes out of it. The fish in Mammoth Cave have no eyes. We ought not to retain any longer than necessary these extraordinary concentrations of governmental power, and I say that in all respect to the President, and in all respect to everybody.

You know, I appreciated very much those kind words of introduction. He said nearly everything I told him to say. I did want him to mention that I had been nominated for President. A Republican ex-justice of the peace over in Virginia did that. We know that justices of the peace are the smartest people in the world, but I didn't know it also applied to Republicans.

I don't want to talk to you folks too long and put you to sleep before my friend speaks, but probably you folks have been staying in these downtown hotels and have learned how to stay awake anyhow. * * * I will yield to questions for 10 minutes. I will yield to any questions anybody wants to ask me. [No replies.] Well, I think your judgment of my ability to answer is just about right.

There is one thing I tremendously appreciate. Seriously, I appreciate this privilege of just talking to you tonight. Tonight, men and women, we are at the highest peak in history. This is a fascinating time. Of course, governments are always subject to the laws of cause and effect, but this seems to be one of those rare times in the history of time when the nations are called to judgment. The nations of the earth tonight apparently are standing at the judgment seat. The balance sheet is being struck. The peoples of the earth and civilizations are being compelled to answer under the philosophy, apparently, of the parable of the talents. It is a terrible thing to be in a place of responsibility at a time like that. When we look about us over the earth, we see that free government is disappearing from the earth. When we make an examination of our own country we see these same causes that have worked the destruction of liberty in the other nations at work here.

I feel hopeful that we are going to win through. And there is one thing that is happening that I want to call to your attention. I came up here primarily to attend this conference on interstate crime. I had something to do with originating that legislation. You know the States are losing their power to govern in no small degree because they are not properly exercising the powers they possess. There are two sides to this concentration of power in the Federal Government. Heretofore when the State has confronted a

proposition that is beyond its capacity to handle, dealing with it alone, it has cried out for Uncle Sam to come, and many times it has cried out before there was any need of that sort.

This movement is an attempt on the part of the States, by cooperative effort, to do that which heretofore has been and is beyond the governmental capacity of the single State. If they can demonstrate the ability to do that, probably our States can do that in many other respects. * * * These State governments operate, in the main, through local units of government, small units of government. In those units of government the voice of the individual may be heard and the influence of the individual may be felt, but when you transfer a power to the Federal Government you put it beyond the reach of the average man. The voice of the individual is drowned in the voice of the multitude.

Take the executive branch of the Government through which this organization functions—there are around 1,000,000 people operating the executive machinery of the Government. As a matter of practical common sense, we know that there is only one of all those people, who is elected and that is the President. Let us look at it just a minute. We know that the President cannot, in good conscience, be held responsible for what is done by those under him, because he doesn't know who they are, he doesn't know where they are, and he doesn't know what they are doing.

This has come about while we have been preserving the exterior of the representatives system and have been talking about having a system of government by officers selected by the people. While we haven't been changing so much the written document, we have been changing the Constitution of the system of government with a rapidity unequaled in all time, with representative form of government susceptible of popular control drifting toward a great Federal bureaucracy which we know the people can't control.

I appreciate very much this opportunity to talk to you, but I guess I had better quit.

The Domestic Business Situation

EXTENSION OF REMARKS

OF

HON. JOSEPH W. MARTIN, JR.

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 17, 1937

RADIO ADDRESS BY HON. JOSEPH W. MARTIN, JR., OF MASSACHUSETTS, ON NOVEMBER 14, 1937

Mr. MARTIN of Massachusetts. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address, which I delivered recently over the radio:

As we review the swiftly moving tide of national affairs since the President called the special session of Congress a month ago, we are all impressed by the great change which has come over our domestic business situation in that brief interval.

The recession now felt in every important line of industry, commerce, and agriculture arises largely from confusion of thought and uncertainty of outlook regarding Washington policies. This is the overshadowing problem before the new session. If President Roosevelt, in his message to Congress Monday, does not submit an integrated program of sound and constructive policies to restore business confidence, then it will become the immediate duty of Congress to prepare its own program to those ends.

Our first obligation to the American workers and farmers is to restore that full measure of solid prosperity which has been sacrificed by some of the New Deal experimentation. The trend toward increasing unemployment must be checked at once. That is our first duty to the American people.

Real economy in public affairs should be the watchword of the session. If we are ever to achieve a balanced Budget, so often promised, there must be an end to vast and costly new experiments. On this point Congress has it in its power to restore a robust national confidence at once. But Congress cannot do this if it is to be forever under the lash of the White House for new appropriations.

With workers being dismissed from their jobs in many lines of business it will be necessary to carry a large relief roll throughout the winter. But this spending should be administered honestly and with rigid efficiency, so that the money provided by Congress actually will go to the needy. During the last 4 years, a large proportion of these funds have been diverted shamefully to political jobs, and to building up a gigantic political machine for campaign purposes. For the country as a whole, only about half the relief dollar actually has reached the needy unemployed. The rest has gone for overhead, for supervision, press and radio propaganda, and motion pictures. This cruel chiseling upon the relief funds for selfish political purposes of New Deal spoilsmen must be stopped.

Entering another winter of declining farm prices and huge surpluses in several principal farm commodities, Congress rightfully will give careful thought to the problems of agriculture. Many plans already are under consideration before the House Committee on Agriculture. Some are sound and some are utterly fantastic. Some would bring a measure of temporary relief and others would serve only to pile up new mischief and new distress for the farm home.

Meantime the one great need of the American farmer hardly has been given thought by the President and the majority in Congress. The real need is to restore the rich American market to the American farmer.

This we may accomplish simply by shutting off the swelling tide of cheap farm products from abroad under the mistaken and misguided policies of the Hull trade treaties.

Official figures recently published by the Department of Commerce show that the United States during the first 6 months of 1937 imported from abroad more than 11,000,000 pounds of live hogs, more than 38,000,000 pounds of pork products, more than 42,000,000 pounds of canned meats, more than 52,000,000 bushels of corn, more than 14,000,000 bushels of wheat, and more than 130,000 tons of hay.

We also imported during these 6 months, from various foreign countries, more than 300,000 head of cattle, more than 9,000,000 pounds of butter, and more than 30,000,000 pounds of cheese.

These figures give us one important reason for sharply declining prices for farm products. A vast and growing section of our domestic market is being supplied by low-cost products from foreign lands. This policy places every American farmer in direct competition with the low living standards of southern Europe, South America, and the Orient. So long as this condition prevails the demand for farm relief will continue to be urgent and pressing.

On the other hand, protection of the American market for the American farmer would go far toward restoring a degree of stability for all of the principal food crops. But no amount of farm relief in other directions can possibly be effective on a permanent basis so long as the floodgates are open in every direction to the cheap imports of foreign agriculture. The time has come to face this problem resolutely. Free trade is the ruination of American agriculture.

This same disastrous policy is tending to reduce pay rolls in many of our domestic industries. During the last 3 years cotton and wool textile imports from Japan have deprived thousands of American workers of steady employment throughout New England. In my own State of Massachusetts the shoe and leather factories are working but 2 or 3 days a week—because the shoes once made there for the American market are being purchased today in increasing quantities from Europe and the Orient. In a lesser degree the same applies to hats, gloves, carpets, toys, silverware, jewelry, furniture, and many other important manufactures.

How do these imports touch American labor? The answer is found in an Associated Press dispatch of last Thursday, November 11, from the great textile center of Lowell, Mass. It reads:

"The Talbot Mills, manufacturers of woolen goods, yesterday posted notice it would permanently close with the next pay day, because of poor business and uncertain future conditions. This company, one of the oldest woolen manufacturers in this section, normally employs between 500 and 600 persons."

There you have the story of what happens when we fail to protect our workers. Business is being driven to the wall by government. As plants close down, permanent unemployment is being spread throughout the land.

A report published only this week by the United States Department of Labor shows that the average daily wage in Japanese industry is approximately 57 cents, for a day of 10½ hours labor.

Is it the intention and purpose of the Roosevelt administration to sentence American working men and women to competition with such living standards? I hope not, as every thinking American wants to improve the working conditions of the toilers of this country, an effort which prevailing competition under the Roosevelt-Hull treaties retards in many different lines of business.

The future is clear: These cheap industrial imports produced by rice-and-water labor in the Orient must be excluded from the American market, or our own textile, shoe, and other industries must continue to lay off more and more American workmen.

Yet today our State Department is negotiating a new trade treaty with Czechoslovakia, the principal foreign manufacturer of shoes for the American market. These negotiations constitute another threat to American recovery. They promise, when concluded, to drive more Americans from their jobs in favor of cheap imports. They threaten to close down more shoe factories throughout the United States, to add further to the present increasing roll of unemployment.

This is far from an academic issue. Free-trade touches the pocketbook and pay envelope of every worker. More, it touches the family security and the social welfare of every household. It is not enough to say that we are adhering to some vacuous "good neighbor" policy. American wage earners and American farmers must have real protection for the American standard of living. We must, in some measure, restore the protections which have built up and maintained our boasted American standard of living.

Another fundamental issue presented for the consideration of the special session relates to the President's proposal for a hasty reorganization of the Government departments and bureaus. This proposal reaches to the very roots of our system of orderly representative government. It should be examined with the utmost care and deliberation. It contemplates a centralization of powers

in the hands of the President far exceeding anything ever suggested before in all American history. It carries the germ of one-man government, such as certainly would prove both inadequate and unworkable in a country so vast and so complex in economic and social organization.

Congress, in my judgment, will proceed in this matter with great caution. Here is presented an American and not a partisan issue. Government reorganization should be considered on that basis.

Dread and mistrust of a strong central autocracy are deep in the American heart.

Grave and costly blunders in Washington during the last 4 years should serve as adequate warning against a further concentration of dictatorial powers in the White House.

We must not centralize further vast powers in a fast-growing bureaucracy which is forever reaching out for more authority over every phase of our national life.

The time has come for Congress to tell America in words which cannot be mistaken—

"The days of rubber-stamp legislation are gone forever."

Address of the President at Bonneville Dam

EXTENSION OF REMARKS

OF

HON. MARTIN F. SMITH

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 18, 1937

ADDRESS OF PRESIDENT FRANKLIN D. ROOSEVELT AT BONNEVILLE DAM, OREG., SEPTEMBER 28, 1937

Mr. SMITH of Washington. Mr. Speaker, under leave to extend my remarks, I insert the address delivered by President Franklin D. Roosevelt on September 28, 1937, at Bonneville Dam. It was my happy privilege to be present on this memorable occasion and hear President Roosevelt deliver this speech, which will live in history, relating to the great Bonneville Dam navigation and hydroelectric project. It is located at Bonneville, Oreg., and North Bonneville, Wash., the latter being within my congressional district.

The address of the President is as follows:

Today I have a feeling of real satisfaction in witnessing the completion of another great national project, and of pleasure in the fact that in its inception, 4 years ago, I had some part. My interest in the whole of the valley of the great Columbia River goes back to 1920 when I first studied its mighty possibilities. Again, in 1932, I visited Oregon and Washington and Idaho, and took occasion in Portland to express views which have since, through the action of the Congress, become a recorded part of American national policy.

Almost exactly 3 years ago, I inspected the early construction stages of this dam at Bonneville.

The more we study the water resources of the Nation, the more we accept the fact that their use is a matter of national concern, and that in our plans for their use our line of thinking must include great regions as well as narrower localities.

If, for example, we had known as much and acted as effectively 20 and 30 and 40 years ago as we do today in the development of the use of land in that great semiarid strip in the center of the country which runs from the Canadian border to Texas, we could have prevented in great part the abandonment of thousands and thousands of farms in portions of 10 States and thus prevented the migration of thousands of destitute families from those areas into the States of Washington and Oregon and California. We would have done this by avoiding the plowing up of vast areas which should have been kept in grazing range and by stricter regulations to prevent overgrazing. At the same time we would have checked soil erosion, stopped the denudation to our forests, and controlled disastrous fires.

Some of my friends who talk glibly of the right of any individual to do anything he wants with any of his property take the point of view that it is not the concern of Federal or State or local government to interfere with what they miscall "the liberty of the individual." With them I do not agree and never have agreed because, unlike them, I am thinking of the future of the United States. My conception of liberty does not permit an individual citizen or group of citizens to commit acts of depredation against nature in such a way as to harm their neighbors, and especially to harm the future generations of Americans.

If many years ago we had had the necessary knowledge and especially the necessary willingness on the part of the Federal Government to act on it, we would have saved a sum which, in the last few years, has cost the taxpayers of the Nation at least $2,000,000,000.

Coming back to the watershed of the Columbia River, which covers the greater part of the States of Oregon, Washington, Idaho, and a part of Montana, it is increasingly important that we think of that region as a unit—and especially in terms of the whole population of that area as it is today and as we expect it will be fifty and even a hundred years from now.

I appreciate and I understand fully the desire of some who live close to some of the great sources of power in this watershed to seek the advantages which come from geographical proximity.

More than 8 years ago, when I became Governor of the State of New York, we developed plans for the harnessing of the St. Lawrence River and the production of a vast amount of cheap power. The good people who lived within a few miles of the proposed dam were enthused by the prospect of building up a huge manufacturing center close to the source of the power—another Pittsburgh—a vast city of whirling machinery. It was a natural dream, but wiser counsels prevailed and the government of the State laid down a policy based on the distribution of the proposed power to as wide an area as the science of transmission would permit.

We felt that the Governor and the legislature of the State owed it to the people in the smaller communities for hundreds of miles around to give them the benefit of cheap electricity in their homes and their farms and their shops. And while the St. Lawrence project is still on paper, I have no doubt of its ultimate development, and of the application of the policy of the widest possible use when the electric current starts to flow.

That is why in developing electricity from this Bonneville Dam, from the Grand Coulee Dam, and from other dams to be built on the Columbia and its tributaries, the policy of the widest use ought to prevail. The transmission of electricity is making such scientific strides today that we can well visualize a date, not far distant, when every community in this great area will be wholly electrified.

It is because I am thinking of the Nation and the region 50 years from now that I venture the further prophecy that as time passes we will do everything in our power to encourage the building up of the smaller communities of the United States. Today many people are beginning to realize that there is inherent weakness in cities which become too large and inherent strength in a wider geographical distribution of population.

An overlarge city inevitably meets problems caused by oversize. Real-estate values and rents become too high; the time consumed in going from one's home to one's work and back again becomes excessive; congestion of streets and other transportation problems arise; truck gardens disappear because the backyard is too small; the cost of living of the average family rises far too high.

There is doubtless a reasonable balance in all of this, and it is a balance which ought to be given more and more study. No one would suggest, for example, that the great cities of Portland, and Tacoma, and Seattle, and Spokane should stop their growth, but it is a fact that they could grow unhealthily at the expense of all the smaller communities of which they form logical centers. Their healthiest growth actually depends on a simultaneous healthy growth of every smaller community within a radius of hundreds of miles.

Your situation in the Northwest is in this respect no different from the situation in the other great regions of the Nation. That is why it has been proposed in the Congress that regional planning boards be set up for the purpose of coordinating the planning for the future in seven or eight natural geographical regions.

You will have read here as elsewhere many misleading and utterly untrue statements in some papers and by some politicians that this proposed legislation would set up all-powerful authorities which would destroy State lines, take away local government, and make what people call a totalitarian or authoritarian or some other kind of a dangerous national centralized control. Most people realize that the exact opposite is the truth—that regional commissions will be far more closely in touch with the needs of all the localities and all the people in their respective regions than a system of plans which originates in the Capital of the Nation. By decentralizing as I have proposed, the Chief Executive, the various Government departments, and the Congress itself will be able to get from each region a carefully worked out plan each year—a plan based on future needs, a plan which will seek primarily to help all the people of the region without unduly favoring any one locality or discriminating against any other.

In other words, the responsibility of the Federal Government for the welfare of its citizens will not come from the top in the form of unplanned, hit-or-miss appropriations of money but will progress to the National Capital from the ground up—from the communities and counties and States which lie within each of the logical geographical areas.

Another great advantage will be served by this process of planning from the bottom up. Under our laws the President submits to the Congress an Annual Budget—a Budget which, by the way, we expect to have definitely balanced by the next fiscal year. In this Budget we know how much can properly be expended for the development of our natural resources, the protection of our soil, the construction of our highways and buildings, the maintenance of our harbors and channels, and all the other elements which fall under the general heading of public works. By regional planning it will be vastly easier for the Executive branch and the Congress to determine how the appropriations for the following year shall be fitted most fairly and equitably into the total amount which our national pocketbook allows us safely to spend.

To you who live thousands of miles away in other parts of the United States I want to give two or three simple facts: This Bonne-

ville Dam, on the Columbia River, 42 miles east of Portland, with Oregon on the south side of the river and Washington on the north, is one of the major power and navigation projects undertaken since 1933. It is 170 feet high and 1,250 feet long. It has been built by the Corps of Engineers of the War Department, and when fully completed, with part of its power installations, will cost $51,000,000. Its locks will enable shipping to use this great waterway much further inland than at present, and give an outlet to the enormously valuable agricultural and mineral products of Oregon and Washington and Idaho. Its generators ultimately will produce 580,000 horsepower of electricity.

Truly in the construction of this dam we have had our eyes on the future of the Nation. Its cost will be returned to the people of the United States many times over in the improvement of navigation and transportation, the cheapening of electric power, and the distribution of this power to hundreds of small communities within a great radius.

As I look upon Bonneville Dam today, I cannot help the thought that instead of spending, as some nations do, half their national income in piling up armaments and more armaments for purposes of war, we in America are wiser in using our wealth on projects like this which will give us more wealth, better living, and greater happiness for our children.

America's Peace Policy

EXTENSION OF REMARKS

OF

HON. HAMILTON FISH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 18, 1937

RADIO ADDRESS BY HON. HAMILTON FISH, OF NEW YORK, ON OCTOBER 22, 1937

Mr. FISH. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include an address I made over the National Broadcasting Co. network on Friday, October 22, 1937, as follows:

We are in the midst of a government of confusion and propaganda in both domestic and foreign affairs, and it is naturally difficult to discuss definite policies when none exist. Neither the President nor his advisers have any idea where we are drifting, particularly in regard to international issues. The President's speeches, fireside chats, and public statements vary from day to day, each contradicting the other and running the gamut from threats of coercion and war to dulcet pleas for mediation and peace. His Chicago speech breathed belligerency and for a quarantine of Japan, Germany, and Italy, and if carried out would have led immediately to war. It was a highly provocative, dangerous, and saber-rattling speech, filled with the usual Rooseveltian platitudes and generalities about the beauties of peace as an anchor to windward.

Behind all the saber rattling or pious pronouncements for peace and good will on earth, which follow each other as night follows day, is one underlying motif camouflaged by Presidential verbiage and honeyed words—the old skeleton of the League of Nations. The American people closed the closet door on it 17 years ago, but Franklin D. Roosevelt, Cordell Hull, and Norman Davis, our wandering ambassador at large, are still internationalists and their early love for the League of Nations is still warm in their hearts.

The President, through the greatest propaganda machine ever known in this country and almost the equal of that in such dictatorial governments as Germany, Italy, and Soviet Russia, has endeavored to give the impression that he has a monopoly on peace and good will in the world. Disastrous international failures and defeats have been turned into famous New Deal victories by skillful and extensive administration propaganda agencies, operated out of the pocketbooks of the American people who have been repeatedly "sold down the river" without their knowledge.

As Al Smith says, lets look at the record and see what it discloses:

1. The failure of the London Economic Conference, practically called by the President, but which he repudiated and thereby gained the ill will of half the world.

2. Failure to renew the Naval Limitation of Armament Treaty of 1921, which expired in 1936, and thereby launching us on a vast naval building program of battleships at $50,000,000 apiece with Great Britain and Japan. The result of this New Deal failure is that it will cost the taxpayers $250,000,000 more annually and promotes naval rivalry and competition that leads to suspicion and enmity and eventuates in war.

3. Failure of President Roosevelt to collect any of the war debts, except from honest little Finland. Under Republican administrations we collected $200,000,000 annually.

4. Recognition of Soviet Russia, by holding out a juicy bait of a billion dollars worth of trade, against the expressed opposition of the American Federation of Labor, the American Legion, the Catholic Church, and many patriotic and civic organizations. The net result of such recognition, in addition to intensifying Communist activities, has been $20,000,000 worth of trade, whereas under Republican administrations before recognition we did over a hundred million. Instead of buying $200,000,000 worth of our cotton as promised, they bought $3,500,000 worth, and borrowed that from the Reconstruction Finance Corporation to put through the deal.

However, all these glaring failures have been turned into famous New Deal victories by the sheer power of propaganda. After the last election President Roosevelt did send some eight deserving Democrats as a peace mission to South America, which by the way was the first time in our diplomatic history that the minority party had no representation on a peace mission, thereby injecting partisanship into international issues and establishing a most unwise and unfortunate precedent.

Later the President joined his Democratic colleagues at Buenos Aires and made a typical platitudinous speech. This is the sum total of his famous peace victories. We agreed to sit around the table in case of any future wars in South American countries, which do not originate world wars or have any navies.

I have given you a brief or thumb-nail record of the New Deal international failures, which, dismal as they are, still have been so cleverly turned into famous victories by power of propaganda that the American people are bewildered.

I do not ask the radio audience to rely solely on my word, but to check any statement of mine by any yardstick they wish. As for myself, I served overseas with combat troops and loathe and abhor war, and will do everything in my power to promote peace, take the profits out of war, and keep the United States out of foreign conflicts. For 16 years I have served on the Committee on Foreign Affairs in the House of Representatives, longer than any other member, and am the ranking Republican member of that committee and to that extent the spokesman of my party in the House and in the Nation.

I now propose to discuss the invasion of China by Japan. Practically all Americans sympathize with the Chinese and deplore the bombing of noncombatants, and particularly Chinese women and children by Japanese airplanes. However, there have been wars of conquest raging in China for the past 3,000 years. First the Mongols, then the Manchus, and more recently numerous predatory and plundering war lords, and now the Japanese, to say nothing of Soviet Russia's invasion of Outer Mongolia, of the British seizure of Hong Kong, and the French conquest of Annam.

It is an Asiatic problem, involving largely China, Japan, Soviet Russia, and British trade and prestige. Every American father and mother must face the facts, and answer honestly whether they are prepared to have their sons fight to preserve peace in China. As for me, I am not willing to vote $1 to send an American soldier to foreign lands to fight other peoples' battles. If the old nations of the world go stark mad, arm to the teeth, and go to war, it is their war and not ours. I propose to use every influence and parliamentary device I know to prevent Congress from giving the President the power which he has so often asked, to determine the aggressor nation. If he had had that power we would be at war with Japan today.

This is not a partisan matter on my part, as I opposed giving the same power to Secretary Stimson 6 years ago, who likewise is an ardent adherent of the League of Nations. If we are to have a war in the future it must be in defense of the United States and not in defense of China, Spain, Abyssinia, or to pull the chestnuts out of the fire for Great Britain or any other foreign nation.

The Nine Power Conference, called by Belgium with our approval, is a perfectly proper peace step, but I am fearful that with Norman Davis our chief spokesman we may become involved in intervention and war sanctions and left holding the bag for the League of Nations. The United States has never lost a war or won a European conference. Like other international conferences under this administration, our delegates are strictly partisan with no representation for the minority party, an unfortunate departure from the traditional American policy of 150 years.

1. I accuse President Roosevelt of trying to obtain power to determine the aggressor nation, which would constitute a hostile act and would, in effect, deprive Congress of its constitutional power to declare war.

2. I accuse him of conducting our foreign policies on a strictly partisan basis.

3. I accuse him of being largely responsible for our existing naval armament race with Japan and Great Britain.

4. I accuse him of promoting a war hysteria in the Nation by use of inflammable and provocative language, threats of coercion, and predictions that we were on the brink of war and could not keep out.

5. I accuse him of having nullified and repudiated the Neutrality Act, which is the law of our country, in defiance of the intent of Congress and the will of the American people to preserve neutrality and keep us out of war.

6. I accuse him of trying to lead us into the League of Nations by the back door.

The three American musketeers of the League of Nations, President Roosevelt, Secretary of State Hull, and Ambassador at Large Norman Davis, still inoculated with the virus of internationalism, are determined to join up with the League, directly or indirectly, and if necessary even force us into war to preserve peace in other nations. There can be no other interpretation of the President's Chicago speech urging "concerted action" instead of "mere isolation and neutrality." It is the old League of Nations program over again, of policing the world.

The answer of the American people will be outspoken and unmistakable if the issue is pressed to a decision. They will refuse to join up with the League of Nations on any sanctions or war commitments. They do not intend to become entangled in any ancient foreign-blood feuds or boundary disputes. They want us to keep out of all foreign entanglements, mind our own business, and try to solve our own problems for the best interests of all our people.

I do not question the peace-loving motives of the President, but rather his craving for power and obsession for collective action through the League of Nations to punish aggressor nations, which means war and the loss of American lives and treasure. As a member of the Committee on Foreign Affairs, I do not propose to vote to send American soldiers on punitive expeditions to foreign lands or to safeguard our trade in other countries. We do only fifty millions of trade with China and four times as much with Japan, but if the figures were reversed it would in no way influence my opposition to going to war for the sake of the almighty dollar.

If the President would only stop his fireside chats long enough and merely giving lip service to the maintenance of peace, he might discover the fact that Congress enacted a neutrality law by an overwhelming vote after very careful consideration. The purpose and intent of this law was to keep the United States out of foreign wars by prohibiting loans and credits and the shipment of arms, ammunition, and implements of war to belligerent nations. It was to go into effect as soon as a state of war existed, and if President Roosevelt does not know that there is a war being waged between Japan and China, he should get a new Secretary of State.

The President has deliberately nullified an act of Congress and repudiated the law of the land, while at the same time he calls upon other nations to live up to their international agreements. What is sauce for the goose might well be sauce for the gander.

The administration has misrepresented the effect of the Neutrality Act. Consequently there is considerable misunderstanding of what the effect would be on China if the Neutrality Act was invoked. The fact is it would be beneficial to the Chinese and harmful to Japan. At present Japan has free access to the American markets for arms, ammunition, and implements of war, whereas through its naval superiority it is now preventing the shipment of munitions of war to China.

If the President seriously contends that a war does not exist in China, which is utterly contrary to the fact, then he should urge the passage of my resolution at the coming session of Congress, prohibiting the shipment of arms, ammunition, and implements of war in time of peace as well as war. Why should we, for the sake of blood money and war profits, arm other nations to go to war?

In conclusion, let me refresh the memories of the American people of the advice of George Washington in his Farewell Address: "Why forego the advantages of so peculiar a situation: Why quit our own to stand upon foreign ground? Why, by interweaving our destiny with that of any part of Europe, entangle our peace and prosperity in the toils of European ambition, rivalship, interest, humor, or caprice?"

Wages and Hours

EXTENSION OF REMARKS

OF

HON. LAWRENCE J. CONNERY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 18, 1937

Mr. CONNERY. Mr. Speaker, since my entry into the House a number of our colleagues has asked my attitude and position on the wage and hour bill as reported to the House by the Labor Committee.

I want the House to know that I was elected on the promise to my constituents that I would, to the best of my ability, follow the progressive course in the Congress so well laid down by my brother, the late William P. Connery, Jr., for many years chairman of the House Labor Committee.

For the past 15 years I officiated as my brother's secretary, and I believe I am thoroughly conversant with his plans and his intentions on legislation.

Today I presented a bill dealing with the all-important question of Federal minimum wage and maximum workweek legislation, which incorporates, I have every reason to believe, the type of legislation which the late William P. Connery, Jr., would have fought to have the House Labor Committee report and later would have worked hard to have the House adopt. I sincerely trust that those interested in this legislation will give serious and favorable consideration to this bill.

While my late brother was keenly alert and anxious at all times to do everything possible beneficial to those he represented in the Seventh Massachusetts Congressional District, he well knew that his people could not retain their job opportunities if workers in other sections of the country, producing comparable or competitive products, were to be continually exploited by being forced to work long hours at low wages.

It is my belief that the American people, with few exceptions, are honorable and law abiding; therefore, I do not believe it necessary to create any new board or commission to supervise the legislation created by the Congress. However, I do believe that every worker and every employer should definitely know what the law is, and there is only one way in which they can have that knowledge and that is for the Congress to write the figures as to what are the minimum wage and maximum workweek standards in the law which I hope to see enacted at an early date.

I believe further that the Congress itself should not only declare what the minimum wage and maximum workweek standards should be but that such beneficial legislation should apply alike to the products of all workers sold in the competitive markets of our country.

Some of our colleagues have apparently been led to believe that a board or commission is necessary to enforce this legislation, forgetting, I believe, that we already have established in the Department of Labor and in the labor commissions of our States inspection services, which services should and, to my mind, will see that this beneficial legislation is properly enforced.

There is considerable demand on the part of some that wage differentials based on allegedly lower living standards should be continued. In fact, such wage differentials, I regret to note, are provided for in the wage and hour bill as reported by the Labor Committee.

All fair-minded and forward-looking Americans realize fully that low wages make necessary low or substandard living standards. A worker receiving a wage of 25 cents per hour surely cannot be expected to be able to maintain a living standard comparable to those who receive a wage of 40 cents per hour.

Incidentally I have not noted that the products of the lower or substandard exploited workers are offered for sale to the public at any lesser price than comparable or competitive articles the product of the organized and better-paid American workers.

Great stress has been laid by many on the fact that American workers, because they receive higher weekly wages than those workers producing comparable or competitive goods in foreign countries have a higher standard of living. This fact I appreciate and we should all be proud of it and retain such higher standards. Yet we know that even with this higher standard of living there are millions of American workers, due to the necessity of accepting employment at such wages as may be offered, who are necessarily the wards of Congress and are dependent upon the Congress enacting legislation which will permit of their receiving a decent minimum wage.

We have millions of American workers now unemployed. Surely, it is not to be expected that an American Congress would knowingly enact legislation which would deprive additional millions of American workers of the jobs they now have.

Therefore, any restrictive legislation to be beneficial to all American workers should and must provide that similar restrictions should apply on goods produced in foreign countries when such goods are sold in the American market in competition with or comparable to goods the products of American workers.

The need for wage and hour legislation is found mainly in those industries wherein the employers, anxious for extortionate profits through the continued exploitation of defenseless workers, have been successful in preventing their workers from organizing into national labor unions.

With this thought in mind my bill specifically exempts those employers who have entered into collective-bargaining agreements with national labor unions.

Seemingly considerable uncertainty prevails as to the attitude taken by the American Federation of Labor at its recent annual convention held in Denver, Colo., October 1937, on the question of wage and hour legislation. For the benefit of those who might not otherwise be able to secure them, copies of the action are shown on pages 500–502, inclusive, and page 633 of the official printed proceedings.

The bill which I have introduced contains, I believe, the essential features of the legislation which the American Federation of Labor has asked for. The following is the action of the American Federation of Labor on wage and hour legislation:

BLACK-CONNERY WAGE-HOUR BILL

Resolution No. 105—Introduced jointly by J. W. Williams, president; M. J. McDonough, secretary-treasurer, Building and Construction Trades Department; and John P. Frey, president; W. A. Calvin, secretary-treasurer, Metal Trades Department

Whereas the Black-Connery bill, the so-called wage-hour bill, was not prepared for introduction into Congress by the American Federation of Labor, nor was labor consulted as to its several provisions and its phraseology; and

Whereas the bill as introduced would have created a governmental agency influencing and, at its discretion, replacing collective bargaining as now carried on by voluntary association of wage earners and their employers; and

Whereas the most essential right of free men is that of voluntary association for lawful purposes, a right of which upon the exercise of free speech, free political institutions, and of religious organizations have their foundation; and

Whereas this priceless right and the freedom to bargain collectively with employers would be injuriously affected by any Federal board or commission or their representatives who had the power to in any measure replace the function of the members of the American Federation of Labor to bargain collectively with their employer; and

Whereas it would be definitely injurious to the right of voluntary organization if collective bargaining was in any way limited or abridged, and the principle of voluntarism in the activities of free men was interfered with:

Resolved, That this convention approve of all legislative measures intended to guarantee the right of labor to voluntary organization for its protection, and which, in addition, assists labor in its practice of collective bargaining with employers; and be it further

Resolved, That this convention is opposed to any form of legislation which would in any way limit, abridge, or supplant the practice of collective bargaining, or which would in any measure interfere with, supplant, or transfer the practice of collective bargaining from organized labor to boards, commissions, or other bodies established by Federal laws; and be it further

Resolved, That this convention declare its conviction that all legislation introduced into Congress, State legislatures, or municipalities relative to labor, in the preparation of which the American Federation of Labor or its representatives have not taken part, justly comes under suspicion and should be given most thorough examination before receiving approval.

So that some of the issues in the Black-Connery bill may be more clearly defined, your committee calls attention to the fact that this bill was not introduced by the American Federation of Labor, neither did officers of the American Federation of Labor participate in its preparation.

The bill was not drafted by a committee of the Senate or the House, neither did the Senator who introduced it in the Senate and the Congressman who introduced it in the House have a hand in its preparation.

The bill when first introduced gave to the commission it proposed to create authority to set up undefined jurisdiction. The bill quite evidently was intended to establish maximum hours of labor and minimum wage rates which would protect that part of labor unable to protect itself. The commission, among other things, would have had authority to set up differing minimum-wage rates along geographical lines, and within these boundaries to set differing regulations as between certain industries and groups of employers.

With the purpose of establishing a point below which wages could not be paid and hours of labor beyond which wage earners could not be employed, the American Federation of Labor is in accord. There exists, however, differences of opinion as to how this most desirable and necessary condition can be secured.

The experiences of our movement with the authority exercised by N. R. A. and the difficulty, if not impossibility, of having the unwise and conflicting decisions of subordinates reviewed and set aside, the experiences of our movement under the National Labor Relations Act give valid reason for most searching examination before we give our approval to the establishing of further boards or commissions having power to determine questions of minimum wage and maximum hours or any other phase of the relationship of employer and employed.

These experiences make us reluctant to approve the creation of any additional boards or commissions having to do with industrial relations.

It seems obvious that our trade-union movement should support all legislation necessary to guarantee and protect labor in its unlimited right to organize, in its unlimited right to choose its own representatives, and its unlimited right to carry on collective bargaining with employers.

The introduction of another principle for regulating hours and wages, after the right to organize and carry on collective bargaining has been established, raises a most serious problem. Your committee notes with approval the efforts of the president of the American Federation of Labor to secure amendments to the original bill which would safeguard the vital interests of our free trade-union movement, and which would not work against the practice of trade-union organization and collective bargaining by all wage earners of the country.

Your committee agrees with the statement in resolution No. 105, jointly introduced by the delegates representing the building and construction trades department and the metal trades department, that when far-reaching legislative measures affecting the trade-union movement are introduced without consultation with the officers and representatives of the American Federation of Labor as to the provisions and the phraseology of the measure, that labor should most searchingly examine the measure before giving approval and support for its enactment.

Your committee further agrees that when such legislative measures are introduced without our having participated in their preparation, that labor is justified in assuming a definitely questioning attitude until such time as it has become thoroughly convinced that there is nothing in the measure which would work disadvantageously to our free trade-union movement.

Your committee in addition to recommending approval for the information contained in that portion of the executive council's report under consideration, and resolution No. 105, recommends that the officers and the executive council be directed before taking further action in connection with the Black-Connery bill to call into consultation the officers of the building and construction trades department, the railway employees department, and the label trades department of the American Federation of Labor.

Secretary Frey moved the adoption of the committee's report.

The motion was seconded by Vice President Woll.

Delegate Ennis, California State Federation of Labor: As a point of information relative to the committee's report, if I understood correctly, it is the intention of the executive council to support amendments to the act to the end that those evils be remedied?

Secretary Frey: The committee's report indicates that the president of the American Federation of Labor has already introduced amendments for the purpose of remedying the dangers in the act.

The motion to adopt the committee's report was carried by unanimous vote.

TO AMEND CONNERY WAGE AND HOUR BILL TO PREVENT IMPORTATION OF PRODUCTS OF LOW-PAID FOREIGN LABOR

Resolution No. 66 (by Delegate James A. Taylor, Washington State Federation of Labor)

Whereas there was introduced in the last session of Congress a measure known as the Connery wage and hour bill which in certain of its provisions seeks to prevent entering through interstate commerce products of sweatshops and low-wage factories; and

Whereas there is imported into the country from low-wage foreign countries numerous products manufactured under conditions abhorrent to the American wage earner; and

Whereas this bill did not pass at the last session but will be reintroduced at the next session of Congress: Now, therefore, be it

Resolved, That the American Federation of Labor at is Fifty-Seventh Annual Convention assembled instruct its officers to have an amendment introduced applying to foreign imports such as those suggested for articles manufactured in this country.

Your committee recommends concurrence in this resolution and refers it to the executive council, with the request that it give full support to the legislation requested.

The recommendation of the committee was unanimously adopted.

Scrap Iron and Munitions

EXTENSION OF REMARKS

OF

HON. LYLE H. BOREN

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 18, 1937

RADIO ADDRESS BY HON. LYLE H. BOREN, OF OKLAHOMA

Mr. BOREN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address which I delivered recently over the radio:

I am sincerely glad to be home in Ada, Oklahoma's fastest-growing city, and deeply appreciate the privilege of talking over

KADA and through the Oklahoma network to my friends throughout the State.

Europe still lives the ancient lie that arms mean peace. From the point of international democracy, irresponsible governments builded on ideals of force become the giant enemies of national idealism such as ours. In obedience to a growing perception that dominion and exploitation are incompatible with and detrimental to our system of government, we fought in good faith in 1914 to gain self-determination for an alien people.

Twenty years ago the average man fought a war which he believed would make the world safe for democracy. In reality the war was fought to maintain a commercially imperialistic status quo. We are retracing the same course and the same ultimate end is startlingly near at hand; 1937 has become another 1914. The rulers of Italy and Germany and Japan take no account of the moral forces in human affairs which in the long run are decisive. Power has made them blind and arrogant. But the arrogance of foreign dictators is petty when left to fret their blundering foolishness away on their own shores.

America's problem is the arrogant underestimation of the ability of a self-reliant people to control the industrial greed that, like a whirlpool, drags us into war.

Today is 1914 lived again. We are furnishing a world munitions, scrap iron, that will come back to us in unknown soldiers' graves, unless we call a halt. I am no alarmist, but the thunder of war rumbles unmistakably near our shores.

The special session of Congress will enact labor standards and farm market legislation, and it will face the determination of peace or war. I do not mean that a declaration of war is imminent, but I do mean that we are well along on the road of 1914, and we must halt and about face, or 1917 is just around the corner.

The last Congress passed a joint resolution prohibiting the exporting of arms, ammunition, and implements of war to belligerent countries and prohibiting the transportation of munitions by Americans on belligerent vessels. Some of us wanted to put teeth in that bill, but in its lines the laughing mockery of wasted gesture is always evident.

Ten thousand dollars or 5 years in prison if you sell munitions to a warring nation.

Ten thousand dollars fine to maim and murder one-half million people.

Ten thousand dollars fine to start a war.

And since that bill, 250,000,000 tons of scrap iron have been shipped to Japan alone—scrap iron that even the children know is meant to pierce the bodies of sons and hearts of mothers.

Someone pointed with pride the other day to the clean highways, that no longer are lined by old car bodies and scraps of iron and junk. "We have gotten rid of all our scrap heaps," he said, "and Japan is paying us to clean up our country."

No, my friends, we have not gotten permanently rid of it. It is coming back some day and there will be a little white cross for every scrap of iron we sell abroad.

During the last Congress, the headlines screamed that a Washington (D. C.) girl had been kicked by a Japanese officer, and the jingoes throughout the land rattled their sabers. Even a Member of Congress made a speech on the subject. I find no fault with giving a girl a kick who is prancing around a war zone longing for publicity and planning a Hollywood contract. I am glad she got kicked in the pants. She should have had two or three kicks more. Every American must know that if he wishes to enter a warring country the kicks in the pants are part of his traveling fee, and intelligent America will smile and approve each kick for a peeping Tom. American capital must learn that Uncle Sam can kick the pants of capital, too.

We must immediately embargo scrap iron and any other munitions material. I am in favor of a total American boycott of every nation at war. I am even convinced that the Panama Canal, and all our ports, should be locked against any ships that sail under a warring flag.

America's verdict is clear! There must be no foreign intervention. The Philadelphia Inquirer and other papers asked me by wire if I would favor active foreign intervention. My answer was: "I am absolutely opposed to active intervention in any foreign strife." We are not fools. We cannot be bought and sold like scraps of iron. Two hundred and fifty million tons this year. Not scraps of iron, but 250,000,000 tons of wrecked human bodies and scrapped human lives.

Let America speak and in stentorian tones cry, "Halt; about face! There'll be no war!"

We must embargo all munitions. We must stop scrap-iron profits. We must tell capital to look to foreign countries to protect its foreign investments. And let flappers expect a kick in the pants if they go where they have no business, and another from America when they get home.

If need be, we must boycott all belligerents. I am sure that England and others will join us. It can be, perhaps, that we can't isolate ourselves but we can ostracize and isolate any nations at war. Surely America is awake to the truth and surely America wants no war. It is ours to command and let that command be ringing clear. "Halt; about face!"

Our Agricultural Problem

EXTENSION OF REMARKS
OF
HON. NEWT V. MILLS
OF LOUISIANA
IN THE HOUSE OF REPRESENTATIVES

Thursday, November 18, 1937

Mr. MILLS. Mr. Speaker, the Lord recognized man would be clamoring an overproduction of raw products; therefore, he gave the remedy to solve the problem as found in the twenty-fifth chapter of Leviticus, third, fourth, and fifth verses:

Third: "Six years thou shalt sow thy field, and six years thou shalt prune thy vineyard, and gather in the fruit thereof."

Fourth: "But in the seventh year shall be a sabbath of rest unto the land, a sabbath for the Lord; thou shalt neither sow thy field, nor prune thy vineyard."

Fifth: "That which groweth of its own accord of thy harvest thou shalt not reap, neither gather the grapes of thy vine undressed, for it is a year of rest unto the land."

My colleagues, as you know, agriculture is our greatest and basic industry. The records show that our country has never been on a sound or prosperous basis unless agriculture was prosperous. Today our farmers are receiving a meager income. It is estimated that they receive around 10 cents per hour. How is it possible for us to have any semblance of sound recovery when the man who feeds and clothes us receives such a pittance of income and when our greatest and basic industry is in such an unsound condition?

No wonder our farmers are clamoring for equity. No wonder our laborers and farmers are on Government relief. Mr. Speaker, I have advocated and I am now undertaking to point out to this Congress our problem is not one of overproduction, but rather one of underconsumption and maldistribution. How can we justify ourselves before the American people by hiding behind a cloak of disguise, by stating we have an overproduction, when the President himself, as well as the country, knows that about 40 percent of our people are not properly fed, clothed, or sheltered?

This Congress must realize the procedure to a sound agriculture recovery program lies within the increasing of the purchasing power as well as the recovering of America's foreign lost markets.

The possible key objective to a sound agriculture recovery lies within the power of this Congress and I beseech this honorable body to adopt legislation that in the end will restore purchasing power as well as the recovery of our foreign lost markets.

Mr. Speaker, to make commodities and necessities of life scarce in order to make them high when our people are suffering from lack of purchasing power, cannot solve our economic trouble. This was tried under the A. A. A. and proved to be economically unsound, and for a similar reason if the N. R. A. had not been declared unconstitutional by 9 to 0 it would not have solved our labor and economic troubles nor can we borrow, spend, or tax our way into prosperity. It was such an unsound policy during administrations previous to this one that brought on depression, and I am now calling upon this Congress to avoid the same error.

Now, ladies and gentlemen, to solve America's economic ills we must come to realize taxes and America's present money system will continue to defeat agriculture and prosperity. Mr. Speaker, I am well informed the present tax burden is equivalent to 3 months' salary annually from every citizen, which amounts to more than $15,000,000,000, and at this point it might be mentioned that our annual interest on the Federal debt is almost $1,000,000,000. Why, this is more than the value of the entire cotton crop or wheat crop. This is equivalent to having the thousands of cotton, corn,

and wheat farmers working only to pay the interest. As we know, the rich man is supposed to be heavily taxed, yet only a small portion falls upon him as his wealth is invested in tax-exempt Government bonds; therefore, in the end this heavy tax burden falls on the laborer, businessman, and farmer which ultimately retards purchasing power.

Mr. Speaker, we all well know, the value of the dollar controls the general price level. When the dollar rises in value, naturally prices fall, and when the value of the dollar falls prices must rise. So it is essential to the prosperity of agriculture that we have a Federal Monetary Authority that will maintain a currency system that will give our farmers equitable prices. Furthermore, a sound currency system insures a more equitable distribution that will insure a greater consumption of manufactured goods that in the end labor and the businessman is helped. The bill, S. 3013, of Senator THOMAS of Oklahoma, proposes to create a Federal Monetary Authority out of the members of the Federal Reserve Board, giving the Federal Monetary Authority the power to maintain an adequate sound currency best suited for national economic welfare.

Mr. Speaker, I consider this step, if enacted into law, will be the most constructive step for a sound economic agriculture adjustment since the foundation of the Republic, although, in the event of an overproduction, the Creator's method will keep overproduction of commodities and consumption balanced.

Mr. Speaker, this philosophy is not a new philosophy. It is opposed, I believe, because of its simplicity. I have advocated, and now advocate, in a land of too much to eat there should be none to starve. I have advocated that in a land of too much to wear there should be none naked. I propose that in the land of too many houses none should be without homes; I therefore have proposed that we should return to the basic and fundamental laws of our Creator and Constitution; that we should so amend our trend of legislation; that we should gain the support of our Government from the big fortunes on the top, and not oppress the small businessman, farmer, and laborer on the bottom in order to carry on, and not create a state of social unrest, but a protected and civilized Government.

The commodity and general price level can be quickly restored by a constructive currency system with a controlled expansion and not inflation. If gold is to function as a medium of exchange, this principle must be adopted now, thereby allowing the purchasing power of this Nation to expand equally in proportion to the production. Surely, Mr. Speaker, the only practical solution is to restore purchasing power, and this can be done permanently only by constructive monetary control where the farmer can receive economically an equitable price for his commodities and work. This means wheat should be $1.25 per bushel, corn $1 per bushel, and cotton 20 cents per pound, if this Congress proposes to solve our economic condition and allow our farmers and laborers to have any chance of a livelihood.

Too, Mr. Speaker, we propose in addition, an agricultural program that the farmers of our Nation may share in the national income during the 6 productive years, based upon the following fundamental principles:

First. An expansion of the soil-conservation program, thereby increasing Government benefit payments allowing the landowner, the sharecropper, and renter to share proportionately in the subsidy in proportion to the interest in the crop.

Second. Allowing all farmers an average baleage, thereby taking care of the new ground man and the farmer without an average, thereby protecting the farmer against the consequences of drought, floods, and pestilence.

Third. An ever-normal-granary feature to protect the farmers against a price collapse due to bumper yields resulting in production beyond all domestic and foreign need.

Other constructive amendments naturally must be written into an agriculture bill to be of the most good, but the Congress must anchor upon sound basic principles and especially include the fundamental principles as listed above, inasmuch as they were omitted in the A. A. A. cotton program and that seemed to be in part the objectionable features.

Mr. Speaker, we are the richest nation in the world. We have more than one-half the world's gold and the largest producer of raw materials. Yet, in a land of too much for all, we have millions hungry, physically suffering for the necessities of life as a result of favored laws allowing wealth to accumulate into the hands of a few money masters.

Mr. Speaker, to solve the unemployment question and expand the agriculture soil-conservation program permanently so all may enjoy prosperity, millions of dollars will be required; therefore, the Congress must secure the money either by the tariff procession tax or a currency system that will give our farmers equitable prices. I therefore advocate a currency system, that is, Congress making available an adequate supply of sound money to adequately supply the demands and needs of the people as vested in Congress by article I, paragraph 5, of section 8, of the Constitution.

Mr. Speaker, in order for me to explain what I mean, I will make this statement: In 1921 the American dollar, based upon commodity values, was worth about 60 cents. In 1927 and 1928 the American dollar, based upon commodity values, was worth $1. In 1932 and 1933, the American dollar, based upon commodity values, was worth $1.60. That means that a man who borrowed a dollar in Louisiana in 1921 worth 60 cents, in 1933 had to pay back that dollar worth $1.60—more than 2½ for 1. Mr. Speaker, this broke down the purchasing power of the Nation; it wrecked economic adjustment of the country; it crippled the farmer, who is still suffering, and as a result a paralysis existed in America's business.

In addition, Mr. Speaker, for further proof that stabilization of agriculture and commodity prices can be guaranteed only through the regulation and stabilization of the value of the dollar, I call your attention to March 1933; wheat was selling for approximately 50 cents per bushel and cotton for 6 cents per pound; and if you recall our country went off the gold standard of $20.67 per ounce, and within 3 months corn advanced to 65 cents and cotton 11½ cents per pound. Now, Mr. Speaker, this well shows this Congress should adopt a constructive currency system, thereby preventing an unbalanced relation between consumption and production and at the same time make available an adequate supply of sound money.

My colleagues, millions face hunger and cold these coming winter months; farmers were not able to pick their cotton, as the cotton market did not justify. Throughout the entire Cotton and Corn Belts corn and cotton producers are not able to pay the interest on their obligation, to say nothing of their taxes or any of the principal on their indebtedness; yet the first session of the Seventy-fifth Congress sat idle and allowed the country's major crops—corn and cotton—to sell far below the actual cost of production. I warned the Congress such would happen before adjournment in August if permanent agriculture legislation was not adopted before adjournment, August 21; therefore, I hope this Congress seeks a permanent program, not losing sight of the necessity of increasing buying power by adopting the basic fundamental principles of the Creator and the Constitution.

Further, Mr. Speaker, the underprivileged millions throuhout this great land of too much for all is expecting this Congress to carry out the true philosophy of government and that is to do the greatest good to the greatest number. That represents my theory of good government. We are not doing the greatest good to the greatest number when we allow unchallenged wealth to be concentrated and poverty to spread, and that is exactly what this

Government has allowed to happen among our agricultural people the last 90 days. We are not doing the greatest good to the greatest number when we let the few dominate us in government, finance, and industry, and allow the great masses of our people to become the political serfs and industrial slaves of super lords of finance.

The laws of all civilized countries are originally founded upon the common law propounded by the Lord. Now by turning to Leviticus from the 24th to the 27th chapters, inclusive, you will find it set forth in certain terms that the Nation must keep its people from being burdened with debt; therefore, Mr. Speaker, the balancing of the Nation's agriculture books for the year 1937 find the Nation's agriculture farms deeper in debt. Mr. Speaker, if this Congress does not lose sight of the small farmer, the producer, or the tiller of the soil and includes amendments in the proposed agriculture bill that will assure the producer an equity price at all times through the Creator and constitutional method, we then can hope to restore prosperity, restoring purchasing power, thereby balancing production with consumption.

The Lord commanded this law as necessary for the existence of the race, and with His command, He uttered both a promise and a warning. The promise was that if the statutes were kept the nation and race would live and thrive forever.

The warning was, however, that to the nation and to the people who did not keep the promise, the nation could not survive. Now, it may be said that that was the old Scriptures, but when Christ was on earth, He asked about these laws propounded by Moses and He said: "It is easier for the heavens and the earth to fail than for one tittle of the law to fail."

Since this proposed agriculture method is an old philosophy based upon fundamental principles, if adopted we will in part largely eliminate different farm-price situations; as we generally find noted. If the ever-normal cotton feature is included in the new agriculture bill, such terms as "high versus low prices," "long downward versus upward swing," "precipitous booms and depressions," "different price levels between counties," "short-time fluctuations" will be abandoned in dealing with our agriculture situation and in lieu our producer will be able to receive a livelihood wage for his raw products. The so-called cotton feature will assure a price level; that is, stabilized farm prices for the farmer over a long period of years, prevent precipitous or up-and-down price movements, enabling the business world to operate upon a sounder foundation, raise farm income, thereby restoring purchasing power, prohibit a change level between counties, prevent fluctuations in response to minor events, and will assure the consuming public an ample supply of raw materials in case of a crop failure at a level based upon their income under the existing economic condition.

The farmers of this Nation simply ask Congress to provide the proper management of currency. We do not take the position that "Agriculture is always asking for something and is never satisfied." Agriculture is always the first victim of major depression. Farmers of the United States lost $22,000,000,000 of their normal income in the last 6 years, a levy of destruction upon one group of our citizens equivalent to the total national debt of 1933. The business world realizes that we can have no real recovery until agriculture's power to buy from industries is restored. In the interest of this entire Nation we appeal to Congress to give painstaking study to an agricultural program worked out in relation to a constructive currency system.

We believe that Congress should rise to its constitutional duty to regulate the value of money. We believe that depression and unemployment in all periods of history is caused primarily by the abnormal buying power of gold, brought about by world conditions. We believe the United States in the future should escape abnormal business conditions and can if Congress will take proper steps toward our currency management.

Mr. Speaker, I feel that we should consider and adopt in large part the Creator's and the constitutional method of solving our agricultural problem.

H. R. 4721—Instructions to the Jury—The Right of the Court to Comment on the Weight of Evidence

EXTENSION OF REMARKS

OF

HON. ROBERT L. RAMSAY

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 18, 1937

Mr. RAMSAY. Mr. Speaker, at the last session of Congress the House of Representatives passed House bill 4721, which had for its purpose that in all cases, civil and criminal, Federal courts, in the granting and giving instructions to the jury, shall be governed by the law and practice in the State courts in which such trial may be had.

This question has long occupied the time and study of the American bar. It first appeared as a real live subject in the State of North Carolina in the year 1796, where three judges had been appointed, one of them having served his trade and calling as a carpenter; another had been a storekeeper; the other had studied law but never practiced it as a profession. At the same time many learned and able lawyers were at the bar, some of them having studied in the Inns of Court in London.

The judges appointed, knowing nothing of law or the arts of practice and pleading, became very arrogant and arbitrary, practically driving the States' learned lawyers from their practice, by their expressions of opinion as to the kind and character of verdicts the jury should render.

Finally, in 1796, the legislature—in an effort to restore and provide for the real functions of courts and juries, passed an act of legislature, which, for the first time in the United States, prevented the judges of its courts from trespassing upon the prerogatives of the jury, and denied to such judges the right to express in the form of instruction or otherwise, their opinion upon the evidence introduced in the trial of criminal or civil cases.

During the same year, the State of Tennessee was admitted to the Union, and it adopted into its constitution the North Carolina statute aforementioned. Since that time, seven States have adopted a like provision: Arkansas, Delaware, Nevada, South Carolina, Tennessee, and Washington.

Sixteen States have statutes to the same effect: Alabama, Florida, Georgia, Illinois, Iowa, Louisiana, Maine, Massachusetts, Michigan, Mississippi, North Carolina, North Dakota, New Mexico, Oregon, South Dakota, and Texas.

In 18 other States, the same result has been reached by way of judicial decisions, including: Colorado, Indiana, Kansas, Kentucky, Ohio, Oklahoma, Maryland, Montana, Missouri, Nebraska, Virginia, West Virginia, Wyoming, and Wisconsin, making a total of 41 States that do not permit their judges in the State courts to comment on instructions upon the weight of evidence to the jury.

The outstanding feature of the American courts, differentiating them from the courts of the motherland, is that 17 courts of appeals of the various States named above have decided that the common-law rule, permitting judges of the trial court to comment to the jury upon the weight of the evidence, does not apply to trials in this country and is no part of the American common law.

The jury system used in the trial of civil cases is the answer of a thousand years of experience of law enforcement by the Anglo-Saxons.

To exalt the powers and duty of the trial judge to determine not only the law of the case but the facts as well, destroys the usefulness and advantages of jury trials.

Why undertake to deceive ourselves on this question? Why maintain the useless, unnecessary expense of furnishing jurors, if they are to be forced or seduced to return verdicts upon the expressed opinion by the court upon the worth of evidence?

Those of us who have practiced law for a lifetime, know full well that the Jeffreys of the bench did not all vanish with his humiliation and death.

Some judges do know the rules of evidence. The great percentage of reversed cases, upon submission of evidence, proves that some do not. But there is no experience in the enforcement of law that proves or adds weight to a theory that the judges are better qualified to give a better weight or balance to the evidence than 12 good businessmen or farmers, who usually constitute the makeup of Federal juries.

Even in the State of Pennsylvania, which I have not quoted as one among the 41 States that have taken positive action against the court's expression of opinion in trial cases, the Supreme Court of Pennsylvania, discussing this subject (*Shaver* v. *McCarthy*, 110 Pa. St. 339), said:

> If evidence has been received which is competent and material, the court must never instruct the jury to disregard it.

And a charge to a jury calculated to control the verdict for one of the parties was by the Pennsylvania courts set aside (*Burke* v. *Maxwell*, 81 Pa. St. 139).

In the State of New York also, the court of appeals in the case of *Vedder* v. *Fellows* (20 N. Y. 120), doubted the propriety of courts expressing their opinions upon the evidence introduced in jury trials, and other State courts not mentioned have taken a like position. So we really have 43 States of the Union who have changed or frowned upon the old common-law rule.

In the year 1872, Congress by act, title 28, section 724, Code of Laws of the United States, enacted a statute of procedure and practice of civil and criminal causes in the Federal courts, which provides—

> That the practice, pleadings, and forms and modes of proceedings in civil causes in the circuit and district courts shall conform as near as may be to the same things existing at the time in the courts of record of the State within which such district courts are held.

It was thought by the sponsors of this bill, as well as a great majority of the lawyers of America, that this act would not only bring about a uniformity in the law of procedure but the practice of granting instructions to juries as well. But to the great surprise and astonishment of the authors of the bill and the American bar, the Supreme Court of the United States in the case of *Nudd v. Burrows* (91 U. S. sp. 426; 23 L. ed. 286) held that "the granting of instructions is the mere personal conduct of the judge and is neither practice, pleading, nor a form, nor mode of proceeding." So this most astounding decision, bereft of all legal reasoning, reserved for the use of the judges of the inferior Federal courts the arbitrary right of requesting verdicts from juries, by the expression of their opinion that can be freighted with ignorance of law and facts, bias, prejudice, or any other vagary or caprice of the court, without avail of appeal or error, so long as the judge buttresses his request by the assurance that it is only his opinion and the jury may disregard it if they (dare) choose.

It is not true, as alleged by those who oppose this bill, that it will exclude every comment of the judge upon the weight of evidence, because in most of these States that have by constitutional provision, by statute, or judicial decision precluded the judge from expressing his opinion of the evidence to the jury, the very contrary is true.

The court may state the testimony without color or emphasis. The judge cannot, however, employ any language or artifice from which the jury may know that he gives more credence to one part of the testimony than to another. The statement must be free from bias, as would the reading of the same by a stenographer from his notes. So long as the judge merely states or reviews the evidence as a whole, or repeats that bearing on some particular question, he does not give his opinion nor furnish any ground for exception.

The judge may also refer to particular evidence as tending to prove the fact in dispute, but he must not say that such evidence shows the existence of any fact, nor proceed any further than merely to indicate that the evidence is relevant as tending to establish some proposition involved in the controversy.

Prohibitions against charging juries upon matters of fact are obviously designed to prevent courts from becoming participants in the settlement of controverted questions of facts; and if at the trial it turns out that there is no controversy upon some or all of the issues, there is no reason for the prohibition and no occasion for its enforcement. Therefore, if there are undisputed facts, or facts in relation to which there is no conflict in the evidence, the judge in his charge may properly assume the existence of those facts.

It is the duty of the trial judge to instruct the jury as to the law of the case, and such duty should never be surrendered or evaded, but where the evidence to make out the supposed case, however inadequate in the opinion of the court, or however little weight the judge may deem it entitled, it is the best and safest rule to give only instructions that propound the law correctly, and leave to the jury the duty to find whether or not the evidence is sufficient to establish the fact it was introduced to prove.

The model instruction of the court to a jury is a simple, impartial, clear, concise statement of the law, applicable to the evidence in the case then on trial. Such instructions aid juries in reaching right conclusions, while many others, which unfortunately have had the approval of the judges of our Federal courts, are couched in technical language of doubtful meaning, with expression of the personal opinion of the judge which only serves to confuse, mystify, and mislead jurors from their real duty as jurors—to judge and weigh the evidence, and likewise furnish unnecessary and unprofitable exercise for the trial judge.

In the case of *Hicks* v. *United States* (150 U. S. 443, 37 L. ed. 1137) the Court held:

> It is obvious that under any system of jury trials the influence of the trial judge on the jury is necessarily and properly of great weight, and that his slightest word or intimation is received with deference and may prove controlling.

May I again repeat as a trial lawyer of long standing that the opinions so expressed are always controlling; and if this be true, how can any judge express an opinion in any case upon the weight of evidence without influencing the jury to render a verdict in such case? And if this be true, is not such a statement of opinion equal to a directed verdict? And if such an opinion be equal to a directed verdict, why the distinction between this and a directed verdict on the grounds for an appeal?

Our Supreme Court, in the case of *Lovejoy* v. *United States* (128 U. S. 171, 32 L. ed. 389), held—

> A court of the United States in submitting a case to a jury may express its opinion upon the facts, and such opinion is not reviewable error so long as no rule of law is incorrectly stated.

This opinion clearly overlooks and destroys the same Court's fine and undoubtedly correct statement in the Hicks case, supra, that—

> The jury necessarily and properly gives great weight to the court's slightest intimation or opinion and may prove controlling.

Personally I cannot harmonize these two conflicting holdings. If either is right, the other must be wrong.

Following the opinion of the Lovejoy case our inferior Federal courts have held that "expressions of opinion of guilt of a defendant by the trial judge in controverted cases, if followed by the statement of the court, the jury are the sole judges of the evidence" is no ground for review by appeal or error.

Some of the cases so holding, the Court may express opinion of guilt of defendant are: *Endleman* v. *United States* (86 Fed. 463); *Breise* v. *United States* (106 Fed. 686); *Carroll* v. *United States* (154 Fed. 430); *Foster* v. *United States* (188 Fed. 307); *Oppenheim* v. *United States* (228 Fed. 227). Also see *Joyce* v. *Charleston I. C. Co.* (50 Fed. 374).

This bill, as expected, has aroused not only the ire of the Federal judges, who delight in swerving juries by the expression of their opinion, and the bold statement that they as judges believe from the evidence that the jury cannot honestly render any other verdict than the one suggested by such opinion, but every lawyer who entirely depends upon the court for aid and comfort.

Also Judge Otis, who like another Chase, has "come to judgment" and has exclaimed "that the archangels of Paradise do not have a record one-half so good" as he and the other Federal judges who express opinions as to the weight and character of evidence. Even the judicial council have declared that "many decisions of the United States Supreme Court, as well as the courts of appeals, have carefully laid down such limits as are necessary to prevent any encroachment upon the province of the jury by a judge in his charge, and such limitations are carefully enforced."

I believe that a reading of such decisions rendered by our Supreme Court will leave the average lawyer's mind unconvinced. The rule laid down by our Court in the Lovejoy case has never been departed from by the courts.

It is true that our Supreme Court has refused to follow the common-law rule laid down by the English case of *Davidson* v. *Stanley* (3 Scott. N. R. 49), "That even if the court's opinion is based upon a misapprehension of the facts in the case, it would still not be sufficient to warrant a review." Yet, if we are to follow the common law on this subject, why not follow the decisions that formed and created such law? Our Court, in two leading cases, has laid down certain rules to govern the court in expression of opinion on evidence. One of these cases is *Starr* v. *United States* (625, 38 L. ed. 845). Here the Court declared: "The judge was angry when he delivered his charge to the jury." Therefore, the court overruled the verdict and remanded the case for a new trial. But this case can only leave you with the impression that if the judge had delivered his charge to the jury in a calm and judicial manner, the verdict would not have been set aside.

The other leading case is that of *Querica* v. *United States* (289 U. S. 466, 77 L. ed. 1321), where the trial judge instructed the jury "that wiping one's hands while testifying, was almost always an indication of lying," and further repudiated all of the defendant's evidence as lies and unworthy of belief. The Supreme Court set aside the verdict in this case, because the trial court had failed to analyze the testimony, but "had added to it." In other words, the court was willing to testify in the case without first having been duly sworn.

I do not believe it can be said that these cases "have carefully laid down such limits as are necessary to prevent encroachments upon the province of the jury by a judge in his charge," because they still leave the judge free and untrammeled to express his opinion on the evidence; denounce any portion of evidence he may desire, and, by implication at least, request the jury to return such verdict as he may request, without recourse of appeal or writ of error.

Judge Otis, in an effort to bolster his "Paradise statement," says:

> Summing up both civil and criminal cases, it was discovered that during the period from November 1, 1924, to January 1, 1937, of 5,606 cases tried by juries and appealed, in only 104 was there complaint made that the judge abused the power to advise the jury as to the facts. In 60 cases out of this number the charge was approved by the appellate court, held reversible error in 41, criticized in 2.

To me this seems an appalling mortality to be inflicted upon the judgment and wisdom of men whose judgment we are assured exceeds that of the "archangels of heaven."

Under the rule laid down by our Supreme Court in the Lovejoy case, supra, I fail to discern any reason or cause why there should be even one.

I surely believe that the average lawyer—even without being an "archangel"—under such a rule could charge juries in any number of cases all his life and never be reversed, because the door is wide open for him to discuss or argue the evidence as he jolly well pleases.

In an effort to secure support for his argument upon expression of judicial opinion on evidence by the judge, Judge Otis wrote 100 lawyers of Missouri, no doubt all of whom had practiced before him, in order to learn their view of this bill. It must have been quite a shock to the good judge when he received 84 answers to his questionnaire and learned that 58 of them heartily approved of this bill, while 24 were against and 2 noncommittal.

After Judge Otis made his attack against this bill I wrote to the active lawyers and law firms of my State relative to the same. So far I have received 237 replies. Two hundred and five have answered, strongly supporting the same and giving their reasons for so doing, while only 32 have replied they were against it and concur in the opinion of Judge Otis and the judicial council.

Of course, if we are to believe that those States are entirely wrong, who have enacted a constitutional provision against the common-law rule of expression of opinion by the judge as to the weight of evidence; that those States who have legislated against it are at fault; that the supreme courts of the States who have declared it to be no province of the judge to interfere with the right of the jury to solely consider the evidence are ignorant of the law; that Judge Otis is right when he charges those lawyers with untruth who argue that juries are competent to reach intelligent verdicts without expression of opinion by the court; that Judge Otis is again right when he exultantly exclaims "the archangels of Paradise do not have a record one-half so good as the judges of our Federal courts in commenting on the evidence in trial cases," then you can only believe this bill is wholly and entirely wrong. But if you believe with me that this citadel of arrogant judicial power has no place in our American jurisprudence; that it is the last vestige of British feudalism in our Republic, and should be driven from practice and procedure of our Federal courts, then you will join with us who have supported the enactment of this bill through the House of Representatives, in our further efforts to complete the final enactment of this much-desired law.

We Must Husband Our Resources

EXTENSION OF REMARKS

OF

HON. EDWARD T. TAYLOR

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, November 19, 1937

RADIO ADDRESS OF HON. HAROLD L. ICKES, SECRETARY OF THE INTERIOR, NOVEMBER 1, 1937

Mr. TAYLOR of Colorado. Mr. Speaker, under leave to extend my remarks in the RECORD I include the following address of Hon. Harold L. Ickes, Secretary of the Interior, delivered over the National Broadcasting Co. on November 1, 1937, on the importance of conserving our natural resources, and more particularly upon the conservation of our public domain, forests, water, minerals, and wildlife:

> To conquer Nature man broke down the gates of the Garden of Eden and came forth to meet the challenge of an unordered world.
>
> These are the words of a former Secretary of the Interior, the late Franklin K. Lane.
>
> Ruthlessly, man has continued on his way through the ages. In the struggle for self-preservation and for economic security he has conquered the wild beasts and the physical phenomena of the earth, utilizing its flora and fauna for food and clothing and shelter and delving under its crust for minerals to provide warmth and materials and power for his machines. As man became bolder and more experienced he enlarged his ability to exploit and by travel and exploration discovered ever new fields for his enterprise until the time came when he had conquered everything but himself.
>
> It was not long after the settlement of America before our ancestors began to ravage forests and land and streams with no thought of the future. In fact, the principle of conserving natural resources was unknown among these early newcomers because there was no occasion for its exercise. The new colonies, and subsequently the Federal Government, could offer seemingly inexhaustible quantities of land amply supplied with water, minerals, forests, and wildlife, which were the basis of the pioneer economy. Further exploitation of our natural resources threatens our present national economy and casts a heavy cloud upon the future of our country.

When are we going to constitute an agency of government which is willing and able to undertake the task of checking the prodigal waste for which we have been notorious and be responsible for the result?

In days gone by our ancestors sold our patrimony for less cash than was obtained for the traditional mess of pottage. They even allowed them to be taken without compensation. They permitted our heritage to be despoiled; the land to be raped. They gave away the country's water and broad acres. They proclaimed and carried out a policy of "come and get it." To those who clamored loudest went the biggest share of the country's forests; of its oil and mineral resources.

We must not continue to squander our resources the same way today, for there is little left to sell or give away. The cupboard may not be bare, as was the case with Old Mother Hubbard, but at the rate we have been going it will soon be in that condition. Now, we must ask those who have received immoderate special benefits from the Nation to do a bit in helping us to improve our national economy. From those who got a thousand feet of lumber perhaps we are asking a splinter as taxes in return; from those who got a square mile of rich land we may request enough to preserve an acre for posterity; from those who got a barrel of oil we may ask for a teacupful back—and already the shrieks of anguish from the greedy are heard throughout the land. At this time, and properly so, we are concerned with the annual cash Budget; that of the dollars and cents that we must take in in order to meet our outgo. But we have not yet projected our vision to encompass the larger question of our national assets. The fact is that we are guarding our coin purse and leaving our billfold open to be rifled by any and all.

Why is it that this country can so easily run a fever over the Budget and at the same time fail to realize that we have squandered and are squandering our priceless heritage of resources, which we could never replace? Why is it that we become hysterical over wasting crumbs on the dining-room table and allow loaves to be purloined from the pantry shelf?

The reason is that there never has been, and there is not today, in the United States any one agency of government responsible for conserving our natural resources. There is no central agency of government charged with this task.

This condition should not endure. Fortunately, President Roosevelt, while engaged in balancing the Budget, is looking ahead. He is concerned about the national wealth that is locked up in our natural resources. He envisions a government which will guard those resources which are the storehouse and depository of the Nation's future welfare.

When the President laid the cornerstone of the new Interior Department Building in Washington in April 1936, he enunciated a policy of conservation of our natural resources that, if the people will get behind it, is destined to guarantee the prudent use and development of our remaining resources for the benefit of all Americans, both present and future. He declared that he was dedicated to the cause of conservation.

As a lifelong believer in the principles of conservation and of the prudent use of our topsoil, forests, water supplies, and minerals, I was greatly heartened by what the President said. I was encouraged not only because the President voiced his confidence in the Department of the Interior as the conservation arm of the Government on that occasion but because here was a President of the United States declaring that the vast national domain and the other natural resources of the country belonged to all of the people. They were not the property of any class.

It is, therefore, with a sense of satisfaction and pride that I am able to say to the people of America tonight that the administration now in Washington has begun to reverse the one-time national policy of exploitation and waste and is undertaking a conservation program which is predicated upon the sound philosophy that our resources are to be guarded and used for the greatest good of the greatest number of our citizens.

There is ample evidence of this new direction of the popular will. An increasingly large number of persons today have a better understanding of the purposes of conservation and a keener appreciation of what the Federal Government is doing to protect our natural resources. At last the people themselves are beginning to recognize the importance of conservation in our national life, both economically and socially. There are many instances of this.

In point is the acclaim that has been accorded the splendid work that is being accomplished by the Civilian Conservation Corps.

Among the many other approved steps which have been taken by the Government since 1933 and which have given force and effect to conservation, I might mention the program of soil conservation and erosion control. There is now a general acceptance of the fact that soil erosion can be prevented and that its effects can be overcome in many instances.

I need mention only Grand Coulee Dam and the Bonneville project on the Columbia River and the Fort Peck Dam at the headwaters of the Missouri River as steps in the greatest flood control, navigation, and irrigation programs ever undertaken by any government anywhere. Boulder Dam, which harnesses the Colorado River, has been completed and put into operation ahead of schedule, and completion of the significant Tennessee Valley development is proceeding rapidly.

Theodore Roosevelt in his autobiography says that the first work he took up when he became President was that of reclamation. Prior to the Reclamation Act all irrigation was under private auspices, but from 1902 the Federal Government has taken the leadership in this major field of conservation through the Department of the Interior. The successful conquering of the desert by husbanding for it life-giving water has given birth to a specialized agriculture which has made possible homes and a livelihood for many thousands of our population.

The Guffey Coal Act setting up the Bituminous Coal Commission is an effort of this administration to conserve our supply of coal and to protect our miners.

Under the Taylor Grazing Control Act we have made progress far beyond our earlier expectations toward saving what remains of the public range, with the result that stabilization of the livestock industry is in sight at last. This act, administered by the Department of the Interior, is one of the most important single conservation measures ever enacted by the Congress.

The interest of our people in the enlargement and development of our national park system has shown a tremendous growth during the past 5 years. Attesting this is the fact that during the past year more than 15,000,000 persons, or about one person in every eight of our population, visited our national parks and monuments.

The production and sale of "hot" oil in our largest field in east Texas has been virtually stopped as a result of cooperation between the Department of the Interior and the State of Texas, and it is my observation that our people, including those in the oil industry, are rapidly coming to the conclusion that petroleum is an irreplaceable resource that should be conserved at all costs.

It is not by mere chance that it has remained for the Department of the Interior to take the lead in the present-day conservation movement. This Department does not consider conservation the mere hoarding of our resources. While the Interior Department is fully alive to the imperative necessity of protecting and preserving all of our natural resources, it does not hold that conservation is incompatible with a continued growth of the country. Just the opposite is the fact. We believe that conservation will make for a greater enhancement of our country in the future than would a policy of continued exploitation. It will provide substitute fertile lands for the acres of the Dust Bowl which are the result of improvident farming. It will permit decentralization and the breaking up of our congested areas, so that we may free ourselves from those areas which, because of overcrowding, breed sickness and crime.

The Department of the Interior holds that we must rephrase the philosophy of the past with respect to the handling of our natural resources. We must inculcate as a fundamental tenet of Americanism the belief that the proper development of our form of government carries with it the obligation to use Nature's gifts prudently so that all the people may benefit—not only those of today but those of tomorrow and the day after. I think it is time that in our schools, both grammar and secondary, and in our colleges as well, we should inculcate more vigorously an understanding of the magnitude and the importance of the problem of proper husbandry of soil and water and minerals.

None of the gains for conservation that have been cited have been won without a stiff fight against special privilege. And what has been true in the past is true today. No administration or President may advocate a change of policy curtailing special privilege without inciting the trained seals of that privilege to shrill barks. Professional viewers-with-alarm in our country are a hardy, perennial crop. And usually the alarm that is aroused and proclaimed bears a direct relationship to the stake involved, which, in the case of what remains of our natural resources, still runs into the billions of dollars.

What other Presidents were confronted with in the past when they engaged the exploiters in behalf of the people President Roosevelt is experiencing today. As part of his well-conceived and well worth-while plan to reorganize the executive departments in the interest of efficiency and economy, he has proposed that the name of the Department of the Interior be changed to that of Department of Conservation. Such a change would mean that for the first time in our history the conservation of our national resources would be made the responsibility of a major department of the Government. Naturally we find this proposal bitterly opposed by those who have been given special privileges in the past with respect to our lands and forests and mines; those who want to continue to exploit these and other resources for their personal enrichment.

It would not help their cause if those who fell the forests, exhaust the oils and minerals, or covet for power and irrigation such water as they have not already seized stood out in the open to fight President Roosevelt's conservation plans. They find it better to work by indirection; to make use of a sincere but misguided zealot. Let us see how the exploiters operate and, seeing, admire their cleverness.

There was a figure prominently associated with Theodore Roosevelt in establishing his conservation policies. I refer to Gifford Pinchot, once head of the Forest Service and more recently Senator-reject of Pennsylvania. He did excellent service over a quarter of a century ago, but for many years, because of his political proclivities, he has not had much time to devote to the thing that brought him fame. In fact, he has become the Lot's wife of the conservation movement. He has not looked ahead for 20 years. And yet Mr. Pinchot, despite his lack of vision, still serves some use in the conservation movement. We need guideposts, even if they lead

many miles back into the past. But a man can hardly be regarded as a crusader merely because a quarter of a century ago he followed a Peter the Hermit. Now Mr. Pinchot is again astride his old hobbyhorse, but he is facing the tail instead of the head of the horse. In truth, Pinchot is not a Lancelot but only a Don Quixote.

That Pinchot's role in the conservation movement is purely that of one who looks through a rear-view mirror is attested by the bitter attacks that he makes upon anyone whom he regards as threatening the position he asserts as of right to be regarded as the self-annointed Messiah of conservation. This attitude of his has never been so well exemplified as at the annual convention of the Izaak Walton League which was held in Chicago last spring. The speech that he made on that occasion was purely political, the good taste of which might well be questioned by any member of an organization that, in theory at least, is above political controversy.

Mr. Pinchot has been busy jittering his way about the country declaring that if the President's reorganization bill passes, as it should pass in the interest of a more efficient administration of the Government's business, the national forests might be transferred to the new Department of Conservation. I have not the slightest notion whether the President would do this; but if he should make the shift, the entire personnel of the Forest Service would be sent to the new department. It happens that the Forest Service is under civil service, and it would continue to function as a unit manned by civil-service personnel as in the past. I know that even in his excitement Mr. Pinchot did not mean to imply that the able and honorable employees of the Forest Service in the Department of Agriculture would be any less able and honorable in the Department of Conservation. I think that Mr. Pinchot will concede that I have upheld the principle of civil service since I became Secretary of the Interior, even in making appointments that lay outside of this law in which I so firmly believe.

In his Izaak Walton League speech, Mr. Pinchot "temperately and judiciously" made this statement:

"I call to your attention the fact that, with a possible exception of the national parks—and I underline the word 'possible'—the Interior Department has never had control of a single publicly owned natural resource that it has not devastated, wasted, and defiled."

I do not care to bandy unexpurgated epithets with my old friend. He has specialized so long in calling names that he has become an outstanding expert in this art. All that I care to say is that the people of this country have had too many contacts with the various bureaus and divisions of the Department of the Interior for those bureaus and divisions to need any defense from me.

It seems to me so obvious as not to require argument that conservation would be greatly advanced if it is made a major responsibility of the great Department of the National Government. Gifford Pinchot—and in this, interestingly enough, he has the active cooperation of Col. William B. Greeley and the great lumber interests of the country—supports the bizarre theory that in disunion there is strength. For some reason that I cannot understand he wants to keep the conservation activities of the Government separate, disunited, and antagonistic. His is an ardent advocacy of overlapping and inefficiency, with its consequent waste and exploitation.

In a speech before the American Forestry Association some months ago Mr. Pinchot delivered another tirade against the President's reorganization plan and made slurring references to me. He referred to the proposed Department of Conservation as "Ickes' folly." He misrepresents me as a despoiler of the Department of Agriculture, the national forests, and the public range, and miscredits me with a bump of acquisitiveness and greed for power even greater than his own. This in the face of the following inscription to me in his book Just Fishing Talk, which he sent to me in July 1936:

"To Harold Ickes, whose courage, conscience, and common sense have made him one of the most outstanding public servants of his time, with the affection and admiration of his friend Gifford Pinchot."

Do you wonder that some question the sincerity of this man who can abandon during political campaigns his interest in conservation; who yesterday fought the great lumber interests, charging them with ruthless exploitation, and today walks down Pennsylvania Avenue arm in arm with them; who proclaims his interest in the farmer and the workingman and at the same time plots for political control of Pennsylvania with Joseph R. Grundy, the greatest lobbyist of them all for the biggest interests? I suppose now that Mr. Pinchot is preparing to run again for the governorship of Pennsylvania, or for an even higher office. There will be less and less criticism of the Department of the Interior from him as his campaign develops, except as it may serve his political interests.

May I conclude by saying that there is nothing startling in the President's proposal for a United States Department of Conservation, in which there might be concentrated existing Federal activities for the prudent use and preservation of our natural resources? Some 24 States already have conservation departments or commissions, and their business of government apparently goes on tranquilly and efficiently. Once the feud of over a quarter of a century ago, which is kept alive by such men as Pinchot, is rightly recognized for the false obstacle that it is to good government and sound sense in handling our remaining natural assets, the way will be cleared for beneficial legislation. Then the horizon of a decent and comfortable existence in America will be extended by thousands of years. And man, who has already conquered Nature, will have conquered himself.

Birthright of Natural-Born Citizens of the United States

EXTENSION OF REMARKS

OF

HON. ELBERT D. THOMAS

OF UTAH

IN THE SENATE OF THE UNITED STATES

Friday, November 19 (legislative day of Tuesday, November 16), 1937

DECISION OF THE DISTRICT COURT OF THE UNITED STATES FOR THE DISTRICT OF COLUMBIA IN THE CASE OF MARIE ELIZABETH ELG AGAINST FRANCES PERKINS, SECRETARY OF LABOR

Mr. THOMAS of Utah. Mr. President, I ask unanimous consent to have inserted in the Appendix of the RECORD a recent decision of the District Court of the United States for the District of Columbia, as appearing in the Washington Law Reporter of November 12, 1937, with a statement of the case prepared by the editors of the Law Reporter. This decision is in conformity with legislation now pending before the Senate Immigration Committee which I introduced last session—S. 1169—protecting the inviolable birthright of natural-born citizens of the United States. Therefore I believe the decision to be of interest to all Members of Congress.

There being no objection, the statement and decision were ordered to be printed in the RECORD, as follows:

In *Marie Elizabeth Elg* v. *Frances Perkins, Secretary of Labor, et al.*, Equity No. 63408, in the District Court of the United States for the District of Columbia, a bill was filed for a declaratory judgment that the plaintiff is a native-born citizen of the United States, for an injunction against the Secretary of Labor and the Acting Commissioner of Immigration and Naturalization restraining them from taking any action to deport the plaintiff, and for an injunction restraining the Secretary of State from making any statement to the effect that the plaintiff is not a citizen and from refusing the plaintiff a passport on that ground.

The bill alleged that the plaintiff was born in New York State in 1907; that during all her life she has been a citizen; that she never married and had never committed any act of expatriation; that in 1928, before plaintiff was 21 years of age, and while residing with her parents in Sweden, where she was taken by her parents when she was 4 years old, she had inquired of the proper authorities as to the course to pursue in order to return to this country; that she was advised by the vice consul of the United States that if she returned before she was 21 years of age her birth certificate and identification papers were all the evidence required for reentry, but if she wanted to return after she became of age, she should apply for a passport; that she applied for a passport, which was issued on July 22, 1929.

The bill further alleged that after she received this passport plaintiff came to the United States and was admitted; that on April 8, 1935, she received a notice from the Department of Labor advising her that she was illegally remaining in the United States because she was not a citizen thereof, and since that date had been threatened with deportation.

The defendants moved to dismiss the bill, and this motion was heard by Mr. Justice Bailey, who, on November 1, 1937, filed the following memorandum dismissing the bill as to the Secretary of State and overruling the motion as to the other defendants:

MEMORANDUM OF OPINION

"The motion to dismiss will be sustained as to the defendant Hull for the reason that the court will not undertake by mandamus to compel the issuance of a passport, nor to control by means of a declaratory judgment the action of one whose function it is to consider and decide whether or not a passport should issue.

"According to the allegations of the bill, the Department of Labor has notified the plaintiff that she is illegally within the United States and has required her to leave the United States, and in case of her not going she would be deported as an alien. Her only recourse would be to submit to arrest and then seek the issuance of a writ of habeas corpus. I think that this belongs to a class of cases for which a declaratory judgment is eminently suited. It is immaterial whether the court could enjoin the action of the Department of Labor. 'Where there is such a concrete case admitting of an immediate and definite determination of the legal rights of the parties in an adversary proceeding upon the facts alleged, the judicial function may be appropriately exercised, although the adjudication of the rights of the litigants may not require the award of process or the payment of damages' (*Aetna Life Ins. Co.* v. *Haworth*, U. S. Sup. Ct., Mar. 1, 1937).

"The bill alleges that she was born in the United States, was taken during her minority by her parents to Sweden. Within a year after her attaining her majority and without having renounced her allegiance to this country she came to this country. I do not think that the fact that her father may have become a

citizen of Sweden can deprive her of her rights as a native-born citizen of the United States, even though under the laws of Sweden she may be treated in that country as a citizen of it.

"The motion to dismiss will therefore be sustained as to the defendant Hull; in other respects overruled."

Independent Courts or Dictatorship

EXTENSION OF REMARKS

OF

HON. SAMUEL B. PETTENGILL

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 15, 1937

Mr. PETTENGILL. Mr. Speaker, "Vargas Abolishes All Federal Courts in Brazil." Such is the headline in last night's paper. The Associated Press dispatch from Rio de Janeiro, dated November 18, goes on to say:

President Getulio Vargas tightened his grip on Brazil today through a decree abolishing Federal courts in the nation's 20 States. * * * The new Brazilian constitution abolished State and National legislatures and gave Vargas supreme administrative powers At the same time, a national political party that would make Brazil a one-party State, under the leadership of President Vargas, was reported being formed to support his new regime.

Fascism has come to America.

It came as it came in Europe, by destroying courts and parliamentary government. All this is present fact in what was once the second largest Republic in the Western Hemisphere.

Today's headlines may be more eloquent than the arguments of last spring in telling what the Supreme Court fight was all about.

Or shall I say "what the fight is about"? For the fight is still ahead of us. The struggle is not ended. It will take some new form, but the objective will be the same—to destroy the independence of the courts—and that is to destroy the Constitution itself. Recent speeches by men in high place in and out of public service show plainly that what we have now is an armistice only.

For those who still believe in constitutional government, Democrat or Republican, there is but one practical weapon for its defense—to give a vote of confidence in the elections next year to those Senators and Congressmen who resisted the first assault.

If they come back, the Constitution stays; if they are defeated, our children, if not ourselves, will read other headlines like those from Brazil, but closer home.

"Fenager" Dickmann, or Second Jefferson Memorial, St. Louis

EXTENSION OF REMARKS

OF

HON. WILLIAM P. LAMBERTSON

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Friday, November 19, 1937

Mr. LAMBERTSON. Mr. Speaker, on Monday under an extension of remarks, I placed in the RECORD a plea to the President to cancel the executive order of December 21, 1935, allocating $6,750,000 toward the construction of the proposed $30,000,000 second memorial to Thomas Jefferson in St. Louis, Mo.

This memorial proposition is so rotten it stinks to the heavens. Like buzzards hovering over the decaying carcass of a dead animal, there are still people who are trying to speed up the building of this useless project.

Within the last few days the mayor of the city of St. Louis, Bernard Dickmann, accompanied by his city counselor, Edgar H. Wayman, has arrived in Washington to confer with Federal officials in the National Park Service and the Department of Justice in order to find new ways and means to proceed with a project against which there are suits pending in the Federal courts and which I am firmly convinced is both an unlawful and unconstitutional undertaking as presently set up.

It is surprising, to say the least, to find the mayor of St. Louis and the city counselor still willing to play the game of the memorial promoters, still willing to force many businessmen and taxpayers of St. Louis into insolvency, that this proposal, permeated with fraud, graft, and corruption, may be rushed to completion.

According to late advices I am informed that besides the visit of the mayor and the city counselor to Washington, the United States district attorney in St. Louis, Mr. Blanton, is also on the way here to try his hand in unscrambling the legal tangles which confound the memorial promoters at this time.

Mr. Speaker, the unusual circumstances which surround this whole memorial matter prompts me to coin a new word to fit the situation. That word is "fenager." The word is from two much-used words, "fenagler" and "reneger." The colloquialism being "fenager." Now, a "fenager" is one who would help in creating a situation costly to others, but which the creator would be personally unwilling to support financially were he called on so to do.

This about describes the activities of the mayor of St. Louis and his city counselor in behalf of the memorial promoters.

St. Louis has other far more important problems than the building of memorials to solve. The most important problem that confronts St. Louis today is a restoration of its own citizens' confidence and respect for its courts of justice.

Then, too, St. Louis is facing an acute relief situation for the coming winter. This should demand the mayor's immediate attention. For more than 2 years the people of St. Louis who cry for work and bread have been baited with the promise of putting 5,000 men to work on the river front, which the promoters know is an impossibility, for the money now available for the scheme would barely be enough to purchase the ground alone. Thus have they abused public confidence and offered the man who cries for a loaf of bread a stone.

Mr. Speaker, two distinguished and honorable Members of the House of Representatives are members of the United States Territorial Expansion Memorial Commission, which was created by a joint resolution of the Seventy-third Congress to formulate plans for the St. Louis memorial. To these distinguished gentlemen I commend my remarks on various occasions during the first session of the present Congress. After acquainting themselves with all the elements of fraud, graft, and corruption in connection with the memorial promotion and the attendant bond issue election of September 10, 1935, in St. Louis, Mo., if either of these gentlemen are not thoroughly convinced that this promotion should be investigated by Congress, then I will submit to them a full record of the manipulations of the courts of St. Louis and the grand jury rigging which has taken place, so that those who committed crimes against the people of Missouri and the United States of America can walk the streets of St. Louis as unreachable examples of those who as members of a corrupt political dynasty flaunt the law with impunity.

Mr. Speaker, the time has come for action on the resolution introduced by me at the last session.

Dedication of the James Wilson and Seaman A. Knapp Memorial Arches

EXTENSION OF REMARKS

OF

HON. GEORGE H. MAHON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, November 19, 1937

ADDRESS BY A. FRANK LEVER ON NOVEMBER 17, 1937

Mr. MAHON of Texas. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following

address of A. Frank Lever at the dedication of the James Wilson and Seaman A. Knapp Memorial Arches, Department of Agriculture, Washington, D. C., on November 17, 1937:

Mr. Chairman, Mr. Secretary Wallace, distinguished guests, we have come to dedicate the James Wilson and Seaman A. Knapp Memorial Arches, impressive tributes to the work of the men whose names they bear.

Our Capital City is dotted with memorials and monuments to commemorate the services of our military and naval heroes, our statesmen, poets, artists, leaders, men and women, of every calling.

This day is significant in that it marks the first distinctive national recognition of agricultural leadership in this country, and that, in this field, there may be developed that high degree of service worthy of a nation's acclaim.

We do not think of the saintly William McKinley as having contributed anything out of the ordinary to the rural life of America. Rather, we think of him as a godly man, who, as head of the Nation, broke forever the cruel power of Spain in the Western Hemisphere, and who, more than any individual in our history, healed the gaping wounds of our unnecessary and unfortunate fratricidal strife of three-quarters of a century ago.

And yet, one of the very first acts of his administration, measured by the chain of events that has followed, must be regarded as epoch-making in the annals of American agriculture and rural life.

He appointed James Wilson as Secretary of Agriculture in his Cabinet.

That fact brought together James Wilson and Seaman A. Knapp as colaborers on a national scale in the scientific, sociological, and economic field of agriculture, and thus unconsciously set in motion currents that even yet have not run their courses, and are so strong as to defy the checkmating efforts of small and overcautious minds. He linked together in service names as inseparable in the history of agriculture as is Webster's characterization, "A Union of inseparable States." No roll call of agricultural statesmanship can omit the names James Wilson and Seaman A. Knapp or separate them. They stand toweringly among its brightest luminaries and they stand together, complementary of each other, each greater by the other's association.

There is remarkable similarity in the life histories of these men. Each had his baptism of "agricultural fire" in the State of Iowa, prolific contributor to agricultural leadership and of unafraid thinking.

Their preparation began in the open furrow and followed almost identical paths through all the processes of equipment for the final and supreme tasks to which each was called. They were moved by impulses singularly alike, focusing ultimately and always upon the common objective—an enriched rural life. Each, too, strangely enough, began the building of his cathedral in the lengthening shadows of life—Wilson at 62, Knapp at 70.

Wilson became the organizer, inspirer, and director; in fact, the real architect of the United States Department of Agriculture; Knapp, the conceiver of a system of adult education and fashioner of a method of teaching it, designed to meet the everyday problems of the average farm, the average farmer, and the average farm home under the environment of each. For Wilson as surely blew the breath of life into the organic act creating the Department of Agriculture as did Sir Christopher Wren build St. Paul's Cathedral; and Knapp as certainly founded the Extension Service as did Thomas Jefferson, in his charter for the University of Virginia, win from history the distinction of being the first American statesman to associate agriculture and scientific education.

They began their work each with a well-defined philosophy, predicated upon the formula that "he serves his country best who best serves its rural life." That fundamental is the Bethlehem Star of their every thought and undertaking.

Wilson sought to serve agriculture by building for it "the greatest agricultural research institution in the world" and by putting its agencies and discoveries within the reach of every man and woman of the farm. He said:

"The agricultural scientist is working by the side of the toiler in the field, teaching him the laws of Nature that must be understood before the best results can be reached. There is not a department of the farm that is not being enlivened by this research."

Knapp used his own new method of carrying his kind of education and his mode of teaching it out to the farms and into the homes of the farm families of the Nation. His objective in fundamentals were, as he says:

"To develop the resources, increase the harvests, improve the landscapes; brighten the homes and flood the people with knowledge of helpful things, and to readjust agriculture, to reconstruct the country home, and to put rural life upon a higher plane."

To them the mechanics of the farm was important only as incidental in the enrichment of the lives of the men and women, boys and girls, engaged in it. Their first concern was with broad humanities—people. That this should be so is not difficult of understanding. They were of the soil by birth, training, and actual living; they were farmers and knew farm life and believed in farm people. It was always first the farm man and the farm woman.

They believed in the inherent dignity and importance of agriculture as a calling. They wanted farmers to believe in it. They agreed that before anything worth while could come of their efforts they would have to devise a program that would spur agriculture to know itself; to appraise its economic and sociological relationships; to substitute pride in itself for its age-old, deadening, "inferiority complex." They knew they had to sell agriculture to itself before they could sell to it the things they were projecting for its betterment. They believed in the right of farm men and women to have the things that belonged to them and to exercise in the affairs of the Nation power commensurate with their contributions to it, and they wanted farm men and women to believe it.

Both subscribed unreservedly to the underlying thesis of the first Morrill Act that "the people of the land must receive an education adapted to their purposes." They believed, however, in a broader democratization of its principle to include the doctrine that science and education should be brought as nearly as possible onto every farm and into every home and into all the lives of those engaged in every sort of agricultural enterprise. Knapp sold Wilson his idea of objective teaching so completely that Wilson thereafter backed him unqualifiedly.

Out of this began another and different era in agricultural thinking and leadership. A new field of exploration lay ahead.

They had no lamp of experience to guide them, but what of it? They were pathfinders, unorthodox in their thinking, pioneers in their undertakings, crusaders in their methods. Frowning fronts of uncharted courses brought no trepidation to their hearts.

Genius is lured by the unbeaten path. The wilderness intrigues it, the unknown fascinates it. Genius is explorative, restless, always alert, always unsatisfied. Smugness, complacency, static, are antitheses of it. Genius is a moving force, affirmative, aggressive, virile. It's bugler has never learned to sound the notes of "Halt" or "Retreat." It is always "Forward!" This was Wilson and Knapp. They proposed and projected major reformations in the Nation's basic industry, and time is only now beginning to unfold the epic of their achievements and to recognize the fact that their work has gone into every agricultural home and community in America and made them happier and better places to live in.

The motivating philosophies that shaped the lives and activities of Wilson and Knapp are most suggestive of the deep currents that lay beneath the philosophies and activities of that most unfathomable of all American statesmen. The moving impulse of Lincoln's life was his faith in the common man, his love for the lowly and humble, and his passionate struggle to help them. "God must love the poor, because he made so many of them." Greatness has seemed always to feed upon and to grow out of the passion for service for the inarticulate masses of the people, whose welfare and happiness have constituted and will continue to constitute the surest guaranty of the stability and perpetuation of basic democracies.

Wilson said: "I am endeavoring to build up a Department of Agriculture that will benefit all men who work in the field"; and, "We need an entirely new education now for the millions who toil in the field."

We know that Knapp's supreme contribution to American rural life was planned to meet the needs of the common man of the farm, to do it in a common-sense way, and in the way of thinking and living of that man.

Wilson and Knapp not only believed in the high calling of agriculture, but they know that labor is the only road to true happiness. Wilson said:

"No work degrades. We can ennoble whatever we do. Paul, the Apostle, was a tentmaker; Robert Burns was a plowman; Franklin was a printer. Our civilization will never lift humanity above labor."

Knapp said:

"What a man hears he may doubt, what he sees he may also doubt, but what he does he cannot doubt."

It is the "what he does" that counts in his axiom.

Again, he said of a certain foreign people: "From constant labor they are a happy people."

These men were natural leaders, master psychologists, and developers of men. They made their choice of men and then gave them free rein to do their own thinking and planning, reinforcing them with their encouragement, sympathy, and counsel. Wilson had unlimited faith and pride in his scientists and backed them on all occasions with the force of his rugged nature. "They are a grand lot of men; finest aggregation of scientists ever brought together to do the work for the common man."

Knapp was just as proud of and loyal to his coworkers. His relationship to them was paternal. He inspired them with the spiritual value of their work and kept before them always as fundamental, "Your value lies not in what you can do but in what you can get the other people to do."

But if they were strong in their loyalties to their colaborers, they were even stronger in their loyalties to each other. Never a tinge of jealousy or envy marred their long and fruitful association. From the beginning to the end of it the arch of friendship held unbroken.

They saw agriculture in the light of the Nation's welfare. Wherever the problem, there would be found their interest and work. We of the South who labored with them in the days of their daring pioneering are happy to bear emphatic testimony to their broad nationalism.

It is heartening to us of the faith that these greatest leaders of their generation of those who labored in the lap of Nature were devout followers of Nature's God. Both were deeply religious men. Wilson remarked:

"Dr. Knapp did not boast nor intrude unseemingly his religion but quietly practiced it."

He was, in fact, an ordained local Methodist minister.

Wilson said of himself:

"I got my early religious training from my father. I had to commit the Psalms to memory. * * * I thought it a hardship then, but I regard the acquirement as a great comfort now."

Both were close students of the Bible, for their public addresses and writings are strongly flavored with the pure diction of the most remarkable of all books. They drank copiously, too, of the poets and the classics. They were scholarly, cultured men, untrammeled by either. Both were tremendously effective before public audiences, Wilson as a speaker, Knapp as an orator. Wilson's style was choppy, epigrammatic, rough and ready, rich in homely illustrations, and delivered in a drawl peculiarly his own.

Knapp was an orator, superb, moving, persuasive, sweeping audiences into the channels of his thinking and sympathy. He was evangelistic in manner, his style poetic, rhythmic, his English perfect, his voice sonorous, his appeal always to the better, purer, deeper instincts. As the great Spurgeon sounded the depths of a nation's emotion, so Knapp stirred the soul of a nation's agriculture. Wilson was capable of a classic in hard-fisted presentation, Knapp could have been the author of a Cotter's Saturday Night or An Elegy in a Country Churchyard.

Wilson left to us his great Department of Agriculture with its scientists; Knapp his county and home demonstration agents, together representing the greatest, most efficient, cohesive, organization of scientific agricultural leadership the world has ever seen.

And if there be those who would know the work of Wilson and Knapp, we can but say, "If thou seek his monument, look about thee."

But, my friends, agriculture remains the least rewarded of the avocations of men. Their cathedrals are unfinished. In earnest humility and reverence of spirit we rededicate ourselves to their completion, and reconsecrate ourselves, in paraphrase, to the service of our fellows in imitation of their great example—the great example of them who deserve from us these memorials of appreciation.

The Peace Outlook

EXTENSION OF REMARKS

OF

HON. LOUIS LUDLOW

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 19, 1937

RADIO ADDRESS BY HON. CAROLINE O'DAY, OF NEW YORK, ON NOVEMBER 11, 1937

Mr. LUDLOW. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered over the radio on Armistice Day by the gentlewoman from New York [Mrs. O'DAY]:

Today is the anniversary of the signing of the armistice. Twenty years ago civilized nations rejoiced that the hideous savagery of a war to end war had come to a close. Peace was, for all times, established.

Civilization from the beginning has been built on force. As far back as history goes we find the fighting male streaming across Europe in warring hordes, conquering and overwhelming weaker tribes, taking possession of their lands, their riches, their peoples. We have as our heritage drawn from those pagans who survived through superior force a civilization built on force and the concept of force.

This concept has carried the spirit of war into every phase of our present life and society, its most terrific manifestation being the World War with its aftermath of despair, hatred, and further preparation for wars.

Two thousand years ago a religion was founded which is the negation of that reliance on force by which men had been living. For 2,000 years this reliance on force has been resisting and retarding the spread of the religion of peace. Two thousand years may be an infinitesimal span of time in the evolution of the world, but to those striving for world peace it is just about 1,000 years too long. What can be done to hasten the realization of this ideal of world peace?

It has been proven for all time that war to end war is a desperate and tragic failure and that in sowing the wind of the World War we have reaped the whirlwind which is engulfing the world today.

That war cost the United States a staggering sum in dollars and cents. Its direct cost was twenty-two billion. War debts, twelve billion; interest on war debts, nine billion five hundred millions. Veterans' adjusted pay, hospitalization, and rehabilitation, cost the Federal Government eleven thousand two hundred and fifty million and State governments five hundred million. Total cost, approximately fifty-four billion two hundred and fifty million.

These figures computed more than a year ago are as nothing compared with the human cost of the World War to the United States alone, and remember, we were the last to enter.

One hundred and twenty-three thousand six hundred and fifty-four Americans killed.

One hundred and eighty-two thousand six hundred and seventy-four wounded.

Nearly 124,000 precious lives sacrificed in the shambles of Europe—so many mothers' sons! So many young bodies brought into the world only to be mangled on foreign battlefields.

I am reminding you of these tragic facts and asking you to keep them in your memory because we are today facing a crisis and we may soon be called upon to make a decision which will mean life or death to the youth of America. And who will make that decision?

Will it be the President who has declared "I hate war" and who, with the cooperation of our Secretary of State is striving to avert a second world war? Will it be Congress that is invested by our Constitution with the power to declare war?

Will it be the citizens of our country, the mothers, the wives, the man in the street who later becomes the man at the front?

Surely, they are the ones to make the decision. A national referendum on war today is not only practicable, but possible. A resolution calling for such a referendum lies on the Speaker's desk at the Capitol in Washington and lacks but 38 congressional signatures to bring it out of the Rules Committee. Understand, of course, a referendum would not apply in case of invasion.

If you who are listening in feel that all the people of the country should act on a declaration of war, write your Representative and direct him to sign the petition introduced by Representative LUDLOW, of Indiana, so that it may be discussed and voted upon as a constitutional amendment which would make America in a more actual sense "a government of the people, by the people, for the people."

Taking the profits out of war would be a tremendous factor in preventing war, as was proven by the shocking facts unearthed by the Senate committee's investigation of munitions industries.

To be effective, however, it must be done by constitutional amendment; not by statute, for statute can be repealed overnight.

Our present neutrality law, if invoked, would not necessarily keep us out of war, and many of us realized that when we voted for it. It was the best that could be passed at the time. In the light of present world conditions, we realize how inadequate it is as a national policy; yet it has helped to serve notice on other nations of our intention to keep out of their quarrels.

Can we keep out of them in any way other than by the will of the people?

The late Sir Basil Zaharoff said, "Let enough people talk peace, think peace, and dream peace, and there will be peace on earth." But he and his fellow munitions makers saw to it that nations of the world were kept thinking in terms of war.

What can be done to create a will to peace and to strengthen the will that already exists here in America?

What can the church do? Field Marshal Haig once said, "The business of churches is to make my business impossible."

Suppose every denomination of Protestant churches, every Jewish temple, every Catholic church combined in a constructive, aggressive plan for creating and preserving world peace. Could they give greater service to God and to humanity?

What can the rank and file of voters do?

Suppose every voter before casting a ballot for Congressman or Senator informed himself as to the candidate's views on peace and war and, regardless of party politics, put into office the man who pledged himself to oppose the sending of American soldiers to fight on foreign soil.

What can women do toward creating the will to peace?

"Through the ages it is women who have produced, at an enormous cost, the primal munition of war, without which no other would exist."

It is women who have the training and education of our children in their hands. They can lay the foundation of a cultural heritage of peace, and this is of greatest importance, for "there is not an existing institution in the world of civilized humanity which cannot be profoundly modified or altered or abolished in a generation."

What can our Government do in the future and at present to strengthen the Nation's will to peace?

Suppose, instead of a Secretary of War, there was in the Cabinet a Secretary of Defense, under whom the Army and Navy would jointly function; a planning board to which civilians would also be appointed which could determine the appropriations adequate for safety against invasion and also to guard us against the ever-present danger of building up so large a force that our militarists be tempted to foment a war of aggression. The Budget for next year carries a military appropriation of almost a billion and a half dollars, some of which will be used for the improvement of rivers and harbors, and in cooperation with flood-control agencies. The appropriation for the State Department, the instrument through which we work for peace, was $19,000,000, of which six million goes for routine expenses that have little or no bearing on its official activities.

In 1922 there was signed in Washington a nine-power pact guaranteeing the territorial integrity of China.

That country is now suffering the horrors of a war of invasion by a neighbor nation.

In Brussels today a conference is being held, called by the original signatories of that pact, and other powers are in attendance. Our "roving ambassador" has said there, "The Government of the United States is prepared to share in the common effort to devise a means of finding a pacific solution for terminating hostilities in the Far East."

Of the nations represented at this conference the majority are still at peace. Suppose they agreed among themselves to impose sanctions upon the three that are now imperiling the peace of the

world. Agreed to sever all trade, economic, and diplomatic relations with them. Suppose, moreover, the United States said, "We, of all the world, are most safe from attack or invasion. We, of all nations, are most nearly self-sustaining. We will take the lead in this step that involves no bloodshed. The financial losses we incur, the sacrifices our people will have to make are the price we will gladly pay for world peace." Our President has declared, "If we face the choice of profits or peace, the Nation will answer—must answer—we choose peace."

Is the will for peace of our United States powerful enough to sustain us in such a program of sacrifice? If it is not strong enough today, God grant that it become so before another generation of youth has been sacrificed to the madness of nations and before civilization is destroyed by this sum of all iniquities—war.

Armistice Day Address

EXTENSION OF REMARKS
OF
HON. EDWARD W. CREAL
OF KENTUCKY
IN THE HOUSE OF REPRESENTATIVES
Thursday, November 18, 1937

ADDRESS BY HON. EDWARD W. CREAL, OF KENTUCKY, ON NOVEMBER 11, 1937

Mr. CREAL. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include my address before American Legion at Elizabethtown, Ky., November 11, 1937:

Nineteen years ago today all the citizen-subjects under the Stars and Stripes went on holiday and merry-making because the greatest of all wars that the world had seen was over.

I hope you boys don't feel old in being reminded that since that day that babies born are now 19 years old and another generation is old enough for military service.

That day 19 years ago is so vivid in your memory that it seems but yesterday. Today, in commemoration of the efforts of you boys, we meet in parade and assembly to rededicate our minds and hearts to the task of preserving as far as we can the fruits of that victory and paying our respects to fallen comrades.

We are in better position to be still thankful for that victory which you boys made possible than our former allies, who today are trembling with fear of a repetition of the dark days of 1916–17.

Since then we are none the less sympathetic with the oppressed or the underdog, but we have grown older and wiser. Charity begins at home. Self-preservation is the first law of nature. To the most charitable there is an end of endurance of charity. It will take more than an imaginary reflection on national honor to cause us to unsheathe the sword. It will take more than a few thousand dollars in foreign invested capital to cause us to spend thousands of American lives of boys who have no stocks nor bonds to save. This new crop of eligible soldiers were not raised for cannon fodder. If the stock market weakens, wavers, or collapses by reason of the slump in foreign securities, it will not be restored at the cost of blood of American youths who are now your sons or kid brothers. I expect to use every ounce of energy at my command to prevent such.

This year saw the greatest expenditure by our Government ever made in peacetime for preparedness. Preparedness is essential to prevent being molested. Ethiopia and China are shining examples of what total unpreparedness may expect.

We have no thought or inclination of aggression toward any country in the world. We want no other country's land.

We fully demonstrated this in the Spanish-American War and further evidenced by recent action for ultimate complete independence of the Philippines.

Since the war the Legionnaires have performed valuable services in combatting disloyalty to the flag, communism, and radicalism. It will take the united effort of school, church, Legionnaires, and the press to keep communism, fascism, and other un-American ideas from obtaining growth in our midst.

They work like the termites, wood ants, by gnawing while you sleep. Such has honeycombed the governments of Europe until they have threatened the foundations. There is work yet to do, and the high ideals voiced by the American Legion is worthy of respectful cooperation by all citizens.

As the days grow older, America more fully appreciates the work of you boys in service and out of service. In my own personal appreciation of that service I have taken great pride and comfort in supporting each and every veteran bill sponsored by the American Legion. That has been my position for many years before having the opportunity to aid in a substantial way.

We must finish paying our just debts to veterans and finish collecting debts due us before either making new obligations to new veterans or lending aid to those who do not repay.

We are opposed to rendering service or lending one dollar aid to those who so soon forget our benevolence.

Drastic changes in our neutrality law will aid us in keeping from being drawn into the next European war.

Americans must travel on belligerent ships at their own risk and not at my risk and yours. American shipping going into mine-laden seas must go at their own peril. Come and get it and haul it back if you want it. Yes; this is some degree of surrender of former principles, but what man is foolish enough in this town to insist on his right to walk down the middle of the street when neighbors on each side of the street are in a deadly pistol duel? Discretion is the better part of valor. Some capitalists with international stockholders doing business under the American flag want to chase a dollar into the brink of hell and want the Government to guarantee that they will not scorch their fingers or that the live coals will not burn them.

There is another part of today's programs in America that is painful to observe. In spite of our efforts at cheerfulness it is underlying and ever present.

That is the solemn duty of paying our respects to the boys who were not in the parade today. The boys who went away with the same spirit you had but who never came back. They never knew how the war ended and never saw any armistice program.

In paying our respects to your comrades who crossed the barrier from which no traveler ever returns and whom no bugle call arouses we resolve in our minds to lend our efforts to prevent the sons and brothers of these fallen comrades ever being subjected to the necessity of following their unhappy path. I am glad to be in a position to oppose war that now threatens to engulf us again, with all its horrors.

We fear nobody. We want no trouble. We prepare in demonstrating that we want to be left in peace, but that our desire for peace is not so blinded that we are yet willing to be caught unawares and by our very helplessness thus invite attack.

The war in which you fought is over, but the spirit of 1918 is needed at this hour in America to preserve American ideals.

You are not using bayonets or bombs today, but you are using just as effective weapons in helping the country hold fast to the principles which made America the greatest place in all the world in which to live. We are proud of our history of yesterday. May we be equally proud of it tomorrow.

I am pleased to address the Legionnaires of Hardin and adjoining counties. I regret that I can have no military funeral and cannot be draped in the country's flag and that no escort or military salute will be fired. But it would be a source of pleasure to know that as future armistice programs are held and cemeteries visited some day some old veteran whom I had helped would wander over to my last abode and say, "Here lies ED CREAL; he, too, was a friend of the veteran."

It fell my lot during the war to take care of a wife and babies, to help every war aid organization, to fill out questionnaires and file appeals without compensation, to write letters for parents who couldn't write to their boys in the trenches, to help raise tobacco funds for the boys, to send them the county paper, to operate in my small field to help keep up the morale of the people, and many other such things, just as others did who played that minor but necessary role of service.

There are yet many inequalities in the treatment of veterans that should and could be remedied. The most glaring one I have come in contact with in my past 2 years of aiding all veterans without regard to politics, race, or creed is where a veteran was regularly treated at hospital while in service and the Army doctor never entered on his record what he treated him for. This prevents many a veteran from establishing service-connected disability.

An Army doctor should be allowed, where he has memory of such cases, to fill his record now. But this is not permitted. An individual or a government must be just before generous. For that reason I repeat that the first duty of this Government is full equity to present soldiers before making new ones.

Europe would also do well toward following this program before drafting the sons of veterans whose just dues they never recognized. There are three rulers today who are walking breaches of the peace, and all know them without my naming them. With them "might is right" and their threat to world peace grows by the day. On the other hand, the world stands by, burning with righteous indignation at the helpless wails of those attacked innocents, like the same feeling that comes over a man who witnesses a man unnecessarily beating a child.

Then there are those who say we are our brother's keeper, similar to the spirit that moved us to liberate Cuba in 1898.

But we have played the part of the big brother enough for the present. I do not believe that the divine Creator expects us to undertake all His work in that direction, and it may be that He has a plan of his own in eventually working out the problems of His people. I repeat that charity begins at home, and we have plenty of it here to engage our attention to its utmost capacity.

We are not going into the next European mix-up, whether it happens tomorrow or in the next few years. History is full of examples where nations remained neutral, and much nearer the conflict. We will furnish them with another such example.

In closing, may I thank you for this invitation to address the boys who write me so many letters about so many things.

More power to your great patriotic organization, the American Legion. I hope that you may all live to celebrate many more armistice programs; that your high ideals will never be lowered. We need you today just as in 1918, for "Peace hath her victories, no less renowned than War." I hope that Armistice Day may become as much of a fixture in history and holiday as July Fourth.

Having performed the greatest service to your country of any set of men in your generation, may your laurels never grow dimmer. You have reached the midway post in life; and as you wend your way toward the setting sun may the evening time be quiet and serene with the consciousness of duty well done, so that after life's fitful fever you may sleep well. I thank you.

Armistice Day Address

EXTENSION OF REMARKS

OF

HON. PETER J. DEMUTH

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 19, 1937

RADIO ADDRESS OF HON. PETER J. DEMUTH, OF PENNSYLVANIA

Mr. DEMUTH. Mr. Speaker, under leave granted to extend my remarks in the RECORD I include the following radio address delivered by me under the auspices of the Women's Auxiliary of the American Legion:

Nineteen years ago tomorrow, November 11, 1918, the war ended, and there was celebrated on that day—one of the happiest days for every person who took part in the war or contributed thereto in any manner—an armistice that was celebrated throughout the world. Many of the soldiers could not believe that the war had ended until it was definitely decided that there was to be no more fighting, at least by the men engaged in that awful conflict commonly known as the World War. The wholesale killing stopped. In due time soldiers were returned to their homes, some of them crippled for life, some of them hardier and stronger, their bodies having been strengthened by Army training, some of them left buried in Flanders' field.

Each year on November 11 there is celebrated at Pittsburgh an Armistice Day program the like of which is unequaled throughout the United States. Although many people consider Armistice Day as a day of sadness, yet to the ordinary soldier that survived the World War it is a day of happiness and rejoicing. Many of the soldier organizations celebrate Armistice Day by holding reunions and various social functions. What a day it is when these old buddies get together and relate their experiences of 19 years ago. Armistice Day will be celebrated for many years to come, at least as long as the present soldier generation lives.

The World War taught us many virtues, the greatest of which was tolerance with one another. Out of the World War grew the American Legion, now serving in over 11,000 communities. The greatest and largest patriotic organization serving the American people today with the same fidelity as they did some 19 years ago. Banded together with the American Legion is the American Legion Auxiliary, consisting of the wives, mothers, and sisters of the American Legion members. What a picture the soldiers make as they proudly marched through the streets of Pittsburgh. What a contrast as compared with the first Armistice Day celebrated some 19 years ago. The boys are growing older, some less agile on the march than they were in the trying days of the World War, but nevertheless most of them are serving this country in peacetimes with the same spirit as they did in war.

The World War was said to be a war fought to end wars. Some of us thought that the noble purpose had been accomplished with the signing of the armistice on November 11, 1918. It was hoped to end militarism, and it was the intention to establish right over might. It was hoped that peace and good will and understanding would be reestablished among men and nations. That governments or rulers for many years to come would fear and hesitate to even attempt to force militarism on their peoples. Let us this day rededicate our lives to the end that peace, good will among men and nations will be reestablished and that war shall be outlawed forever.

Although many of us today are celebrating the joys of Armistice Day, yet we are mindful of the plight of our buddies who have become physical wrecks from the ravages of the war and who are today lying in the veterans' hospitals and other institutions throughout the United States. We wish them well and to them we pay our homage and sincere respect. We wish to pay our respects to Dr. Robert C. Cook, manager of the veterans' hospital at Aspinwall, his assistant, Dr. Butskie, and their able staff and nurses for the good work they are doing for the veterans at the Aspinwall hospital. The devotion to their work and the service they are giving to the unfortunate war veterans is most commendable and is truly patriotic peacetime service.

The American Legion and the American Legion Auxiliary, both of whom are sponsoring this program, are dedicated to the principles:

"For God and country, we associate ourselves together for the following purposes:

"To uphold and defend the Constitution of the United States of America.

"To maintain law and order.

"To foster and perpetuate a 100-percent Americanism.

"To preserve the memories and incidents of our association in the Great War.

"To inculcate a sense of individual obligation to the community, State, and Nation.

"To combat the autocracy of both the classes and the masses.

"To make right the master of might.

"To promote peace and good will on earth.

"To safeguard and transmit to posterity the principles of justice, freedom, and democracy.

"To consecrate and sanctify our comradeship by our devotion to mutual helpfulness."

The American Legion is today engaged in the following activities:

Preservation of peace.

Community welfare.

Americanization work.

Care of the disabled soldiers and their widows and orphans.

National defense.

Child-welfare work.

The promotion of law and order.

The promotion of the Boy Scouts, a world-wide association. An organization of the youths of our country interested in developing character in men and peace and good will among nations.

Businessmen and Congress—Our Constitution and Some History—Some Comparisons With England

EXTENSION OF REMARKS

OF

HON. MAURY MAVERICK

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 18, 1937

SPEECH BY HON. MAURY MAVERICK, OF TEXAS, BEFORE FORT WORTH OPEN FORUM, FORT WORTH, TEX., OCTOBER 25, 1937

Mr. MAVERICK. Mr. Speaker, during our "vacation," if you can call it one, I did some traveling through Texas and the Southwest, and also talked to hundreds of people about their attitude concerning the Government and business affairs. I talked to farmers, workers, businessmen, clerks, and the unemployed, too.

Among other things, I made a few speeches, one of which was at Fort Worth, Tex., before the Open Forum on October 25, 1937, and which I include under unanimous consent.

Everywhere I saw the people alert and interested in governmental problems. Nowhere did I see any lessening in the popularity of the President of the United States, Mr. Roosevelt.

My address was as follows:

FUNDAMENTAL PROBLEMS NOT SOLVED

My friends, we have not solved our economic and social problems. If every one of our millions of unemployed would be returned to work today, it is believed that almost immediately 5,000,000 men would be thrown out of work by the release of inventions which have not yet been released. Whereas we can see some light, we are a bewildered people, and have made no fundamental solutions.

War, death, destruction, hatred, and fear march over the world. One seeking to tell the truth is likely to suffer anywhere. In Communist Russia, if you do not agree, you are a Fascist spy and must be shot. In Italy or Germany, if you have an original thought, you are a Communist and must be purged, which is another way of being shot. These countries are jittery and war crazy; their people are without ordinary liberty. But our record is not so good either, for anyone speaking out his mind in this country is branded both a Communist and a Fascist, and sometimes an anarchist along with it. They even tar and feather people, gouge out their eyes, and beat them up—within 30 miles of Fort Worth.

THE THEORY AND PRACTICE OF HUMAN LIBERTY

Liberty—human liberty—the freedom of the printed and spoken word, religion, conscience, and the right of assembly is precious to every American. For hundreds of years it was a theory in England. A hundred years before our Constitution Milton risked his life for it. Practically, however, and at varying periods throughout our history, liberty has ceased to exist, but the theory has always persisted.

With liberty already an American right, at least theoretically, it was acknowledged and made practical by being put in our Bill of Rights, which we adopted after the Constitution. As you know, it is found in the first amendment to our Constitution. It says:

"Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the

freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances."

The philosophy in connection with what I have just read I shall consider as accepted by all sensible Americans. And by liberty of speech, press, and religion we mean that it shall extend even to those persons who talk violently, piously, ignorantly, or all three—to the Liberty League, Chamber of Commerce, the Manufacturers Association, the Communist Party, the Sons and Daughters of I Will Arise, and others. Let us keep all this in our minds as basic to American Government and applying to all—Republican saints, Democratic devils, Communist villains, to truth tellers, and to the biggest liars on earth.

SHALL WE STOP TALKING ABOUT THE CONSTITUTION? NO!

Now, my friends, I am told we must all stop talking about the Constitution. Many believe that the Supreme Court Justices—at least eight of them—are the Constitution. I am told that in polite and genteel society the subject has been dropped. But, frankly, the subject of the Constitution can never be dropped, if we are to exist as a free and democratic government. Anyhow, I have just shown there is liberty of speech and will exercise it.

Before I finish I shall talk of legislation in the next session of Congress, but regarding an honest discussion of the Constitution important, I shall do that first. For, indeed, very likely no effective government can be carried on unless our constitutional questions are settled. If they are not, Congress can go on legislating and the Court can go on breaking down and declaring void the laws of Congress and refusing to enforce those laws. The result would be chaos.

It seems to me the recent controversy concerning the Court was rather vulgar; it does not make much difference to either side of the controversy the number of the judges. Unfortunately the Constitution has become in the minds of millions as something separate, which, with some sacred or majestic power, rules from on high. But the true concept of the Anglo-Saxon constitution is that a constitution is what the people say it is. It is their own constitution. Our judges, not elected by, nor representative of, the people, say and believe that the Constitution is what they, the judges, say it is, and this view has been accepted by millions of people themselves.

Let me mention the British Constitution, for ours proceeds from it. What is it? As you know, it is unwritten; roughly, it contains all the charters, such as the Magna Carta, the Petition and Bill of Rights, the common law, statutes enacted by Parliament, usages and decisions of the courts. The Constitution of England can be defined as that which is the considered and fair view of what is right and wrong, as judged by experience, and it is what the people think it is.

Now, what is the American Constitution? It is a written document adopted in 1787, with various amendments since; it is under a glass showcase in Washington. If you don't like what Congress does, you can hire a constitutional lawyer and break down the law; at least some people have that idea of it. In fact, we have developed in the minds of millions a showcase constitution, a sort of demiglace constitution, like a beefsteak or filet mignon demiglace. Some worship the paper of the Constitution, and they, knowingly or unknowingly, are idolators, worshipers of the golden calf.

I am now about to present a view which will cause our most respectable lawyers to throw fits. It is that the Constitution is not merely a written, showcase, demiglace document, like a dry bone to fight over, but is a living, vibrant thing which ought to be in the heart of every American, and that the Constitution is not what the judges say it is, but what the people of the United States say it is. I announce another doctrine which will horrify the lawyers: The Declaration of Independence is still vital and in effect for the people of the United States of America.

IS DECLARATION OF INDEPENDENCE PART OF CONSTITUTION?

Now, the Declaration of Independence complained of the King breaking down the law of the Colonies; and more than anything else, it complained of the violation of the constitution. The Constitution then was, and is now, that ineffable thing which I have already described as being in the hearts of the people.

When Jefferson used the word "constitution" in the Declaration it meant those usages and customs which ordinarily indicated the rights and privileges of free Englishmen up to that time, 1776.

By the Declaration the people merely changed their name from Englishmen to Americans, or to put it more accurately, from free Englishmen to free Americans. The constitution covered all British citizens, so the Declaration was merely a political separation establishing a new government which inherited all of the constitutional rights. Therefore, at the time of the Declaration of Independence there was already a constitution, and that the Declaration of Independence itself was a constitutional change, principally on one point: Separation from the mother country.

IF DECLARATION IS NOT IN EFFECT, WE ARE STILL PART OF BRITISH EMPIRE

But the point is made that the Declaration of Independence means nothing whatever now, because we have adopted a "Constitution." Well then, if the Declaration of Independence is not in effect, we are still a part of the British Empire. Then it is conceivable that the Declaration of Independence is a part of the American Constitution, and is at the very least its foundation stone.

We have the Articles of Confederation, which are now dead and forgotten, and which no one reads any more. But just as the Petition of Rights is a part of the British Constitution, or, at least, its constitutional history, so are the Articles of Confederation, which formed a stepping stone toward more unified action of the American people of the newly liberated Colonies or States. In fact, the articles were known as the constitution.

The articles were really known as the Articles of Confederation and Perpetual Union. The articles set out the constitutional rights principally in three points: First, there was a reaffirmation of the liberties of the people and their constitutional rights; second, there was established the principle of perpetual union; and, third, there was established the fact, to use the exact words, that the people had the right of "free ingress and regress to and from any other State," which in effect established the idea of a single nation, or the right of the citizens of the United States to travel over this single nation wherever they pleased.

These statements concerning the Articles of Confederation and Perpetual Union are important. Indeed, the concept of the Constitution of Benjamin Franklin, and most of our forefathers, was that the word "constitution" was synonymous with the word "government." Benjamin Franklin used the two words as meaning exactly the same thing.

FALSITIES ABOUT THE CONSTITUTION ADOPTED AT PHILADELPHIA

Then we have the Constitution itself, which was adopted by delegates of various States in 1787. And we might as well get rid of some of the false statements made about it time after time. On Constitution Day we are told that the reason for having a constitution was entirely to protect the liberties of the people and to preserve States' rights.

Both of these are historically and factually absolutely false.

That our forefathers tried to blot out liberty and the inherited constitutional rights of the people I do not believe. Their purpose was to stop the commercial anarchy of the times and to get business going. In any event, although liberty was mentioned in the Preamble, and habeas corpus was protected, there was no Bill of Rights in the original Constitution.

Likewise, far from protecting the rights of the States, it was quite the opposite, and for the purpose of having a strong centralized government and to develop a nation with Federal customhouses, no State tariff barriers, and to build up economically one single nation. That our forefathers assembled as a sacred group of men to save the liberties of the people and the rights of the States is simply nonsense. They were young, energetic men, able, businesslike, and they knew that things were not working. Times were bad. They wanted things to work. So they wrote a contract or document and called it the Constitution.

Entirely as an afterthought, and after the Constitution was adopted and in operation, the Bill of Rights was submitted to the various States by Congress. This Bill of Rights was presented only because the leaders thought the Constitution would not prove an effectual binding power, and that the new Nation would fall apart; and so the Bill of Rights was adopted.

Of course, the Bill of Rights, or the first 10 amendments, thereby became a mechanical part of the written Constitution. It was merely putting in written form what the people believed to be fundamental Anglo-Saxon constitutional rights. But even then, the adoption of the Bill of Rights did not mean a negation or blotting out of other constitutional rights which had been inherited through all the ages of the English Constitution, and through the Declaration of Independence and the Articles of Confederation and Perpetual Union.

CONSTITUTION CHANGES IMPERCEPTIBLE; EMANCIPATION PROCLAMATION

Again, I say, what is our American Constitution? Is it some piece of hard, cold steel which was originally melted, poured out, and then made solid for all the ages? Were we supposed to have exactly the same interpretation of the Constitution, and, of course, always a reactionary one, for all times to come? Let us think of the time of the adoption of our Constitution.

All of us know that our country was different then than now. Now we have congested cities, modern transportation, modern inventions; the actual needs of the people have changed. From a small Nation or a couple or 3,000,000 farmers we have grown into the mightiest Nation on earth; and during that process of change, imperceptibly, gradually, slowly, the hearts and minds of the people have changed, too, and with it the concepts of our Constitution.

For instance, the Emancipation Proclamation. It was not constitutional at the time—or then accepted—in fact, we Americans were just then killing each other off for the sake of the Dred Scott decision of the Supreme Court. But it can be truthfully said that this proclamation, though issued by no court, no Congress, no group, is a part of the Constitution; at least, we can say that it is an epoch, a landmark, a part of our constitutional history.

WHAT IS THE CONSTITUTION?—A SCHOLAR ANSWERS—ITS CONTENTS

Munro, in a textbook on European government, in making a comparison with American Government, says:

"The Constitution of the United States includes not only the original document of 81 sentences which were so laboriously put together in Philadelphia in 1787, but the vast mass of statutes, judicial decisions, precedents, and usages which have grown up around it. It is a live, growing organism which never stands still, and never can stand still."

So, to sum up, it might be advanced that the American Constitution is what the people think it is. It contains the precedents of justice and liberty of the English Constitution up to 1776, the concepts of the Declaration of Independence, the next governmental step of the Articles of Confederation, the written

Constitution itself, which was adopted at Philadelphia in 1787, most of our judicial decisions (not all, since dozens have been reversed), Lincoln's Emancipation Proclamation, our statutes, constitutional amendments, tested public opinions, usages, and statutes.

Take the Wagner Labor Relations Act as an example. It was not necessary in 1812, and very likely would not have been considered by the people as constitutional; but today it is constitutional, and not because the judges said so, but because the people gradually evolved the idea and accepted it in their daily lives. That law was constitutional even though 58 Liberty League lawyers said it was not and urged its violation. Moreover, according to any rule of logic or common sense, the law was constitutional while it was being violated and long before the judges finally said it was constitutional.

In speaking of the Constitution let us always think of it as a part of our everyday lives, and thereby of our fundamental law. Some of the critics of the President say he is breaking down the Constitution, trying to destroy the Supreme Court and be a dictator like Stalin, Mussolini, and Hitler, all in one. Let us follow what the President does. He suggests something to Congress. Immediately he is charged with being a dictator. Such a charge is nonsense, for the Constitution requires him to do this, and common sense requires him to be leader of his party. We might as well remember that Mr. Hoover was looked upon with contempt because he could not get along with Congress; that is why Mr. Hoover got beat—lack of confidence in him as a leader. So there is no logic in blaming Mr. Roosevelt for doing his constitutional duty and attempting to lead Congress.

WRITTEN POWERS OF THE SUPREME COURT OF THE UNITED STATES

As for the Supreme Court, let us discuss some of its actual written powers, since lawyers say that all power proceeds from the written Constitution. Merely making an observation, I picked up one of my children's civics books, American Government, by Magruder, used by millions of children, and here is what it says:

"The power of the courts to declare acts of Congress or acts of State legislatures unconstitutional according to the United States Constitution is not granted in the Constitution."

No one any longer claims that the Constitution says that the Supreme Court can declare an act of Congress unconstitutional. But the mere mention of the subject throws some of our Tories into a quiver, and they generally say something about the stability of business. So let us talk about this unlimited exercise of power by the Supreme Court in its relation to the actual stability of business.

SOME PRACTICAL CONSIDERATIONS FOR BUSINESS

Congress enacts a law. Then some group decides not to obey that law; they hire a half dozen John W. Davises and there is a running fight of injunctions, writs, appeals, court postponements, and other delays. During that time businessmen do not know which way to turn and they lose confidence. When the 58 Liberty League lawyers, whom I have just mentioned, said the Labor Relations Act was unconstitutional, and told their clients to violate the law, just such a thing happened. And as a result, eighty-odd injunctions were filed against the Labor Board to keep it from settling disputes. Then as a direct result of that, and for no other reason, came the sit-down strikes. While the lawyers were banging away at the law it was treated with contempt, and as a result there was business, labor, and industrial anarchy.

The whole argument on this Court business is based on the powers assumed by the Court to declare acts of Congress unconstitutional. The Court should not invade the field of legislation nor pass on the wisdom of the acts of Congress. The test of the constitutionality of a law is not and certainly should not be merely that judges do or do not like it.

SUPREME COURT INVADES THE FIELD OF LEGISLATION

What has happened is that the Supreme Court has invaded the field of legislation, and by the use of such magic phrases as "due process of law" they declare laws unconstitutional simply because five of the members of the Court do not like the particular law.

I suppose you are getting a little sick of the Constitution, but let me sum up as rapidly as I can. The point is the Court has knocked out such laws as the Guffey Coal Act, the Agricultural Adjustment Act, which invaded no one's liberty. Then, straining at what they call due process of law, which is just their opinion, the judges void a law.

In other words, the Court has entered the field of economics and legislative policy. From that field they must withdraw, and when the Court does, the discussion is over, because then we will have representative, democratic government, which we are supposed to have.

SUPREME COURT CONTROVERSY HAS DONE MUCH GOOD

Now, they say that a great deal of harm has been done by the recent Supreme Court controversy. This statement is not true, since, after all, we are supposed to have a democratic country, and discussions, free speech, knowledge, and education form the basis of our Government. The controversy has actually done an immense amount of good because—

First. The Supreme Court has reversed itself in several cases on numerous points of law which make it possible for the country to be governed.

Second. It has been discovered that all judges are human; that they play politics, go to church, get angry, and have all kinds of headaches. The education and information given to the people, although most of it was mis-education and misinformation, has been valuable. The hysteria about the taboo of the Supreme Court has at least been touched.

CONCEPTS IN RELATION TO CONSTITUTION

My friends, England has free and untrammeled courts, and it is worth while to observe them. Liberty is as well protected in England as it is in America. The high court of England, nor any of its courts, cannot declare an act of Parliament void and invalid—but still the liberties of the people are protected.

Why?

The British Constitution, as I have said before, is in the hearts and minds of the British people. I am sure that ours is too, but I hope that we will get rid of this showcase Constitution idea of hiring a lawyer to knock a law out because someone does not like it. I hope that we will develop representative government, democratic government, government of the people, and become a real democracy as we are supposed to be.

LET US MEND, NOT END, THE SUPREME COURT

My friends, we need not end the Supreme Court, but we might as well mend it or, they might mend themselves, by staying within their judicial functions. The business of courts is to protect the real liberties of the people, get them out of jail when they are wrongfully imprisoned, to settle disputes, and enforce, not break down, the laws of the people's representatives. The Supreme Court should settle conflicts of State and State, State and National laws, declare void State laws which violate the Federal Constitution, and for that matter, they should only declare acts of Congress unconstitutional when they actually invade the field of liberty, such as of the press, religion, speech, and trial by jury.

Here I should like to offer you an observation that the countries of Europe that had elastic, flexible constitutions, still enjoy democracy and free government. Some of them are England, France, Switzerland, Norway, Denmark, and Sweden. The countries which had inflexible governments and absolute laws still have absolute governments, and are generally considered worse and more absolute. They are Italy, Russia, and Germany.

THE SPECIAL SESSION, NOVEMBER 15—WHAT ABOUT IT?

Well, now, let's get to the next Congress. We will consider a maze of serious laws affecting your lives, and because of the international situation the people of the whole world. But more serious than the laws themselves is the situation of the Democratic Party and its internal cross currents.

I say this wholly without going into personalities and am doing this in the sense of an English politician who talks on principles of government. I am one southerner who believes that we should get rid of our southern complexes, that we should forget the Civil War, and realize that the South, after all, has the lowest wages, the lowest fertility of its soil, the worst housing, and generally the worst conditions of any other portion of the United States of America. We must get rid of our smelling magnolia blossoms for the purpose of government, and get down to the bare facts of the economic rights of all the American people, north, south, east, and west.

DEMOCRATIC PARTY—WE MUST HAVE COHESION

I am frank to say that it would not hurt the South if it had another political party. I don't necessarily mean a third party, but just plain old reactionary Republicans, if nothing else. In the South, if you are a Democrat, whatever you say or believe, you get elected. The result is that we have all kinds of southern Democrats—also big-city Democrats, like those from New York City, Kansas City, St. Louis, and Chicago; northwestern Democrats, who come out of the Farmer-Labor area; then we have the western Democrats. We Democrats need a binding force. So far it is Roosevelt, who is a real friend of the South. [Applause.]

During the last session of Congress the minimum-wages and maximum-hours bill failed of enactment, largely because of the southern delegation, of which I am a member. I do not criticize my colleagues but speak for myself. I was for the minimum-wages and maximum-hours bill because I believe that the South needs it more than any other section of the country. Southern Democrats kept the bill from coming on the floor.

Then it was suddenly realized that the crop estimate on cotton was going to make the price of cotton topple. We southerners demanded a cotton subsidy, but it looked as though the subsidy would be defeated. And so our leaders got on the floor and begged that the bill be passed. It was almost defeated by the northern and western Democrats.

What, then, is it that we of Congress and the American people need to do? It is not that we should be for this or that bill which some special-interest group favors or which is sectional in character, but that everyone must realize that America is one economic unit. More, we must abandon our ideas of governing in the past and quibbling over what used to be and govern for the present and the future. In other words, we must be intelligently and thoughtfully progressive. If we follow that rule we can pretty near know how to vote on any bill.

Let us get permanently in our minds, my friends, that we cannot have a separate unit of underprivileged areas, as the South is at the present time, and that there must be other areas which have superior privileges to ourselves, and vice versa. We must have certain minimum privileges for all the people of the United States of America.

PROGRESS ALWAYS DENOUNCED AS DESTRUCTION BY REACTIONARIES

Take the minimum-wage law, the Social Security Act, and National Labor Relations Act. Every law that concerns human progress or the rights of humanity is always denounced as something

that will bankrupt business, and recently more particularly that these laws will bankrupt the South especially, because we have such cheap labor it cannot be paid the miserably low standards hoped for.

These kinds of statements were made by the big shots of England when public opinion wanted to stop children 7 years old from working 14 hours a day in the mills of Manchester; it was said again when people wanted to abolish child labor in America; it was said by Judge Gary that the Steel Trust would go broke if it worked the men before their open furnaces and hearths any less than 12 hours a day.

My friends, business has not gone bankrupt, and as cultural and social advances are made in society, business has been more humane, and just as profitable. Therefore it seems to me that the intelligent thing for us to do is to stand for progress and laws which are for social and human betterment.

Besides the minimum-wage and maximum-hour bill, Congress will consider an agricultural bill. I do not even know what bill is going to be presented. But the purpose is to protect agriculture and labor—that is, the American people. And the point is not the specific legislation but the idea that we must no longer submit to blind economic forces and leave the American people afloat in a sea of exploitation and monopoly pirates. In this we must recognize the principle of the responsibility of the people to the Government and the Government to the people, for both are the same.

And as for the minimum wages and agriculture bills, one thing is certain, they should be enacted together, so that all groups will get a square deal.

WE MUST GET OUR HEADS OUT OF THE SAND

Should we wish to consider something really important, we might as well get our heads out of the sand and study unemployment, for, as I said in the very beginning, we have not solved our serious problems. In the closing days of the last Congress we passed a bill which is supposed to be an unemployment census. Everybody who is unemployed is supposed to fill out a blank that he hasn't a job.

In my opinion, this whole affair is worthless, useless, and another case of our sticking our heads in the sand like silly ostriches so we can't see the truth. I hope it will be successful, but seriously doubt it. The unemployed, well knowing filling out a blank won't get them jobs, won't sign up, and because of the haphazard character of the set-up the job will be done inefficiently, and when finished will undoubtedly mean absolutely nothing.

In the last session of Congress I introduced—and so did several other Members of Congress—a bill to provide for an unemployment commission, to make a real study of the unemployment problem, in order to determine the causes of unemployment, the economic background of our present situation, and to further report on the problems of youth and old age. All of this is intended to be handled with a view to really solving something. Just to find out is one of our problems; we haven't even done that. So, if you really want to be for something basic, be for the establishment of an unemployment commission.

THERE HAS BEEN A REVOLUTION—NOT BLOODY, BUT NEVERTHELESS A REVOLUTION

The most important thing for us all to do is to realize that there has been a revolution, just as our first one, and just as the French Revolution; the only difference is that this revolution has not been bloody. Many of our people cannot see this, some of them refuse to see it. Some are like the old French aristocrats, who died, not being able to comprehend what had happened. And that human stupidity lasts on forever, there are still people in France who still claim to be aristocrats, and still call themselves princes, dukes, and counts.

Our change or revolution has already occurred! The 130,000,000 Americans who live here are not going to go back to the old order. We could not go back if we wanted to, but the people have no intention of doing it anyway.

At this very moment, my fellow Texans, the big boys of Wall Street, the big chambers of commerce, the National Manufacturers' Association, and the noisy rich are beating tin pans of false despair, and are telling you that the Government is really going to hell. There is a great gush of propaganda, supposed to induce fear in the minds of the American people, being shot through every phase of our life; in our newspaper headlines, in articles, in special columns, and in vicious and malicious cartoons. And, truthfully, as I am speaking, there has been what we might call a "business recession", but as for there being any real or honest excuse of any depression, there is none. I have not the time to discuss it here, but there is one thing sure: Hoover and Mellon tried to settle all our problems by letting the stock market go wild, with the big taxpayers being freed of their surtaxes and with the burdens on the people generally. They killed their own golden goose. The result was the greatest crash in history. Certainly we cannot go back to anything like that.

If I am any judge of the American people this kind of propaganda is going to fall flat. It may cause discomfort for a time, but the American people have bit on this propaganda enough so that I do not think they will do it again. All of these people who are now wrapping themselves in the flag and moaning about the Constitution when they really mean something else, are not going to be able to halt the march of progress of the American people—at least, not with the consent of the American people. [Applause.]

It is fortunate that we can afford to laugh at their asininities, and let them roar in the kept press and free air of a free country; no longer is it either sensible or necessary to spill blood, but we can accomplish everything by using our own heads, and voting intelligently.

Yes; we ordinary people are going to have to save this country, just as ordinary people have done in the past. [Applause.] But if we do, we must not be afraid of ridicule from the "smug-mugs," of being called horrid names.

We must march ahead courageously, using our headpieces instead of our fowling pieces; and just as the farmer boys at Lexington and Concord caused the shot that rang around the world, we can do the same, and make this a decent country in which to live. [Applause.]

Mr. Speaker, following the speech which I have just inserted, various questions were asked, which were also taken down by a court reporter. These questions indicate what people are thinking about:

LEAGUE OF NATIONS—JAPAN AND CHINA—NEUTRALITY

Question. Mr. MAVERICK, at the present time Japan is invading with the greatest brutality the peaceful nation of China. (Question largely eliminated because of long discussion of the League of Nations.) Mr. MAVERICK, do you not believe that we should cooperate with the rest of the nations to keep peace in the world?

Answer. I am frankly bewildered as to what should be done. I am not afraid to answer that question, but merely cannot. However, I will set down this premise. I will not vote for war unless we are actually attacked [applause]——

Questioner (interjecting). Very well, Mr. MAVERICK, you have said numerous times that we loaned money in Europe and kept on lending it, and went to war, to a certain extent, to collect the money. Do you not think that if we could by the use of sanctions, boycott, or whatever you want to call it, prevent the extension of credit to the various nations, that we could keep ourselves out of this war?

Answer by MAVERICK. Without reference to any particular foreign nations, we should invoke our own embargoes on the supplies against any at war. We should observe neutrality. [Applause.] We should not extend credit to any; we should stay out of it.

ANTILYNCHING BILL FOR ALL CITIZENS

Question. Mr. MAVERICK, you were the only southerner who voted for the antilynching bill. Will you explain that bill and tell me the attitude of other southerners and why they did not vote for it?

Answer. Your question is somewhat embarrassing. Indeed, those who voted against the bill were quite as conscientious as I am. In voting for the bill I was not thinking only of the colored people, but was thinking about American citizens, white or black, and the protection of their lives from mobs. [Applause.] We must not forget that they lynch people out in California—white men—and the then Governor of California indirectly approved—and was bitterly criticized by President Roosevelt.

But as a matter of fact, I am not the only person from the South who voted for the antilynching bill. Several scattered through the States of Oklahoma, Kentucky, Tennessee, and Maryland voted for it.

In speaking of the South it might be said that Texas is really not a part of what is generally known as the South. Texas is southwestern and has a different psychology. Florida, even, has had such a heavy migration from the North that I am told that it is no longer southern in that sense. The same applies, more or less, to some other Southern States.

My personal opinion is that all of us must stop voting and thinking from a sectional viewpoint. There is a difference between regionalism and sectionalism. Certain regions, because of geographical, climatic, or other reasons, are entitled to certain appropriate treatment, but sectionalism consists of special privileges, favors, or discriminations. There is a great deal of difference between regionalism and sectionalism.

THE SUPREME COURT AND CONSIDERED PUBLIC OPINION

Question. Mr. MAVERICK, you say the Supreme Court has exceeded its power?

Answer. Sure.

Question. * * * And I would like to know how are you going to stop the Supreme Court? How are you going to decide?

Answer. Well, that is very difficult to answer. My idea is, as I said in the main speech, the Supreme Court should confine itself to protecting what are really the liberties of the people. They have dragged out "due process of law" and have made an entirely new baby of it. They have him in clothes he was never intended to wear.

As you know, "due process of law" is contained in the fourteenth amendment—it referred to "persons, born or naturalized"—that they should have due process of law. The amendment was written entirely on account of the liberation of the slaves after the Civil War and was intended to be for the preservation of their rights and the rights of persons, and for no other reason whatever.

But the Supreme Court came along, and they said that "person" meant "corporation." This interpretation caused the greatest destruction of natural resources and violation of the rights of the States that you can imagine. It was a license to loot the States. This has all been accomplished through the Supreme Court. In doing this the Supreme Court assumed legislative powers and changed the economic face of the Nation.

A lot of people talk about preserving "States' rights" with capital letters. The truth of the matter is that the Supreme Court has not preserved States' rights, but have preserved the rights

of great corporations. They have permitted the great corporations to cross State lines and have kept the States from properly regulating them by numerous decisions. My idea is that the Supreme Court should withdraw from the economic and legislative fields and should confine itself to the protection of the liberties of the people.

Question. How is that to be accomplished, Mr. MAVERICK, since they have the power to declare acts of Congress unconstitutional?

POWER OF THE SUPREME COURT

Answer. They have the power, you say?

Question. Of course.

CONGRESSMAN HILL OF WASHINGTON OFFERS $100,000 PRIZE TO ANYONE FINDING POWER OF COURT IN CONSTITUTION

Answer. Well, now, suppose I admit that they have the power; still there is no written authority for such power in the Constitution, which, of course, everyone admits. One of my colleagues, Mr. KNUTE HILL, of Washington, says that he used to teach school, and that he would give any student $100 who could show that the Constitution says the Supreme Court has that power. He says that he now has it up to $100,000. [Laughter.]

In any event, the Constitution does not grant such power to the Supreme Court. How do they get it? The answer is, they got it by public opinion making no objection. They first exercised the power in the case of Marbury against Madison, when it did not make any difference; and even then Chief Justice Marshall said that it would be better for Congress to veto any declaration of unconstitutionality, rather than that the judges be impeached by Congress, which power, he said, they had, and which, of course, everyone knows they had.

As public opinion becomes more informed it will look with scorn on the Supreme Court assuming powers, which neither in common sense nor democratic government they are entitled to have. When the public comes to understand that the Constitution does not even say the Court has the power to declare acts of Congress unconstitutional, they will then demand that the Court confine itself to the protection of the liberties of the citizen and not interfere in legislation.

MINIMUM-WAGE BILL—FARMERS—APPLICATION TO SOUTH

Question. Mr. MAVERICK, you say you voted for the minimum-wage and maximum-hour bill, and that you were——

Mr. MAVERICK (interjecting). I did not say I voted for it, because I never had the opportunity. However, I will vote for it if I get a chance. [Applause.]

Questioner (continuing). All right, that is all the same; you say you will vote for it. But what about the farmers, the ranchers, who toil and work? What about cotton pickers? You have a bill which protects the people in the cities but does not protect the farmers and the ranchers. What are you going to do about the farmers and the ranchers?

Answer by Mr. MAVERICK. Well, when you vote for a law it cannot be perfect in the first place. The Social Security Act is by no means perfect, but I voted for it, and it covered certain groups of people. I hope that it can be extended as time goes on. But specifically answering your question on the minimum-wage and maximum-hours bill, I know one thing—when wages are high in the cities farmers have good business. When were they dumping milk but back in the Hoover administration, at the time there was great unemployment and the prevalence of low wages? Sure.

The farmers are getting along much better now, and that is because the people in industrial occupations are getting somewhat better wages. Then why shouldn't we have minimum wages for people in cities? In my own city it is known that pecan shellers have gotten an average wage of $1.29 a week, which, I believe, is about the lowest wage in America. You have girls here in Fort Worth working for three, four, and five dollars a week. The answer is that if we can make certain protections for these people they can buy more, they can get organized, and they can be better citizens, and it will be better for business, and society in general.

Yes; they can get better organized and therefore protect their economic and political rights. Then, when you get down to brass tacks, there is many a kid who leaves the farm and goes to town. It is estimated that from 30 to 40 percent of the population of the cities are from the country. But certainly those people who live in the country and whose relatives go to town want those relatives to be protected. Moreover, my friend, there is a difference between agricultural and industrial labor. Some men who live in the country get very low wages indeed, but they have the rent of houses and sometimes other privileges, such as the use of wood, heat, light, and fuel, and their wages are really higher than they seem. Yes; I will vote for the minimum-wage and maximum-hour bill, and I think that I will be benefiting everybody. [Applause.]

ARE JUDGES BETTER BECAUSE THEY HAVE JOBS FOR LIFE?

Question. Do you not think that the Supreme Court is better fitted to judge what is good for the people because they are naturally unbiased and since they have good jobs for life?

Answer. Why should jobs for life fit a man for being a better judge of life, when his life is assured and other people's are not? No! No! If that is true, double my salary and give me a job for life. [Laughter.]

The truth of the matter is that there is a question in my mind whether or not judges should have their jobs for life. Any man who gets a job for life and who does not have to concern himself about anybody else's affairs is likely not to understand them. How many judges take the trouble to really understand the various and sundry problems of humanity? Many of them take the attitude that they should not associate with other people because they might be considered as being either undignified or biased in their decisions. For instance, Justice Roberts, the swing man of the Court, who goes back and forth on all decisions, associates very little with the average American. And not to belittle or to spread any scandal, for it made no particular difference, nevertheless, Mr. Roberts went to the McLean party, where some several thousand dollars were spent for champagne and liquor. This is no reflection; he behaved like a gentleman. I only mention it to show that he is more familiar with champagne and dress suits than with overalls and beer. He had his picture taken, all dressed up in a dress suit, at this swell affair. Mr. Roberts is no doubt a good man, but I doubt if he knows anything at all about ordinary, average men.

And since one may think it necessary to have public officials good men because they get $20,000 a year, jobs for life, and no responsibility, why not do that for Congress? The truth is a man may be less fitted to decide human questions if he is frozen in a job for life. But, at that, a judge is human and can make mistakes.

SHOULD A KU KLUXER BE ON THE BENCH?

Question. Say, Mr. MAVERICK, do you think a Ku Kluxer ought to be on the Bench? What about this fellow Black?

Answer. I knew that was coming up, all right. [Laughter.] Well, we people down here in Texas better not be too choosey about Ku Kluxers. I was a bitter opponent of the Klan and fought it from the time it started. I know some Ku Kluxers who still think the Pope's Navy is on the way to the United States, and some of them who still refer to "Catholics, niggers, and Jews" all in the same breath, and all as people who ought to be gotten rid of. I know a man back home who is a Ku Kluxer and would still like to burn down a Catholic Church, or lynch a colored man, or run a Jew out of town if he had a chance, who made the remark that I made a fool out of myself by saying Black was a good man, because I would never forgive him—I mean the Kluxer back home. My answer was that this particular fellow was not fit to even join the Klan. [Laughter.]

KU KLUXER, CORPORATION LAWYERS, ENGLISHMAN ON SUPREME BENCH

But, getting down to the point, I know Black personally, and he is a good, honest man. He is on the square. His wife is a fine lady. Both of them have studied hard; he has been a student, and he is right on social and human issues. He is for the improvement of the human race; he believes in better labor conditions; he believes that people ought to live in good houses, be educated, and have decent living conditions.

I do not think that his Klan affiliation will affect him as a Justice in any way, and I believe that he will make an excellent one. [Applause.]

And I want to make an important observation: Black, unconsciously, has done a great deal of good, just by getting criticized. For it has been found out that other judges are human, too. There is Justice Sutherland, born in England, and who never fails to visit his native country at every chance. If Black is to be denounced as a Ku Kluxer, some narrow-minded person may refer to Sutherland as an Englishman, and as not knowing so much of the United States. Someone else may refer to former corporate connections of other Justices, and their opinions which are favorable to corporations.

The really important thing is for every American to realize that the judges are human, prejudiced, biased, and have extreme views, one way or the other, just like us. They are not perfect, they are not saints. And if the people make mistakes, it is better to make them themselves rather than a few who have jobs for life. Think that over.

THE C. I. O. AND THE A. F. L.—WILL THEY GET TOGETHER?

Question. Mr. MAVERICK, do you think the C. I. O. and the A. F. of L. will get together, and which organization do you like the best?

Answer. Lordy, Lordy, I knew that I'd get a question at the very last that would take an hour and a half to answer. First of all, I don't like either one the best, but I like all organizations which are for the purpose of bettering humanity. The C. I. O., the A. F. of L., the rail brotherhoods, and any other labor organizations should, in my opinion, be supported by public opinion.

But answering your question directly as to whether the C. I. O. and the A. F. of L. will get together, I don't know. [Laughter.] But discussing the questions involved, which is the most important, the C. I. O. stands for industrial unionism—you know what I mean, to cover such big industries as automobiles, mines, textiles, and such as that, and in which case they will have only one union covering a given industry. The American Federation of Labor is based on craft unionism, which means that they have, we will say, stationary engine operators, plasterers—then, for instance, in the printing trades, pressmen, lithographers, photoengravers, printers, stereotypers, and so on. That's the set-up.

If we have big industries, we must have big industrial unions. In the building trades, no doubt, the idea of craft unionism is the thing—in any event, there is little likelihood of the break-up of the building trades in the matter of crafts. My personal opinion is that there is a place for both industrial and craft unionism. Further, the rank and file of the American people do not like this fighting; neither are any of the people who belong either to the C. I. O. or the A. F. of L. mad at each other. [Applause.] And my idea is that within a couple of years they will be forced by their own members and by intelligent public opinion to get together.

The reason is that industrial unionism has established itself, and the A. F. of L. cannot stop it. The American Federation of Labor and the public must indeed recognize industrial unionism because it is an accomplished fact. But the C. I. O. cannot wholly dominate the field, which they know. There is a place for both, and I think that they will get together sooner or later, or, at least, they better get together, if they know what is good for labor.

Well, now, I have about talked you down [laughter] and it is about time that everybody go home and go to bed. I have enjoyed making my speech, trying to answer your questions, and I hope to come to Fort Worth again some time and talk to you. This is one of the nicest audiences that I ever talked to—no kidding—and I notice that a majority of the audience are youngsters. Look down there—I see a bunch of girls who run between fifteen and twenty-one—and there, over in the corner, I see a bunch of boys who go to Texas Christian University, whom I met on the way in. Yes, sir; I have had a good time, and I hope that you have not been bored quite to death. Good night, and I will see you again. I am going up to Washington and vote progressive, which is best for Texas and the Nation. [Applause.]

Address On War

EXTENSION OF REMARKS

OF

HON. JOSEPH B. SHANNON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, November 22, 1937

ADDRESS BY ALEXANDER CAMPBELL, DELIVERED AT WHEELING, VA., IN 1848

Mr. SHANNON. Mr. Speaker, I ask unanimous consent to extend my remarks and to include an Address on War made in 1848 by that great Christian and scholar Alexander Campbell. It is the most eloquent discourse I have ever read on that subject. His arguments against war are as tenable today as they were when advanced by him in 1848.

The address is as follows:

Ladies and gentlemen, has one Christian nation a right to wage war against another Christian nation?

On propounding to myself, and much more to you, my respected auditors, this momentous questions so affecting the reputation and involving the destiny of our own country and that of the Christian world, I confess that I rather shrink from its investigation than approach it with full confidence in my ability to examine it with that intelligence and composure so indispensable to a satisfactory decision. With your indulgence, however, I will attempt, if not to decide the question, at least to assist those who, like myself, have often and with intense interest reflected on the desolations and horrors of war, as indicated in the sacrifice of human life, the agonies of surviving relatives, the immense expenditures of a people's wealth, and the inevitable deterioration of public morals invariably attendant on its existence and career. If with Dr. Dick, of Scotland, we should put down its slain victims to the minimum of 14,000,000,000; or with Burke, of Ireland, at the maximum of 35,000,000,000; or take the mean of 24,500,000,000, what imagination could picture all the miseries and agonies inflicted upon the slain and upon their surviving relatives and friends? And who could compute the wealth expended in the support of those immense armies whose butchered millions can never be exactly computed? If Great Britain alone, from the revolution in 1688 to the overthrow of Napoleon in 1815, during her 7 years' wars, occupying 65 years of 127, expended the sum of £2,023,000,000—more than $10,100,000,000—a sum much more easily expressed than comprehended by even the most accomplished financier—how can we compute the aggregate expenditures of all the battles fought and wars carried on during a period of some 5,000 years? Yet these millions slain and these millions expended are the least items in its desolations to the mind of an enlightened Christian philanthropist. When we attempt to reflect upon one human being in the amplitude and magnitude of his whole destiny in a world that has no limit and also survey the capacities and susceptibilities of his nature according to the Christian revelation, how insignificant are the temporal and passing results of any course of action compared with those which know neither measure nor end. How important, then, it is that in investigating a subject whose bearings on society arithmetic cannot compute nor language express we approach it with a candid and unprejudiced temper and examine it with a profound and concentrated devotion of our minds to all that history records, philosophy teaches, and religion enjoins.

But, before entering upon the proper examination of this question, it may be of much importance to a satisfactory issue that we examine the terms in which it is expressed. More than half the discussions and controversies of every age are mere logomachies, verbose wranglings about the terminology of the respective combatants; and more than half the remainder might be compressed into a very diminutive size, if, in the beginning, the parties would agree on the real issue, on the proper terms to express and define them.

As public faith or commercial credit, founded upon an equivocal currency, on its exposure suddenly shrinks into ruinous dimensions, at once blighting the hopes and annihilating the fortune of many a bold adventurer, so many a false and dangerous position, couched in ambiguous terms, when pruned of its luxuriant verbiage, divested of its captivating but delusive elocution, and presented in an intelligible, definite, and familiar attitude, is at once reprobated as unworthy of our reception and regard.

On comparing the literature and science of the current age with those of former times we readily discover how much we owe to a more rigid analysis and a more scrupulous adoption of the technical terms and phrases of the old schools, to which the whole world at one time looked up as the only fountains of wisdom and learning. When submitted to the test of a more enlightened criticism many of their most popular and somewhat cabalistic terms and phrases have been demonstrated to be words without just or appropriate ideas, and have been "nailed to the counter" as spurious coin; others, however, like pure metal in antique forms, have been sent to the mint, recast, and made to receive the impress of a more enlightened and accomplished age.

The rapid progress and advancement of modern science is, I presume, owing to a more rational and philosophical nomenclature and to the more general use of the inductive system of reasoning, rather than to any superior talent or more aspiring genius possessed either by our contemporaries or our immediate predecessors.

Politics, morals, and religion—the most deservedly engrossing themes of every age—are, in this respect, unfortunately, behind the other sciences and arts cultivated at the present day. We are, however, pleased to see a growing conviction of the necessity of a more apposite, perspicuous, and philosophical verbal apparatus in several departments of science, and especially to witness some recent efforts to introduce a more improved terminology in the sciences of government, morality, and religion.

To apply these preliminary remarks to the question of this evening, it is important to note with particular attention the popular terms in which we have expressed it, viz:

"Has one Christian nation a right to wage war against another Christian nation?"

We have prefixed no epithet to war or to right, while we have to the word "nation." We have not defined the war as offensive or defensive. We have not defined the right as human or divine. But we have chosen, from the custom of the age, to prefix Christian to nation. The reasons for this selection and arrangement of terms shall appear as we proceed.

First, then, had we prefixed the word "offensive" to the word war, we would, on proving that a Christian nation had no right to wage an offensive war, be obliged to institute another question, and to ask, "Can a Christian nation wage a defensive war against another Christian nation?" thereby implying that one Christian nation might be the aggressor and another the aggrieved. But we cannot without great difficulty imagine such a thing as a Christian nation carrying on an aggressive war. We, therefore, simplify the discussion by placing in the proposition the naked term "war." Nor shall we spend our time in discussing the political right of one nation to wage war against another nation, and then ask whether they have a divine right. Indeed, the latter generally implies the former; for, if a nation have a divine right, it either has or may have a political or moral right to do so.

But we must inquire into the appropriateness of the term "Christian" prefixed to nation—for popular use has so arranged these terms—and the controversy, either expressly or impliedly, as nowadays occasionally conducted in this country, is, Has one Christian nation a right to wage war against another Christian nation? But, as we assume nothing, we must ask the grave and somewhat startling question: Is there a Christian nation in the world, or have we a definite idea of a Christian nation? We have, indeed, had, for many centuries past, many nations called Christian nations; but we must fearlessly ask, at what font were they baptized? Who were their godfathers? In what record are their sponsors registered? Aye, these, indeed, are preliminary questions that demand a grave and profound consideration. That there are many nations that have Christian communities in them is a proposition which we most cheerfully and thankfully admit. By a common figure of speech, we also give to that which contains anything the name of the thing contained in it. Thus, rhetorically, we call one edifice a college; another, a bank, a third, a church; not because the brick and mortar, the plank and nails, constitute a college, a bank, a church, but because these buildings contain these institutions. So we have—if anyone contend for the name—as many Christian nations as we have Christian communities in different nations, and as many Jewish nations as we have nations with Jewish synagogues in them, and as many Mohammedan nations as we have nations containing mosques in them. But, according to this rhetorical figure, we may have a Christian and a Jewish nation, or a Christian and a Mohammedan nation, in one and the same nation, as we sometimes find both a Jewish and a Christian synagogue in the same nation. But a rhetorical Christian nation and a proper and unfigurative Christian nation are very different entities. A proper literal Christian nation is not found in any country under the whole heavens. There is, indeed, one Christian nation, composed of all the Christian communities and individuals in the whole earth.

The Apostle Peter, in one letter addressed to all the Christians scattered throughout Pontus, Galatia, Cappadocia, Asia, and Bithynia, though "strangers" or aliens in these respective nations, calls them collectively "a holy nation, a royal priesthood, a peculiar people." In strict logical and grammatical truth there is not, of all the nations of the earth, one properly called a Christian nation. Therefore, we have never had as yet one Christian nation waging war against another Christian nation. Before anyone, then, no matter what his learning or talents may be, can answer the great interrogatory now in discussion, he must form a clear and well defined conception of what constitutes a nation and what constitutes a Christian.

We have very high Roman authority for defining a nation, from nascor. Pardon me for quoting it: "Genus hominum qui non aliunde venerunt, sed ibi nati sunt"; which, in our vernacular, means a race or tribe of men who have not come from abroad but live where they were born. Being a Roman word, derived from natural birth, a Roman author has the best right to define it. Now, a Christion is not one born where he lives; he is born from above, as all Christians of all parties admit. Therefore, no nation, as such, as respects either its natural birth or its constitution, can with any show of truth or reason be called a Christian nation. When anyone produces the annals of a nation whose constitution was given by Jesus Christ, and whose citizens are all born of God spiritually, as well as of man physically, I will at once call it, in good faith, without a figure, a true, proper, and literal Christian nation.

Now, although we have this advantage, which no one can take from us, and conceded, too, by all the literary and Christian authorities in Christendom, we will not build on it alone, nor at all. We will not have it said that we carry our definition by a grammatical or rhetorical decision of the great question. We appeal to all our public documents, without regard to party. We appeal to all our elementary and most profound writers on the subject of nationality. Nay, we appeal to the common views of this whole community. Have we not a church and a state in every State in the Union and in every European nation? Do not all belong to the state or nation, and a part only, and that often a small part, to the church? Is not the bond of political union blood, or naturalization? Is not the bond of union in the Christian kingdom faith, or the new birth? What nation is there whose citizens, or a majority of them, are Christians. Not one, even in profession.

But there is a reflex light of Christianity, a moralizing and a civilizing influence as well as a direct and soul-redeeming radiance, which imparts to those nations that have the oracles of God a higher standard of moral excellence, a more discriminating conscientiousness, and a more elevated national character; which, in contrast with pagan nations, obtains for them the honorary distinction of Christian nation. Still, as nations, or states, the spirit and character of the nation are anti-Christian. A community of Jews is New York or New Orleans, even were they naturalized citizens of the United States, would not impart to those cities an American or Gentile spirit, nor would they impart to our Nation a Jewish spirit or character. They would still be Jews and we Americans.

The American Nation as a nation is no more in spirit Christian than were Greece and Rome when the apostle planted churches in Corinth, Athens, or in the metropolis of the empire, with Caesar's household in it. Roman policy, valor, bravery, gallantry, chivalry are of as much praise, admiration, and glory in Washington and London as they were in the very center of the pagan world in the days of Julius or Augustus Caesar. We worship our heroes because of their martial and Roman virtue. Virtue in the Roman language was only a name for bravery or courage. Such was its literal meaning. With a Roman it was queen of all the graces and of all moral excellencies. It raised from plebeian to patrician rank and created military tribunes, decemvirs, triumvirs, dictators, consuls, kings, emperors. With us it cannot make a king, but may, perhaps, a third time make for us a President. If, indeed, it does not yet make for us a king we shall blame the soil, not the culture. Kings cannot grow in America. But under our free and liberal institutions we can impart more than kingly power under a less offensive name.

But a Christian community is, by the highest authority, called a kingdom. He, however, who gave it this name said to Caesar's representative, "My kingdom is not of this world. Had My kingdom been of this world, My servants would have fought, and I should not have been delivered to the Jews. But now is My kingdom not from hence." It is, then, decided, first, that we have no Christian nation or kingdom in the world, but that Christ has one grand kingdom composed of all the Christian communities in the world, of which He is Himself the proper sovereign, lawgiver, and king.

Having, then, no Christian nation to wage war against another Christian nation, the question is reduced to a more rational and simple form, and I trust it will be still more intelligible and acceptable in this form, viz: Can Christ's kingdom or church in one nation wage war against His kingdom or church in another nation? With this simple view of the subject, where is the man so ignorant of the letter and spirit of Christianity as to answer this question in the affirmative? Is there a man of ordinary Bible education in this city or Commonwealth who will affirm that Christ's church in England may of right wage war against Christ's church in America?

But I will be told that this form of the question does not meet the exact state of the case as now impinging the conscience of very many good men. While they will with an emphatic "no" negative the question as thus stated, they will in another form propound their peculiar difficulty:

"Suppose," say they, "England proclaims war against our Nation, or that our Nation proclaims war against England: Have we a right, as Christian men, to volunteer, or enlist, or, if drafted, to fight against England? Ought our motto to be, 'Our country, right or wrong'? Or has our Government a right to compel us to take up arms?"

This form of the question makes it important that we should have as clear and definite conceptions of the word "right" as of any other word in the question before us. We must, then, have a little more definition. For the doctrine of right and wrong, so frequently spoken of by elementary political writers, I cannot say that I entertain a very high regard. Men without religious faith, being without an infallible guide, are peculiarly fond of abstractions. Led by imagination more than by reason, authority, or experience, they pride themselves in striking out for themselves and others a new path, rather than to walk in the old and long-frequented ways. They have a theory of man in society with political rights, and of man out of society with natural rights; but as they cannot agree as to the word "natural" prefixed to "right"—whether nature be a divinity or the cause of things—I will not now debate with them the question of natural rights, but will take the surer and well-established ground of a divine warrant, or a right founded on a divine annunciation.

Much, in all cases of any importance, depends on beginning right; and in a question upon right itself, everything depends upon that ultimate tribunal to which we make our appeal. In all questions involving the moral destinies of the world, we require more than hypothetical or abstract reasoning from principles merely assumed or conceded. We need demonstration, or, what in this case of moral reasoning is the only substitute for it, oracular authority. All questions on morals and religion, all questions on the origin, relations, obligations, and destiny of man, can be satisfactorily decided only by an appeal to an infallible standard. I need not say that we all, I mean the civilized world, the great, the wise, the good of human kind, concede to the Bible this oracular authority; and, therefore, constitute it the ultimate reason and authority for each and every question of this sort. What, then, says the Bible on the subject of war?

It certainly commended and authorized war among the Jews. God had given to man, ever since the flood, the right of taking away the life of man for one specified cause. Hence murderers, ever since the flood, were put to death by express divine authority. "He that sheds man's blood, by man shall his blood be shed." He gave authority only, however, to one family or nation, whose God and King He assumed to be. As soon as that family was developed into a nation, He placed it under His own special direction and authority. Its government has been properly called by Josephus, a distinguished Jew, a theocracy. It was not a republican, an aristocratical, or monarchical, but a theocratical government, and that, indeed, of the most absolute character, for certain high ends and purposes in the destinies of mankind—temporal, spiritual, and eternal. God was, therefore, in person the king, lawgiver, and judge of the Jewish nation.

It was not simply for desiring a king that God was at one time displeased with them. It was for asking a king like those of other nations, and thereby refusing God Himself and God alone as their king. Still, He never made their kings any more than viceroys. He, for many centuries, down to the end of Old Testament history, held in His own hand the sovereignty of the nation. Hence the kings ruled for Him, and the high priest, or some special prophet, was the Lord's mouth to them. Their kings were, therefore, unlike other kings. They truly, and only they, of all the kings on earth, were "the Lord's anointed." The Jewish kingdom was emphatically a typical institution, prospective of a kingdom not of this world, to be instituted in future times and to be placed under the special government of His only Son and Heir. Hence it came to pass that the enemies of Israel became typical of the enemies of Jesus Christ; and hence the temporal judgments inflicted on them were but shadows through which to set forth the spiritual and eternal judgments to be inflicted on the enemies of the Messiah's reign and kingdom. Whether, therefore, the enemies of the Jews fell in battle, or by any of the angels of death, it was God that slew them. Hence their kings and God's angels were but mere sheriffs, executing, as it were, the mandates of high heaven.

It is, however, important to reiterate that God gave to Noah, and through him to all his sons and successors in government, a right to take away, in civil justice, the life of a murderer. As the world of the ungodly, antecedent to the Deluge, during the first 500 years of Noah's life, was given to violence and outrage against each other, it became expedient to prevent the same violence and bloodshed after the flood; and for this purpose God gave to man, or the human race in Noah's family, the right to exact blood for blood from him who had deliberately and maliciously taken away the life of his fellow. Had not this been first ordained, no war, without a special divine commission, could have been sanctioned as lawful and right even under the Old Testament institution. Hence we may say that wars were first allowed by God against those who had first waged war against their fellows, and consequently, as viewed by God Himself, they were murderers. The first and second wars reported in the annals of the world were begun by the enemies of God and His people, and hence the reprisals made by Abraham and Moses are distinctly stated to have been occasioned by the enemies of God and His people.

But what is most important here and apposite to the occasion is that these wars waged by God's people in their typical character were waged under and in pursuance of a special divine commission. They were, therefore, right. For a divine precept authorizing anything to be done makes it right absolutely and forever. The Judge of all the earth can do only that, or command that to be done, which is right.

Let those, then, who now plead a jus divinum, a special divine warrant or right for carrying on war by the authority of the Lord Jesus Christ, produce a warrant from the present Monarch of the universe. What the God of Abraham did by Abraham, by Jacob, or by any of his sons, as the moral Governor of the world, before He gave up the scepter and the crown to His Son, Jesus Christ, is of no binding authority now. This is a point of much more importance than we can at present develop, and one which has been, so far as known to me, wholly slurred over in this great investigation. The very basis of the Christian religion is that Jesus Christ is now the Lord and King of both earth and heaven, and that His Father and our God no longer assumes to be either the lawgiver, judge, or king of the world. It is positively declared by Him that all legislative, judiciary, and executive power is now committed into the hands of One who is both our kinsman and God's only begotten Son. Two grand declarations that ought to revolutionize our whole views of civil government as respects its ultimate authority, and change some of our forms of legal justice, are wholly overlooked so far as they are of any practical value and importance. The first was announced by the Messiah immediately before His ascension into heaven; the other was publicly propounded by an embassy from heaven immediately after His ascension. The former declares that "all authority" (exousia), all legislative, judiciary, and regal authority in heaven and earth is given to Jesus Christ; the other affirms that God has made Jesus, Lord and Christ, or annointed Him sovereign of the universe. Kings of the earth and courts of high judicature are all under Him, but they do not really acknowledge it; few of them, perhaps, know or believe the fact that Jesus Christ has been on the throne of the universe for more than 1,800 years. Hence, the courts of England and America, the two most enlightened nations in the world, are yet deistical in form, rather than Christian. In every place where they have the phrase, "In the name of God," they ought to have, "In the name of the Lord." This is the gist of the whole controversy between the friends and the enemies of war, on the part of the subjects of Christ's kingdom. The coronation of Jesus Christ in heaven as Lord of all, His investiture with all authority in heaven and earth, legislative, judiciary, and executive, is the annunciation, on the belief and public acknowledgment of which the first Christian church was founded in Jerusalem, where the throne of David was, in the month of June, 1,814 years ago, A. D. 34.

God the Father, in propria persona, now neither judges nor punishes any person or nation, but has committed all judgment to His Son, now constituted head of the universe and judge of the living and the dead. This simplifies the question and levels it to the judgment of all. It is this: Has the author and founder of the Christian religion enacted war or has He made it lawful and right for the subjects of His government to go to war against one another? Or, has He made it right for them to go to war aganist any nation, or for any national object, at the bidding of the present existent political authorities of any nation in Christendom?

The question is not Whether, under the new administration of the universe, Christian communities have a right to wage war, in its common technical sense, against other communities—as the house of Judah against the house of Israel, both of the same religion, language, and blood. This is already, by almost universal consent, decided in the negative, probably only one society of professed Christians excepted. But the question is, May a Christian community, or the members of it, in their individual capacities, take up arms at all, whether aggressively or defensively, in any national conflict? We might, as before alleged, dispense with the words "aggressive" and "defensive"; for a mere grammatical, logical, or legal quibble will make any war either aggressive or defensive, just as the whim, caprice, or interest of an individual pleases. Napoleon, on his deathbed, declared that he had never engaged, during his whole career, in an aggressive war—that all his wars were defensive. Yet all Europe regarded him as the most aggressive warrior of any age.

But the great question is: Can an individual, not a public functionary, morally do that in obedience to his government which he cannot do in his own case? Suppose the master of an apprenticed youth, or the master of a number of hired or even bond servants, should fall out with one of his neighbors about one of the lines of his plantation, because, as he imagined, his neighbor had trespassed upon his freehold in clearing or cultivating his lands. His neighbor refuses to retire within the precincts insisted on by the complainant; in consequence of which the master calls together his servants and proceeds to avenge himself or, as he alleges, to defend his property. As the controversy waxes hot, he commands his servants not only to burn and destroy the improvements made on the disputed territory but to fire upon his neighbor, his sons, and servants. They obey orders, and kill several of them. They are, however, finally taken into custody and brought to trial. An attorney for the servants pleads that those servants were bound to obey their master, and quotes these words from the Good Book: "Servants, obey in all things your masters according to the flesh." But, on the other side, it is shown that the "all things" enjoined are only "all things lawful." For this obedience is to be rendered "as to Christ"; and, again, "as the servants of Christ, doing the will of God from the heart." No judge or jury could do otherwise than condemn as guilty of murder servants thus acting. Now, as we all, in our political relations to the Government of our country, occupy positions at least inferior to that which a bond servant holds toward his master, we cannot of right as Christian men obey the powers that be in anything not in itself justifiable by the written law of the great King—our liege Lord and Master, Jesus Christ. Indeed, we may advance in all safety one step further, if it were necessary, and affirm that a Christian man can never of right be compelled to do that for the state, in defense of state rights, which he cannot of right do for himself in defense of his personal rights. No Christian man is commanded to love or serve his neighbor, his king, or sovereign more than he loves or serves himself. If this is conceded, unless a Christian man can go to war for himself, he cannot for the state.

We have already observed that the Jews were placed under a theocracy, that their kings were only vicegerents, and that they were a symbolic or typical nation adumbrative of a new relation and institution to be set up in "the fullness of time" under an administration of grace. In consequence of this arrangement, God was first revealed as the God of Abraham; and afterward, when He was about to make Himself known in all the earth, in contrast with the idols of the nations, He chose by Moses to call Himself the God of the Hebrews. As the custom then was, all nations had their gods, and by their wars judged and decided the claims and pretensions of their respective divinities. Esteeming the reputation and pretensions of their gods according to their success in war, that nation's god was the greatest and most to be venerated whose people were most successful and triumphant in battle. God, therefore, chose this method to reveal Himself as the God of the Hebrews. Hence He first poured out 10 plagues upon the gods of Egypt. The Egyptians worshipped everything from the Nile and its tenantry to the meanest insect in the land. He first, then, plagued their gods. Afterward, by causing the Jews to fight and destroy many nations in a miraculous manner, from the victory over Amalek to the fall of the cities and kings of ancient Palestine, He established His claims as supreme over all. Proceeding in this way, He fully manifested the folly of their idolatries and the omnipotence, greatness, and majesty of the God of the Jews.

The wars of pagan nations were, indeed, much more rational than those of our miscalled Christian nations. No two of these nations acknowledged the same dynasties of gods; and, therefore, having different gods, they could with much propriety test their claims by invoking them in battle. But two Christian nations both pray to one and the same God to decide their respective quarrels and yet will not abide by the decision; for success in war is not by any of them regarded as an end of all strife as to the right or justice of the demands of the victorious party. Did our present belligerent nations regard victory and triumph as a proof of the justice of their respective claims, they would in the manner of carrying on their wars prove themselves to be very great simpletons indeed; for why sacrifice their hundred millions of dollars and their fifty thousand lives in 1 or 2 years, when they could save these millions of men and money by selecting each one of their genuine simon-pure patriots and heroes and having them voluntarily to meet in single combat before a competent number of witnesses and encounter each other till one of them triumphed—and thus award, from heaven's own court of infallible rectitude, to the nation of the survivor the glory of a great national triumph both in heroism and justice? But this they dare not do, for these Christian nations are quite skeptical so far as faith in the justice of their own cause or in the right decision of their claims in the providence and moral government of God is concerned. To what purpose, we therefore ask, do they both appeal to the same God, when neither of them feels any obligation to abide His decision?

But as we are neither under a Jewish nor a pagan government, but professedly, at least, under a Christian dispensation, we ought to hear what the present King of the Universe has enacted on this subject. The maxims of the Great Teacher and Supreme Philanthropist are, one would think, to be final and decisive on this great question. The Great Lawgiver addresses His followers in two very distinct respects: First, in reference to their duties to Him and their own profession, and then in reference to their civil rights, duties, and obligations.

So far as any indignity was offered to them or any punishment inflicted upon them as His followers, or for His name's sake, they were in no way to resent it. But in their civil rights He allows them the advantages of the protection of civil law, and for this cause enjoins upon them the payment of all their political dues, and to be subject to every ordinance of man of a purely civil nature, not interfering with their obligations to Him.

"If a heathen man, or persecutor, smite you on one cheek, turn to him the other also. If he compel you to go with him 1 mile, go 2. If he sue thee at law, and take away thy coat, let him have thy mantle also," etc. These and whatever else of evil treatment they might receive, as Disciples of Christ, they must, for His sake, endure without resistance or resentment. But if in their citizen character or civil relations they are defrauded, maligned, or prosecuted, they might, and they did, appeal to Caesar. They paid tribute to civil magistrates that they might protect them; and therefore they migh rightfully claim their protection. In this view of the matter, civil magistrates were God's ministers to the Christian "for good." And also, as God's ministers, they were revengers to execute wrath on those who did evil. Therefore, Christians are in duty bound to render to Caesar what is Caesar's, and to God what is God's—to reverence, honor, and support the civil magistrate, and, when necessary, to claim his protection.

But as respects the life peculiar to a soldier, or the prosecution of a political war, they had no commandment. On the contrary, they were to live peaceably with all men to the full extent of their power. Their sovereign Lord, the King of Nations, is called "The Prince of Peace." How, then, could a Christian soldier, whose "shield" was faith, whose "helmet" was the hope of salvation,

whose "breastplate' was righteousness, whose "girdle" was truth, whose "feet were shod with the preparation of the gospel of peace," and whose "sword" was that fabricated by the Holy Spirit, even "the word of God"—I say, how could such a one enlist to fight the battles of a Caesar, a Hannibal, a Tamerlane, a Napoleon, or even a Victoria?

Jesus said, "All that take the sword shall perish by the sword." An awful warning! All that take it to support religion, it is confessed, have fallen by it; but it may be feared that it is not simply confined to that; for may I not ask the pages of universal history, have not all the nations created by the sword finally fallen by it? Should anyone say, "Some few of them yet stand," we respond, "All that have fallen also stood for a time; and are not those that now stand tottering just at this moment to their overthrow?" We have no doubt, it will prove in the end that nations and states founded by the sword shall fall by the sword.

When the Saviour, in His sententious and figurative style, indicating the trials just coming upon His friends, said, "You had better sell your outside garments and buy a sword," one present, understanding him literally, as some of the friends of war still do, immediately responded, "Lord, here are two swords." What did he say? "It is enough." Two swords for 12 apostles! Truly, they are dull scholars who thence infer that He meant they should literally use two swords to fight with! When asked by Pilate whether He was a king, He responded that He was born to be a king, but not a king of worldly type or character. Had He been such a king, his servants would, indeed, have used the sword. But His kingdom neither came nor stands by the sword. When first announced as a king by the Jewish prophets, more than seven centuries before He was born, the Spirit said of His reign, "He shall judge among the nations, and decide among many people. And they shall beat their swords into plowshares, and their spears into pruning hooks: nation shall not lift up sword against nation, neither shall they learn war any more." (Isaiah 2: 2–4.) Two prophets describe it in almost the same words. Micah, as well as Isaiah, says:

"Out of Zion shall go forth the law,
And the word of Jehovah from Jerusalem;
And He shall judge among many people.
And decide among strong nations afar off;
And they shall beat their swords into plowshares,
And their spears into pruning-hooks;
Neither shall they any longer learn war;
But they shall sit every man under his vine,
And under his fig-tree, and none shall make him afraid;
For the mouth of Jehovah of hosts hath spoken it."

Such was, according to prophecy, such is, according to fact, the native influence and tendency of the Christian institution. The spirit of Christianity, then, is essentially pacific.

There is often a multiplication of testimony for display rather than for effect. And, indeed, the accumulation of evidence does not always increase its moral momentum. Nor is it very expedient on other considerations to labor a point which is generally, if not universally, admitted. That the genius and spirit of Christianity, as well as the letter of it, are admitted, on all hands, to be decidedly "peace on earth, and good will among men," needs no proof to anyone that has ever read the volume that contains it.

But if anyone desires to place in contrast the gospel of Christ and the genius of war, let him suppose the chaplain of an army addressing the soldiers on the eve of a great battle, on performing faithfully their duty, from such passages as the following: "Love your enemies; bless them that curse you; do good to them that hate you, and pray for them that despitefully use you and persecute you, that you may be the children of your Father in Heaven, who makes his sun to rise upon the evil and the good, and sends his rain upon the just and the unjust."

Again, in our civil relations: "Recompense to no man evil for evil." "As much as lieth in you, live peaceably with all men." "Dearly beloved, avenge not yourselves; but rather give place to wrath." "If thine enemy hunger, feed him; if he thirst, give him drink." "Be not overcome of evil; but overcome evil with good." Would anyone suppose that he had selected a text suitable to the occasion? How would the commander in chief have listened to him? With what spirit would his audience have immediately entered upon an engagement? These are questions which every man must answer for himself, and which everyone can feel much better than express.

But a Christian man cannot conscientiously enter upon any business, nor lend his energies to any cause, which he does not approve; and in order to approve he must understand the nature and object of the undertaking. Now, how does this dictate of discretion, religion, and morality bear upon the case before us?

Nothing, it is alleged, more tends to weaken the courage of a conscientious soldier than to reflect upon the originating causes of wars and the objects for which they are prosecuted. These, indeed, are not always easily comprehended. Many wars have been prosecuted, and some have been terminated after long and protracted efforts, before the great majority of the soldiers themselves, on either side, distinctly understood what they were fighting for. Even in our country, a case of this sort has, it is alleged, very recently occurred. If, it is presumed, the true and proper causes of most wars were clearly understood and the real design for which they are prosecuted could be clearly and distinctly apprehended, they would, in most instances, miscarry for the want of efficient means of a successful prosecution.

A conviction of this sort, some years ago, occasioned an elaborate investigation of the real causes for which the wars of Christendom had been undertaken from the time of Constantine the Great down to the present century. From the results furnished the Peace Society of Massachusetts it appeared that, after subtracting a number of petty wars long since carried on and those waged by Christian nations with tribes of savages, the wars of real magnitude amounted in all to 286.

The origin of these wars, on a severe analysis, appeared to have been as follows: 22 for plunder and tribute; 44 for the extension of territory; 24 for revenge or retaliation; 6 for disputed boundaries; 8 respecting points of honor or prerogative; 6 for the protection or extension of commerce; 55 civil wars; 41 about contested titles to crowns; 30 under pretense of assisting allies; 23 for mere jealousy of rival greatness; 28 religious wars, including the Crusades. Not one for defense alone, and certainly not one that an enlightened Christian man could have given one cent for, in a voluntary way, much less have volunteered his services or enlisted into its ranks.

If the end alone justifies the means, what shall we think of the wisdom or the justice of war, or of the authors and prominent actors of these scenes? A conscientious mind will ask, Did these 286 wars redress the wrongs, real or feigned, complained of? Did they in all cases, in a majority of the cases, or in a single case, necessarily determine the right side of the controversy? Did they punish the guilty, or the more guilty, in the ratio of their respective demerits? No one can, indeed, no one will, contend that the decision or termination of these wars naturally, necessarily, or even probably, decided the controversy so justly, so rationally, so satisfactorily as it could have been settled in any one case of the 286 by a third or neutral party.

War is not now, nor was it ever, a process of justice. It never was a test of truth—a criterion of right. It is either a mere game of chance or a violent outrage of the strong upon the weak. Need we any other proof that a Christian people can in no way whatever countenance a war as a proper means of redressing wrongs, of deciding justice, or of settling controversies among nations? On the common conception of the most superficial thinkers on this subject, not one of the 286 wars which have been carried on among the "Christian nations" during 1,500 years was such as that an enlightened Christian man could have taken any part in it, because, as admitted, not one of them was for defense alone; in other words, they were all aggressive wars.

But to the common mind, as it seems to me, the most convincing argument against a Christian becoming a soldier may be drawn from the fact that he fights against an innocent person—I say an innocent person, so far as the cause of the war is contemplated. The men that fight are not the men that make the war. Politicians, merchants, knaves, and princes cause or make the war, declare the war, and hire men to kill for them those that may be hired on the other side to thwart their schemes of personal and family aggrandizement.

The soldiers on either side have no enmity against the soldiers on the other side, because with them they have no quarrel. Had they met in any other field, in their citizen dress, other than in battle array, they would most probably have not only inquired after the welfare of each other, but would have tendered to each other their assistance if called for. But a red coat or a blue coat, a tricolored or a two-colored cockade, is their only introduction to each other, and the signal that they must kill or be killed! If they think at all, they must feel that there is no personal alienation, or wrong, or variance between them. But they are paid so much for the job; and they go to work, as the day laborer to earn his shilling. Need I ask, how could a Christian man thus volunteer his services, or hire himself out for so paltry a sum, or for any sum, to kill to order his brother man who never offended him in word or deed? What infatuation! What consummate folly and wickedness! Well did Napoleon say, "War is the trade of barbarians"; and his conqueror, Wellington, "Men of nice scruples about religion have no business in the army or navy." The horrors of war only enhance the guilt of it; and these, alas, no one can depict in all their hideous forms.

By the "horrors of war" I do not mean the lightning and the thunder of the battlefield, the blackness and darkness of those dismal clouds of smoke which, like death's own pall, shroud the encounter; it is not the continual roar of its cannon, nor the agonizing shrieks and groans of fallen battalions, of wounded and dying legions; nor is it, at the close of the day, the battlefield itself, covered with the gore and scattered limbs of butchered myriads, with here and there a pile, a mountain heap of slain heroes in the fatal pass, mingled with the wreck of broken arms, lances, helmets, swords, and shattered firearms, amidst the pavement of fallen balls that have completed the work of destruction, numerous as hailstones after the fury of the storm; nor, amidst these, the sight of the wounded lying upon one another, weltering in their blood, imploring assistance, importuning an end of their woes by the hand of a surviving soldier, invoking death as the only respite from excruciating torments. But this is not all; for the tidings are at length carried to their respective homes. Then come the bitter wail of widows and orphans, the screams and the anguish of mothers and sisters deprived forever of the consolations and hopes that clustered round the anticipated return of those so dear to them, that have perished in the conflict.

But even these are not the most fearful desolations of war. Where now are the 200,000 lost by England in our Revolutionary War; the 70,000 who fell at Waterloo and Quatre-Bras; the 80,000 at Borodino; the 300,000 at Arbela; or where the 15,000,000 Goths destroyed by Justinian in 20 years; the 32,000,000 by Genghis Khan in 41 years; the 60,000,000 slain by the Turks; the 80,000,000 by the Tartars, hurried away to judgment in a paroxysm of wrath,

amid the fury of the passions? What can we think of their eternal destiny? Besides all these, how many have died in captivity? How many an unfortunate exile or captive might, with a French prisoner, sing of woes like these, or even greater?—

"I dwelt upon the willowy banks of Loire;
I married one who from my boyish days
Had been my playmate. One morn—I'll ne'er forget—
While choosing out the fairest twigs
To warp a cradle for our child unborn,
We heard the tidings that the conscript lot
Had fallen on me. It came like a death knell!
The mother perish'd; but the babe survived;
And, ere my parting day, his rocking couch
I made complete, and saw him sleeping, smile—
The smile that play'd erst on the cheek of her
Who lay clay cold. Alas! the hour soon came
That forced my fetter'd arms to quit my child!
And whether now he lives to deck with flowers
The sod upon his mother's grave, or lies
Beneath it by her side, I ne'er could learn.
I think he's gone; and now I only wish
For liberty and home, that I may see,
And stretch myself and die upon their grave!"

But these, multiplied by myriads, are but specimens of the countless millions slain, the solitary exiles, the lonely captives. They tell the least portion of the miseries of war. Yet even these say to the Christian, "How can you become a soldier? How countenance and aid this horrible work of death?"

For my own part, and I am not alone in this opinion, I think that the moral desolations of war surpass even its horrors. And amongst these I do not assign the highest place to the vulgar profanity, brutality, and debauchery of the mere soldier, the professional and licensed butcher of mankind, who, for his $8 a month or his 10 sous per day, hires himself to lay waste a country, to pillage, burn, and destroy the peaceful hamlet, the cheerful village, or the magnificent city, and to harass, wound, and destroy his fellow man, for no other consideration than his paltry wages, his daily rations, and the infernal pleasure of doing it, anticipating hereafter "the stupid stares and loud huzzas" of monsters as inhuman and heartless as himself. And were it not for the infatuation of public opinion and popular applause, I would place him, as no less to be condemned, beside the vain and pompous volunteer, who for his country, "right or wrong," hastens to the theater of war for the mere plaudits of admiring multitudes, ready to cover himself with glory, because he has aided an aspirant to a throne or paved the way to his own election to reign over a humbled and degraded people.

I make great allowance for false education, for bad taste, for the contagion of vicious example; still, I cannot view those deluded by such sophistry, however good their motives, as deserving anything from contemporaries or posterity except compassion and forgiveness. Yet, behold its influence on mothers, sisters, and relatives; note its contagion, its corruption of public taste. See the softer sex allured, fascinated by the halo of false glory thrown around these worshipped heroes! See them gazing with admiration on the "tinselled trappings," the embroidered ensigns," of him whose profession it is to make widows and orphans by wholesale! Sometimes their hands are withdrawn from works of charity to decorate the warriors' banners and to cater to these false notions of human glory! Behold, too, the young mother arraying her proud boy "with cap and feather, toyed with a drum and sword, training him for the admired profession of a man killer."

This is not all. It is not only at home, in the nursery, and infant school that this false spirit is inspired. Our schools, our academies, our colleges echo and reecho with the fame of an Alexander, a Caesar, a Napoleon, a Wellington. Forensic eloquence is full of the fame of great heroes, of military chieftains, of patriotic deliverers whose memory must be kept forever verdant in the affections of a grateful posterity, redeemed by their patriotism or rescued from oppression by their valor.

The pulpit, too, must lend its aid in cherishing the delusion. There is not infrequently heard a eulogium on some fallen hero, some church service for the mighty dead, thus desecrating the religion of the Prince of Peace by causing it to minister as the handmaid of war. Not only are prayers offered up by pensioned chaplains on both sides of the field even amid the din of arms, but Sabbath after Sabbath, for years and years, have the pulpits on one side of a sea or river and those on the other side resounded with prayers for the success of rival armies, as if God could hear them both and make each triumphant over the other, guiding and commissioning swords and bullets to the heads and hearts of their respective enemies.

And not only this; but even the churches in the Old World, and sometimes in the new, are ornamented with the sculptured representations of more military heroes than of saints—generals, admirals, and captains who "gallantly fought" and "gloriously fell" in the service of their country. It is not only in Westminster Abbey or in St. Paul's that we read their eulogiums and see their statues, but even in some of our own cities we find St. Paul driven out of the church to make room for generals and commodores renowned in fight. And, last of all, in consummation of the moral desolation of war we sometimes have an illumination—even a thanksgiving—rejoicing that God has caused ten or twenty thousand of our enemies to be sent down to Tartarus and has permitted myriads of widows and orphans to be made at the bidding of some chieftain or of some aspirant to a throne.

But it would exhaust too much time to speak of the inconsistencies of the Christian world on this single subject of war, or to trace to their proper fountains the general misconceptions of the people on their political duties and that of their governments. This would be the work of volumes—not of a single address. The most enlightened of our ecclesiastic leaders seem to think that Jesus Christ governs the nations as God governed the Jews. They cannot separate, even in this land, the church and state. They still ask for a Christian national code.

If the world were under a politico-ecclesiastic king or president, it would, indeed, be hard to find a model for him in the New Testament. Suffice it to say that the church, and the church only, is under the special government and guardianship of our Christian King. The nations, not owning Jesus Christ, are disowned by him; He leaves them to themselves, to make their own institutions, as God anciently did all nations but the Jews. He holds them in abeyance, and as in providence, so in government, He makes all things work together for the good of His people, restrains the wrath of their enemies, turns the counsels and wishes of kings as He turns the rivers, but never condescends to legislate for the bodies of men, or their goods or chattels, who withhold from Him their consciences and their hearts. He announces the fact that it is by His permission, not always with His approbation, that kings reign and that princes decree justice, and commands his people politically to obey their rulers and to respect the ordinances of kings, that "they may lead quiet and peaceable lives in all godliness and honesty." And where the Gospel of Christ comes to kings and rulers, it addresses them as men in common with other men, commanding them to repent of their sins, to submit to His government and to discharge their relative duties according to the morality and piety inculcated in His code. If they do this, they are a blessing to His people as well as an honor to themselves. If they do not, He will hold them to a reckoning, as other men, from which there is neither escape nor appeal. What Shakespeare says is as true of kings as of their subjects:

"War is a game that, were their subjects wise,
Kings would not play at."

For, were both kings and people wise, wars would cease, and nations would learn war no more.

But how are all national disputes to be settled? Philosophy, history, the Bible, teach that all disputes, misunderstandings, alienations are to be settled, heard, tried, adjudicated by impartial—that is, by disinterested—umpires. No man is admitted to be a proper judge in his own case. Wars never make amicable settlements, and seldom, if ever, just decisions of points at issue. We are obliged to offer preliminaries of peace at last. Nations must meet by their representatives, stipulate and restipulate, hear and answer, compare and decide.

In modern times we terminate hostilities by a treaty of peace. We do not make peace with powder and lead. It is done by reason, reflection, and negotiation. Why not employ these at first? But it is alleged that war has long been, and must always be, the ultima ratio regum—the last argument of those in power. For ages a father inquisitor was the strong argument for orthodoxy; but light has gone abroad and he has lost his power. Illuminate the human mind on this subject also, create a more rational and humane public opinion, and wars will cease.

But, it is alleged, all will not yield to reason or justice. There must be compulsion. Is war then the only compulsory measure? Is there no legal compulsion? Must all personal misunderstandings be settled by the sword?

Why not have a bylaw-established umpire? Could not a united national court be made as feasible and as practicable as a United States court? Why not, as often proposed, and as eloquently, ably, and humanely argued, by the advocates of peace, have a congress of nations and a high court of nations for adjudicating and terminating all international misunderstandings and complaints, redressing and remedying all wrongs and grievances?

There is not, it appears to me, a physical or a rational difficulty in the way. But I do not now argue the case. I merely suggest this expedient, and will always vote correspondingly, for reasons as good and as relevant as I conceive them to be humane and beneficial.

To sum up the whole we argue:

(1) The right to take away the life of the murderer does not of itself warrant war, inasmuch as in that case none but the guilty suffer, whereas in war the innocent suffer not only with, but often without, the guilty. The guilty generally make war and the innocent suffer from its consequences.

(2) The right given to the Jews to wage war is not vouchsafed to any other nation, for they were under a theocracy, and were God's sheriff to punish nations; consequently no Christian can argue from the wars of the Jews in justification or in extenuation of the wars of Christendom. The Jews had a divine precept and authority; no existing nation can produce such a warrant.

(3) The prophecies clearly indicate that the Messiah himself would be "the Prince of Peace," and that under his reign "wars should cease" and "nations study it no more."

(4) The gospel, as first announced by the angels, is a message which results in producing "peace on earth and good will among men."

(5) The precepts of Christianity positively inhibit war—by showing that "wars and fightings come from men's lusts" and evil passions, and by commanding Christians to "follow peace with all men."

(6) The Beatitudes of Christ are not pronounced on patriots, heroes, and conquerors but on peacemakers, on whom is conferred the highest rank and title in the universe: "Blessed are the peacemakers, for they shall be called the sons of God."

(7) The folly of war is manifest in the following particulars:

First. It can never be the criterion of justice or a proof of right.

Second. It can never be a satisfactory end of the controversy.

Third. Peace is always the result of negotiation, and treaties are its guaranty and pledge.

(8) The wickedness of war is demonstrated in the following particulars:

First. Those who are engaged in killing their brethren, for the most part, have no personal cause of provocation whatever.

Second. They seldom, or never, comprehend the right or the wrong of the war. They, therefore, act without the approbation of conscience.

Third. In all wars the innocent are punished with the guilty.

Fourth. They constrain the soldier to do for the state that which, were he to do it for himself, would, by the law of the state, involve forfeiture of his life.

Fifth. They are the pioneers of all other evils to society, both moral and physical. In the language of Lord Brougham, "Peace, peace, peace! I abominate war as un-Christian. I hold it the greatest of human curses. I deem it to include all others—violence, blood, rapine, fraud, everything that can deform the character, alter the nature, and debase the name of man." Or with Joseph Bonaparte, "War is but organized barbarism—an inheritance of the savage state." With Franklin I, therefore, conclude, "There never was a good war, or a bad peace."

No wonder, then, that for two or three centuries after Christ all Christians refused to bear arms. So depose Justin Martyr, Tatian, Clement of Alexandria, Tertullian, Origen, and so forth.

In addition to all these considerations, I further say, were I not a Christian, as a political economist even, I would plead this cause. Apart from the mere claims of humanity, I would urge it on the ground of sound national policy.

Give me the money that has been spent in wars and I will clear up every acre of land in the world that ought to be cleared, drain every marsh, subdue every desert, fertilize every mountain and hill, and convert the whole earth into a continuous series of fruitful fields, verdant meadows, beautiful villas, hamlets, towns, cities, standing along smooth and comfortable highways and canals, or in the midst of luxuriant and fruitful orchards, vineyards, and gardens, full of fruits and flowers, redolent with all that pleases the eye and regales the senses of man. I would found, furnish, and endow as many schools, academies, and colleges as would educate the whole human race, would build meeting houses, public halls, lyceums, and furnish them with libraries adequate to the wants of a thousand millions of human beings.

Beat your swords into plowshares, your spears into pruning hooks, convert your warships into missionary packets, your arsenals and munitions of war into Bibles, school books, and all the appliances of literature, science, and art, and then ask, "What would be wanting on the part of man to 'make the wilderness and solitary place glad,' to cause 'the desert to rejoice and blossom as the rose,' to make our hills 'like Carmel and Sharon,' and our valleys as 'the garden of God'?" All this being done, I would doubtless have a surplus for some new enterprise.

On reviewing the subject in the few points only that I have made and with the comparatively few facts I have collected, I must confess that I both wonder at myself and am ashamed to think that I have never before spoken out my views, nor even written an essay on this subject. True, I had, indeed, no apprehension of ever again seeing or even hearing of a war in the United States. It came upon me so suddenly, and it so soon became a party question, that, preserving, as I do, a strict neutrality between party politics, both in my oral and written addresses on all subjects, I could not for a time decide whether to speak out or be silent. I finally determined not to touch the subject till the war was over. Presuming that time to have arrived, and having resolved that my first essay from my regular course, at any foreign point should be on this subject, I feel that I need offer no excuse, ladies and gentlemen, for having called your attention to the matter in hand. I am sorry to think—very sorry indeed to be only of the opinion—that probably even this much published by me some 3 years or even 2 years ago, might have saved some lives that have since been thrown away in the desert—some hot-brained youths—

"Whose limbs, unburied on the shore,
Devouring dogs or hungry vultures tore."

We have all a deep interest in the question; we can all do something to solve it; and it is everyone's duty to do all the good he can. We must create a public opinion on this subject. We should inspire a pacific spirit and urge on all proper occasions the chief objections to war. In the language of the eloquent Grimke, we must show that "the great objection to war is not so much the number of lives and the amount of property it destroys, as its moral influence on nations and individuals. It creates and perpetuates national jealousy, fear, hatred, and envy. It arrogates to itself the prerogative of the Creator alone—to involve the innocent multitude in the punishment of the guilty few. It corrupts the moral taste and hardens the heart; cherishes and strengthens the base and violent passions; destroys the distinguishing features of Christian charity—its universality and its love of enemies; turns into mockery and contempt the best virtue of Christians—humility; weakens the sense of moral obligation; banishes the spirit of improvement, usefulness, and benevolence; and inculcates the horrible maxim that murder and robbery are matters of state expediency."

Let everyone, then, who fears God and loves man put his hand to the work; and the time will not be far distant when—

"No longer hosts encountering hosts
Shall crowds of slain deplore:
They'll hang the trumpet in the hall,
And study war no more."

Agriculture and the Trade-Agreements Program

EXTENSION OF REMARKS

OF

HON. F. RYAN DUFFY

OF WISCONSIN

IN THE SENATE OF THE UNITED STATES

Monday, November 22 (legislative day of Tuesday, November 16), 1937

ADDRESS BY HON. FRANCIS B. SAYRE, ASSISTANT SECRETARY OF STATE, AT THE STATE CONVENTION OF THE WISCONSIN FARMERS' UNION, AT MADISON, WIS., ON NOVEMBER 3, 1937

Mr. DUFFY. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by Hon. Francis B. Sayre, Assistant Secretary of State, at the State convention of the Wisconsin Farmers' Union at Madison, Wis., on November 3, 1937, on the subject Agriculture and the Trade-Agreements Program.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

It is a great pleasure to visit Wisconsin and to have this opportunity to participate in the State convention of the Farmers' Union in response to the invitation so generously extended through Governor La Follette. It is all the more a pleasure when one recalls the high place which Wisconsin has long held among our States as a forum for the intelligent discussion of great public issues of the day.

I welcome this occasion for discussing with a representative gathering of Wisconsin farmers an issue which so vitally affects their interests. I refer to the trade-agreements program.

In June 1934 Congress enacted for a period of 3 years the Trade Agreements Act, and last winter it renewed the act for another 3 years. At the time the act was first passed our export trade had well-nigh collapsed. Our exports had shrunk from $5,157,000,000 in 1929 to $1,647,000,000 in 1933. The resulting loss of our foreign markets threatened disaster to our home producers—both to farmers and to wage earners.

Largely as a consequence of this appalling shrinkage of trade millions of our people were without work and facing privation. Both industry and agriculture were prostrate. That was the stark picture which confronted the Government when it undertook the unspectacular and grinding task of rebuilding our foreign commerce upon secure foundations.

In the 3½ years during which the trade-agreements program has been in operation solid progress has been made. Trade agreements have been negotiated with 16 countries which normally account for nearly two-fifths of our total foreign trade. Concessions of great value have been obtained for both farm and factory products. Other agreements are in process of negotiation; and, as the impediments to negotiations with still other countries are gradually cleared away, the benefits of the program will be extended over a widening segment of our foreign trade.

If there is one class or group of American producers whose welfare is peculiarly dependent upon the maintenance and increase of foreign markets, it is our farmers. If our surplus cotton and tobacco and hog products cannot be sold abroad, these surpluses are thrown back onto glutted home markets, where they force down farm prices and work widespread havoc. At the same time, if American industrial producers lose foreign markets, our city workers are stripped of the purchasing power necessary to buy dairy products, vegetables, and meat, such as you produce in Wisconsin. In other words, increased foreign markets for industrial producers spell increased domestic purchasing power and hence increased domestic markets for farm products. There is no escape from that. The economic welfare of farmers is directly dependent upon foreign trade unimpeded and unhindered by excessive barriers. And such increase of foreign trade, mark you, is the precise objective of the American trade-agreements program.

The farm problem cannot be solved by increased tariffs for staple agricultural commodities, because farmers must sell their staples in world markets. In fact, increased tariffs work positive harm to farmers because higher tariffs mean increased prices for many of the things which farmers must buy, and they also mean lessened foreign and domestic purchasing power with which to buy farm products.

There can be no doubt that expansion of market outlets both at home and abroad is absolutely vital if we are to find a sound solution of the farm problem; and this is exactly what we are trying to do through the American trade-agreements program.

I believe the farmer has more to gain through a vigorous pushing forward of this program than any other group. It is his real salvation. And yet the irony of it is that for partisan or other reasons men have gone up and down the country throughout the Farm Belt making wild charges that the administration, through the trade-agreements program, is selling the farmers "down the river"—charges made at the very time when we are trying to clear the river of the debris, the agricultural wreckage, with which it has been strewn ever since the passage of the Smoot-Hawley Tariff Act.

What is the gist of these preposterous charges? Chiefly, that through trade agreements and the lowering of tariffs our country is being flooded with foreign agricultural goods to the ruin of our farmers. Substantial increases of agricultural imports during 1935 and 1936 are cited to prove the point.

I, for one, have confidence in the intelligence and sound common sense of individual farmers, when they know the facts. The trouble is that politicians and lobbyists have so often sown misrepresentation among them that frequently they have been led to vote against their own best interests. So let's get at the facts. Have farm imports during 1935 and 1936 substantially increased?

Yes, they have. Agricultural imports increased from $821,147,000 in 1934 to $1,071,000,000 in 1935 and to $1,241,808,000 in 1936. But this is only part of the story.

The truth is that since the low point of 1933 our whole foreign trade has been increasing, both exports and imports, to the immense advantage of American farmers and factory workers.

It is charged, however, in the first place, that trade agreements were responsible for increases in agricultural imports and, in the second place, that these increases are ruinous to farmers. Again, what are the actual facts?

Have the increased imports of corn, of meats, of wheat, of wool, been due in sober fact to trade agreements? The answer is clear. In not a single trade agreement has the general duty on any one of these been reduced.

In fact, in the comparatively few agricultural items which have been touched in trade agreements the reductions have been so very moderate, so painstakingly safeguarded with restrictions and limitations, that these constitute almost a negligible factor in causing increased competitive agricultural imports. For example, a calculation made with reference to the increase in imports of foodstuffs between the first half of 1935 and the same period of 1937 indicates that imports of dutiable foodstuffs not subjected to duty cuts increased by 77 percent, whereas imports of foodstuffs on which duty reductions were made increased by less than 40 percent.

The chief reasons for the increased imports were not trade agreements but drought and economic recovery. The disastrous and unprecedented droughts of 1934 and 1936 burnt up our crops, caused severe shortages, and necessitated large imports of important commodities such as corn, wheat, fodders and feeds, meat products, barley, and tallow, products which we ordinarily produce in sufficient quantities not only to supply our domestic needs but also, in most cases, to furnish large surpluses for export. Had we not imported these our farmers would have faced famine prices and there would have been an even more serious shortage of feeds for livestock and poultry on our farms. As crop conditions return to normal, however, imports of such products are bound to fall off.

The second reason—economic recovery—meant increased consumption, increased need of raw materials for processing, and increased prices. The resulting increased value of imports was a mark of returning prosperity and should be a cause of real rejoicing—not of despair.

It is beyond dispute, therefore, that not trade agreements but the unprecedented droughts and returning economic recovery were the preponderant cause of the substantial recent increases in agricultural imports.

Next, is it true that farmers have suffered actual injury by increased agricultural imports during the past 2 years? Is there anything sinister about these imports? Again, let us examine the facts.

During the year ending June 30, 1937, agricultural imports were $699,000,000 greater than in the like period of 1933–34, the last year before any trade agreements came into operation. That, of course, is an impressive figure, and one which can easily be used for alarmist purposes. But when you come to analyze it, this is what you find:

Out of a total increase of $699,000,000 in agricultural imports in the 3-year period 1933–34 to 1936–37, $255,000,000—over a third of the total—is accounted for by wholly noncompetitive imports, such as coffee, tea, rubber, and silk. Does any farmer complain about that? A further $141,000,000—roughly, a fifth—is composed of major items affected by the droughts of 1934 and 1936. Certainly no one believes that trade agreements caused the droughts. These imports were of commodities needed by farmers and were brought in mostly over high tariffs for his benefit—not to his injury. A further $45,000,000 is accounted for by sugar. But imports of sugar are regulated by quota in such manner as to reserve for domestic producers at least as much of our market as they can supply at reasonable prices. As a matter of fact, most of this increase in the value of sugar imports is due to higher prices rather than larger quantities admitted to our shores. A further $178,000,000 is made up of important agricultural products that we regularly import in large quantities in spite of high tariffs. These include articles such as long-staple cotton, dutiable types of wool, hides and skins, and wrapper tobacco—products that we cannot produce in sufficient quantities at reasonable costs to supply our domestic requirements. That leaves only $83,000,000 remaining out of the total increase of $699,000,000. And when one carefully examines this remaining $83,000,000, one finds that it is divided among a large number of small items which properly fall in one or another of the foregoing groups.

What the whole matter boils down to is this: If the increases in imports be analyzed, one finds that reduced duties through trade agreements have played but an insignificant part. The increase in imports, except as it was due to drought shortages, was the result very largely of economic recovery—something for which all of us should be thankful. Nobody has been "sold down the river."

Let me go further. Not only has there been no injury to farmers through trade agreements, they have brought to him positive help, help in the form of substantial concessions secured abroad for the farm surpluses which he must sell and help in the form of increased foreign purchasing power for American exports. Of our total agricultural exports to trade-agreement countries, we have secured duty and tax reductions and liberalization of import quotas on about one-third (to use the 1929 figures), and have bound existing duties against increase on almost another third. Canada, which, contrary to the general impression, is a large importer of farm products from the United States, reduced her duties on about 125 agricultural and horticultural products. The concessions obtained in this and other agreements have already resulted in increased exports of many farm products and have opened the way for other increases when crop conditions return to normal and surpluses are available for export.

But the concessions which we obtain from foreign countries in the form of lowered tariff and other import restrictions on farm products are only a part of the picture. The enlarged domestic markets which result from the program are of the utmost importance. Many American farmers, for instance, have been able to sell more meat and more dairy products to American consumers because of increased pay rolls and increased business in those industries for which we secured industrial concessions in the Canadian trade agreement. The increase in exports of manufactured products that result from the operation of the trade-agreements program are inevitably reflected in a better market at home for products of farm and factory. And this is often very substantial. Can there be any doubt that the decline of over two and a half billion dollars in our industrial exports between 1929 and 1933 contributed heavily to the collapse of the domestic market for farm products?

Up to this point I have been speaking in terms of agriculture as a whole. Now let me come a little closer to home by pausing to consider what this trade program means to Wisconsin.

Wisconsin has a very real stake in the restoration of foreign markets. The figures are rather startling. It is estimated that between 1929 and 1932 there was a decline in exports of Wisconsin products from $125,000,000 to $14,000,000. To this striking loss must be added the decline in Wisconsin's sales to other States resulting from the loss of export outlet suffered by these other States. We have been winning back some of these export outlets. We have obtained numerous concessions reopening markets for industrial products, some of which are of distinct interest to Wisconsin; items such as automobile parts; tractors and other agricultural machinery and implements; paper products; batteries; calculating machines; cash registers; electric motors; metal furniture; various types of mining, manufacturing, and other machinery; leather and leather products; paints and varnishes; refrigerators; and so on. Our reports indicate that Milwaukee and other industrial centers have definitely benefited from the revival in exports of various of these products and that trade agreements have been a contributing factor. And, as I have already said, increased pay rolls in industrial centers inevitably result in increased purchases of farm products and, therefore, increased farm income.

But I realize full well that the all-important element in Wisconsin's economy is the dairy industry. Has the trade-agreements program injured the dairy industry?

Our critics have loudly claimed that it has. They have pointed to the increase of imports in 1936 following the coming into force of the Canadian trade agreement in January of that year and the decline in Cheddar prices during the ensuing winter.

I can think of no better example than Cheddar cheese to illustrate the ease with which farmers may be led astray on this question of trade agreements through statements that neglect all-important facts. What our critics did not point out was that imports of Cheddar even after 1936 have amounted to only 1 or 2 percent of our production and consequently are not, and never have been, large enough to have any appreciable effect on prices. The decline in price which they seized upon in 1936 was purely seasonal; after May the price began going up, reaching 17.6 in August and never again falling to the May 1936 level. For the entire year 1936 it averaged 15.3 cents. Contrast this with 1932 when the price averaged around 10 cents a pound. Meanwhile, our domestic production of Cheddar in 1936 reached an all-time high of 494,000,000 pounds.

Of course the dairyman sells milk, not cheese. And when you come to consider the effect of Cheddar imports upon the price of milk, their significance becomes infinitesimal. The whole national milk-price structure is closely interrelated, and only 4 or 5 percent

of our milk goes into cheese. Obviously, any decrease in milk prices caused by a slight increase of cheese imports would be too microscopic to be seen even with a magnifying glass.

What really matters to the dairyman and to the farmer is not the amount of imports coming into the country, but the amount of income which he receives. In 1932, when the Smoot-Hawley Tariff Act had shut out almost every pound of Cheddar, when producers enjoyed 99.84 percent of the domestic market, Cheddar was selling for only 10 cents a pound and the gross income of the industry was but $37,000,000. In 1936, Cheddar prices averaged 15.3 cents, and the gross income of the industry was over $75,000,000. This year it is running even higher.

Similarly, in 1933 total farm income throughout the country was $6,128,000,000 exclusive of benefit payments. Last year it was $9,050,000,000. That is what tells the story. Do any farmers want to go back to the days of 1932?

Prosperity for the farmer depends, not on the share of the domestic market which he enjoys, but on the price of farm products and how much of these he can sell. He is far more prosperous with a substantial share, say 80 or 90 percent, of a large market than with 100 percent of a shrunken market.

An embargo on all imports is not the way to prosperity. High prices do not come through stagnation of trade. Prices are high when trade is brisk and when increased pay rolls make possible increased purchases of the products of farm and factory. Indeed, few industries are so sensitive to upswings and downswings of consumer buying power as the dairy industry. It is a well-known fact that for years the movement of butterfat prices and industrial pay rolls has been in striking unison.

What most profits the farmer and the dairyman is a general rise in standards of living for the masses of the people, particularly those in the lowest income groups. And such a general rise in standards of living comes with increased foreign markets for the sale of our farm and factory surpluses, with increased foreign-purchasing power, with increased production on both sides of the ocean. That is the objective of trade agreements.

Before I close I want to say one word about a matter of infinite importance to farmers, to factory workers, to mill owners, to every American citizen. If we are to have prosperity we must have peace. And we will never be secure in peace unless and until sound economic foundations are built for it.

If trade barriers grow to impassable heights and ordinary processes of trade break down how can nations secure the foodstuffs and raw materials necessary for their economic life and for the lives of their people? How can national populations sell their surplus products and thereby gain the wherewithal to live? Men will fight before they starve. Uneconomic trade barriers forge the thunderbolts of war.

The trade-agreements program is important because it means building secure foundations for the prosperity of the farmer and the factory worker. But its true significance is much more profound. It means building secure foundations for peace.

United States trade with countries with which trade agreements were in operation all or part of 1936 and all of the first 9 months of 1937, as compared with trade with nonagreement countries

[Source: Compilation from official statistics, Bureau of Foreign and Domestic Commerce, U. S. Department of Commerce, Washington, D. C.]

	Exports, including reexports			General imports			Total trade		
	1935	1936	Percent increase in 1936 over 1935	1935	1936	Percent increase in 1936 over 1935	1935	1936	Percent increase in 1936 over 1935
Total, 14 trade-agreement countries	$776,790,000	$886,582,000	14.1	$839,178,000	$1,022,874,000	21.9	$1,615,968,000	$1,909,456,000	18.2
Total, all other countries	1,506,084,000	1,566,905,000	4.0	1,208,307,000	1,396,355,000	15.6	2,714,391,000	2,963,260,000	9.2
	First 9 months 1936	First 9 months 1937	Percent increase in 1937 over 1936	First 9 months 1936	First 9 months 1937	Percent increase in 1937 over 1936	First 9 months 1936	First 9 months 1937	Percent increase in 1937 over 1936
Total, 14 trade-agreement countries	$622,743,000	$899,567,000	44.5	$741,506,000	$944,439,000	27.4	$1,364,249,000	$1,844,006,000	35.2
Total, all other countries	1,112,121,000	1,479,578,000	33.0	1,026,833,000	1,483,152,000	44.4	2,138,954,000	2,962,730,000	38.5

NOTE.—In connection with the above statistics it should be borne in mind that (1) only part of the products exported to and imported from the trade-agreement countries are affected by reductions in duty and lessening of other restrictions in the trade agreements and (2) other factors—such as the droughts of 1934 and 1936 in the United States, the increasing demand for raw material and foodstuffs in the United States and other countries, and price changes—exerted an important and in some cases a dominant influence upon the course of trade.

Importation of Shoes Under Reciprocal-Trade Agreements

EXTENSION OF REMARKS

OF

HON. HENRY CABOT LODGE, JR.

OF MASSACHUSETTS

IN THE SENATE OF THE UNITED STATES

Monday, November 22 (legislative day of Tuesday, November 16), 1937

ARTICLE FROM BOSTON SUNDAY ADVERTISER

Mr. LODGE. Mr. President, I ask unanimous consent to have printed in the RECORD an article from the Boston Sunday Advertiser of November 14, 1937.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Boston Sunday Advertiser of November 14, 1937]

WORKERS TELL OF PLIGHT—BLAME HULL TRADE PACTS AS SHOE PLANTS SHUT—THOUSANDS OF SHOE WORKERS IDLE, PLEAD FOR UNITED STATES ACTION—HAVERHILL FACTORIES ARE CLOSING—HIGH TARIFF IS ASKED TO SAVE JOBS

(By Ann Marsters, Boston Sunday Advertiser Staff Writer)

A little, watchful man sat in his office in the big shoe factory which he owned. The factory was silent, and the man was watching a few stray workers come and go.

They, the workers, wouldn't be needed today, nor the next day, nor the next. For it was Saturday morning in Haverhill; Mr. Morris Greenstein had shut down the Green-Bell Shoe Co., and all he could do was sit helplessly in his office and watch the workers come and go.

So a few more hundred shoe workers join the already enormous list of unemployed in Haverhill. There ought to be more than 8,000 men and women on the pay rolls of these shoe factories. But now there are fewer than 1,000—and those working only part time.

THE ANSWER IS PLAIN

Everyone knows the answer. The workers know it, the manufacturers know it—and so does Washington. Everyone knows that the answer is this:

The New England shoe industry cannot compete with the low-priced Czechoslovakian shoes which are pouring into the American market.

And everyone knows—the workers and the manufacturers—that the Washington administration's and Secretary of State Hull's policy of letting down foreign-trade barriers means absolute ruin to our shoe industry.

So the factories curl up and die one by one.

In Haverhill the industry is drawing its last breath.

Never before in the history of that city, in all the lean years of the past, has there been such a bleak and desperate situation.

GIVE FACTORIES A CHANCE

Ask any worker, and he can talk pretty intelligently about the cause of it all. He can tell you about the Czechoslovakian shoes; about the low wage scale in the Czech factories; about the low tariff which makes it possible for those shoes to be exported to the United States and sold for a price that makes it impossible for American factories to compete.

They all have the same question to ask: "Why doesn't Washington raise the tariff and give our factories a chance?"

They don't, as a whole, know much about Mr. Hull's "reciprocal trade treaty" with Czechoslovakia. They see the problem as it affects their livelihood, and their reasoning sounds the only sensible reasoning to their ears.

"Why," they ask, "should Washington deliberately destroy an American industry? Why should the administration not lift a hand to save it?"

It doesn't seem as though they'll get an answer to those questions in the near future, what with Mr. Hull going right ahead with his trade treaty, which will mean an even greater flood of Czechoslovakian shoes and even more closed factories here.

But meanwhile there is the vital, personal questions:

"How are we going to exist?"

We talked with a number of unemployed shoe workers in Haverhill yesterday and they all struck the same note of hopelessness.

Two young women, Marie Davis, of Becker Street, and Mariette Jalbert, of Grove Street, have been out of work, off and on, for the past 6 weeks.

NO SIGN OF WORK

Today they were informed that there wouldn't be even an occasional day's work for "an indefinite period."

"I just collected my last week's pay," said Marie, who is an expert stitcher. "It was 84 cents. I have hardly any money laid aside—and I have to support my mother. It's a mystery to me how we're all going to get through the winter. After all, the city can afford only so much relief, and there won't be enough to go around.

"I should think," she went on, rationally, "that it would be of more benefit to the country to keep its own workers employed, than to send thousands of dollars of American money over to Czechoslovakia. As it is, Washington seems to be trying to put us out of work—and they've certainly succeeded in Haverhill."

"Well," said Mariette, with a cheerful smile, "we're all in the same boat."

Being in the same boat appears to be the thing that is keeping the Haverhill workers cheerful, for the present. They can say "if one of us starves, we'll all starve"—and they can smile about it.

John Amara, of Grove Street, and Joseph Patnaude, of Coral Street, were employed by the Grand Shoe Co., which closed 3 weeks ago.

Joseph has been a shoe worker in Haverhill for 47 years. He said: "In all my years here, I have never seen anything like this situation. It is worse than anyone could have imagined—and if Washington doesn't do something about it pretty soon, it'll be too late. This will be a dead city, and we'll all starve to death.

"I suppose I and my family can live on credit for awhile—but not forever. The whole town's living on credit right now. But that's not going to pay the taxes on our homes—and if we can't pay taxes, where's the city going to get the money to shovel out relief?"

WELFARE LIST SWELLS

Certainly Joseph doesn't know, and neither does Mr. Amara. Amara plans to get through the winter by cashing his insurance policy.

At the headquarters of the Boot and Shoe Workers' Union, we talked with Mrs. Lillian Murphy, agent of the Stitchers' Union. She spoke of the immense swelling in the welfare list.

"Last Tuesday," she said, "190 families applied for relief. Up until Friday of this week, there was an increase of 450 applications. And the city's relief quota is already used up."

Mrs. Murphy is very much against the idea of the workers taking a cut in wages during the present crisis—and the majority of workers are against it, too.

The manufacturers, however (those few that are still trying to limp along), feel that some sort of agreement should be made whereby wages would be cut temporarily—until Washington throws a life line to the industry. But there appears to be no hope of any such agreement—and no hope of a life line, either.

ALL THREE SHOPS CLOSED

Little Mr. Greenstein, sitting in his silent, almost empty factory, is representative of the manufacturer. Not long ago he had two other factories, besides the Green-Bell, going full blast—the Phillip Shoe Co. and the Morrison Wood Heel Co. He has had to close all three—because of those Czechoslovakian shoes. He has had to put 800 men and women out of work.

Mr. Greenstein showed us a petition which is being signed by the workers in Haverhill. It reads:

"To the Honorable GEORGE J. BATES, Sixth Congressional District, Massachusetts, Congress of the United States, Washington, D. C.:

"We the undersigned shoe workers and other workers of Haverhill, Mass., all directly dependent upon the industry for our livelihood, protest against the reciprocal-trade agreement with Czechoslovakia and we earnestly urge that barriers be increased, to the end that the shoe industry be preserved from certain destruction."

Mr. Greenstein sadly shrugged his shoulders and said, "I don't think it will do any good."

The Antilynching Bill

EXTENSION OF REMARKS

OF

HON. JOSIAH W. BAILEY

OF NORTH CAROLINA

IN THE SENATE OF THE UNITED STATES

Monday, November 22 (legislative day of Tuesday, November 16), 1937

ARTICLE BY HUGH S. JOHNSON

Mr. BAILEY. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD an article headed "One Man's Opinion," by Gen. Hugh S. Johnson, published in the Washington Daily News of Monday, November 22, 1937.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Daily News of November 22, 1937]

ONE MAN'S OPINION

(By Hugh S. Johnson)

I have spoken analyzing the main objections to the antilynching bill, and Mr. Mark Sullivan has written on it very clearly. But there has been a considerable request that it be discussed again here, so, at the risk of repetition, here goes.

The public thinks this is a bill to make lynching a Federal crime. The principal poll of public opinion, which is frequently cited as showing a 70-percent majority, asked, "Do you favor making lynching a Federal crime?" This bill does no such thing.

It defines lynching as three or more people taking and injuring or killing a person charged with, suspected, or convicted of a crime. When this happens, the responsible State or municipal cop who willfully neglected his duty or failed to arrest lynchers, can be tried by a Federal court and, if convicted, sent to the penitentiary as a felon. Also, in behalf of any person so injured or killed, the United States Attorney General, using Federal funds, can bring a civil suit against any town where such a thing occurred and collect damages up to $10,000.

Only once before during the life of our Constitution was it believed that the Federal Government could supervise the execution of State laws or officers or discipline local governments and officers. That once was the ravishment of the South by carpetbag tyranny after the Civil War in the tragic reconstruction era; the most disgraceful period in our history.

This antilynching bill is now attempted under the fourteenth amendment. That was one of three amendments that freed the slaves, gave them citizenship and the right to vote, and guaranteed them equal protection of the laws. Under these provisions also the new radical Republicans, after 1865, sought to send Federal officers into the South, enfranchise the whole Negro race as Republicans, and, since they were, and still are, in the majority in many States, install Negro State governments and use their inexperience to treat the white State populations as "conquered provinces." It partly succeeded for 20 years until better elements within the Republican Party became disgusted, the courts invalidated most of the legislation like this, and the South was again free. The experiment failed, but it made the whole Negro race Republican up to 1933.

Lynching and mob violence are a particularly dangerous and despicable crime. Few statesmen dare go against what the public has been ballyhooed into believing is an antilynching bill, no matter how bad and dangerous it is on other grounds. Due to State action, lynching has almost disappeared—from hundreds of cases years ago, mostly in the North, to nine last year. This, besides being a bad issue, is a fake issue. Why is it raised?

The Negro vote in the four pivotal States of greatest electoral votes is now large enough to swing any close election there, and some of those States are large enough to be necessary in any national election. Negroes are all now New Dealers. Third New Dealers believe that this bill will keep them so permanently, and they care not a hoot for the objections of people who think our system of dual State and National Government should be preserved. They don't want it preserved. They want a modified Fascist front in a Federal dictatorship based on discontents of all kinds. They want to break up the old Democracy of the solid South and rebuild a new Third New Deal party of Negroes, the unemployed, aliens, and all those who claim a class grievance—to break down the States and constitutional guaranties and centralize all political power where they can control it. This is just their dish.

If this attempt stood alone it might be dismissed as unimportant. It does not stand alone. It is just one in a cluster of bills to centralize government and impair the constitutional power of both Congress and the States.

The Antilynching Bill

EXTENSION OF REMARKS

OF

HON. BENNETT CHAMP CLARK

OF MISSOURI

IN THE SENATE OF THE UNITED STATES

Monday, November 22 (legislative day of Tuesday, November 16), 1937

EDITORIAL FROM NEW YORK WORLD-TELEGRAM

Mr. CLARK. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD an editorial published in the New York World-Telegram of November 20, 1937, headed "Why Not Legislate?"

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New York World-Telegram of November 20, 1937]

WHY NOT LEGISLATE?

Several southern Democratic Senators, including GEORGE, of Georgia; BAILEY, of North Carolina; and CONNALLY, of Texas, have been demanding that Congress quit wasting time and do something to help pull business out of the slump.

That is a sound idea. Business needs help, needs it badly. The jobs of millions depend upon business getting that help quickly. But the way these particular do-something-for-business Senators want Congress to "quit wasting time" is to debate the antilynching bill.

Inasmuch as antilynching legislation has already been debated in Congress for more than 15 years, the quickest and best way for the Senate to "quit wasting time" would be for Senators GEORGE, BAILEY, CONNALLY, et al. to stop their talk, take their seats, and vote.

After all, passage of the measure, if it did pass, would not hurt business, except the business of lynching, which, though it may be a lively industry in some States, certainly yields no dividends, pays no taxes, and provides no gainful employment.

In the House also the legislative process is being choked. The stranglers are five southern Democrats—COX, of Georgia; DRIVER, of Arkansas; SMITH of Virginia; CLARK of North Carolina; and DIES, of Texas—abetted by four Republicans—MARTIN of Massachusetts; MAPES, of Michigan; TAYLOR of Tennessee; and MCLEAN, of New Jersey. These nine constitute a majority on the House Rules Committee.

They don't like the Black-Connery wage-hour bill. And so, although the bill has been passed by the Senate and approved by the House Labor Committee, they have decided to use the peculiar autocratic power which a Rules Committee majority possesses and not permit the bill to come before the House. These nine men won't let the 424 other Representatives vote on the bill or even legislate on the subject in the way such measures customarily are debated, amended, and then rejected or approved.

We don't like the wage-hour bill as it is now written. We think it would be better for Congress to fix labor standards than to delegate that power to a commission. But so long as the bill is bottled up in the Rules Committee there can't be any wage-hour consideration at all. Thus far no Congressman whom we have heard of—certainly not one of these nine—has had the political courage to say publicly that there should be no legislation to stop the sweatshop exploitation that is undermining the living standards and buying power of the American wage earners.

Once it gets out on the House floor this bill can be amended and improved by the orderly democratic processes. But some elected "Representatives" of the people seem to be afraid to let representative government function.

Preservation of Natural Resources

EXTENSION OF REMARKS

OF

HON. JOSEPH F. GUFFEY

OF PENNSYLVANIA

IN THE SENATE OF THE UNITED STATES

Monday, November 22 (legislative day of Tuesday, November 16), 1937

RADIO ADDRESS BY HON. HAROLD L. ICKES, SECRETARY OF THE INTERIOR, ON NOVEMBER 1, 1937

Mr. GUFFEY. Mr. President, I ask leave to have printed in the Appendix of the RECORD an interesting radio address delivered on the 1st instant by Hon. Harold L. Ickes, Secretary of the Interior, entitled "We Must Husband Our Resources."

There being no objection, the address was ordered to be printed in the RECORD, as follows:

"To conquer Nature, man broke down the gates of the Garden of Eden and came forth to meet the challenge of an unordered world."

These are the words of a former Secretary of the Interior, the late Franklin K. Lane.

Ruthlessly, man has continued on his way through the ages. In the struggle for self-preservation and for economic security he has conquered the world beasts and the physical phenomena of the earth, utilizing its flora and fauna for food and clothing and shelter and delving under its crust for minerals to provide warmth and materials and power for his machines. As man became bolder and more experienced he enlarged his ability to exploit, and by travel and exploration discovered ever new fields for his enterprise until the time came when he had conquered everything but himself.

It was not long after the settlement of America before our ancestors began to ravage forests and land and streams with no thought of the future. In fact, the principle of conserving natural resources was unknown among these early newcomers, because there was no occasion for its exercise. The new Colonies, and subsequently the Federal Government, could offer seemingly inexhaustible quantities of land amply supplied with water, minerals, forests, and wildlife, which were the basis of the pioneer economy. Further exploitation of our natural resources threatens our present national economy and casts a heavy cloud upon the future of our country.

When are we going to constitute an agency of government which is willing and able to undertake the task of checking the prodigal waste for which we have been notorious, and be responsible for the result?

In days gone by our ancestors sold our patrimony for less cash than was obtained for the traditional mess of pottage. They even allowed them to be taken without compensation. They permitted our heritage to be despoiled, the land to be raped. They gave away the country's water and broad acres. They proclaimed and carried out a policy of "come and get it." To those who clamored loudest went the biggest share of the country's forests, of its oil and mineral resources.

We must not continue to squander our resources the same way today, for there is little left to sell or give away. The cupboard may not be bare, as was the case with Old Mother Hubbard, but at the rate we have been going it will soon be in that condition. Now we must ask those who received immoderate special benefits from the Nation to do a bit in helping us to improve our national economy. From those who got a thousand feet of lumber, perhaps, we are asking a splinter as taxes in return; from those who got a square mile of rich land we may request enough to preserve an acre for posterity; from those who got a barrel of oil we may ask for a teacupful back—and already the shrieks of anguish from the greedy are heard throughout the land. At this time, and properly so, we are concerned with the annual cash Budget, that of the dollars and cents that we must take in in order to meet our outgo. But we have not yet projected our vision to encompass the larger question of our national assets. The fact is that we are guarding our coin purse and leaving our billfold open to be rifled by any and all.

NO AGENCY FOR CONSERVATION

Why is it that this country can so easily run a fever over the Budget and at the same time fail to realize that we have squandered and are squandering our priceless heritage of resources, which we could never replace? Why is it that we become hysterical over wasting crumbs on the dining-room table and allow loaves to be purloined from the pantry shelf?

The reason is that there never has been, and there is not today, in the United States any one agency of government responsible for conserving our natural resources. There is no central agency of government charged with this task.

This condition should not endure. Fortunately, President Roosevelt, while engaged in balancing the Budget, is looking ahead. He is concerned about the national wealth that is locked up in our natural resources. He envisions a government which will guard those resources which are the storehouse and depository of the Nation's future welfare.

When the President laid the cornerstone of the new Interior Department Building in Washington in April 1936 he enunciated a policy of conservation of our natural resources that, if the people will get behind it, is destined to guarantee the prudent use and development of our remaining resources for the benefit of all Americans, both present and future. He declared that he was dedicated to the cause of conservation.

As a lifelong believer in the principles of conservation and of the prudent use of our topsoil, forests, water supplies, and minerals, I was greatly heartened by what the President said. I was encouraged not only because the President voiced his confidence in the Department of the Interior as the conservation arm of the Government on that occasion but because here was a President of the United States declaring that the vast national domain and the other natural resources of the country belonged to all of the people. They were not the property of any class.

It is therefore with a sense of satisfaction and pride that I am able to say to the people of America that the administration now in Washington has begun to reverse the one-time national policy of exploitation and waste and is undertaking a conservation program which is predicated upon the sound philosophy that our resources are to be guarded and used for the greatest good of the greatest number of our citizens.

PEOPLE BEGINNING TO AWAKEN

There is ample evidence of this new direction of the popular will. An increasingly large number of persons today have a better understanding of the purposes of conservation and a keener appreciation of what the Federal Government is doing to protect our natural resources. At last the people themselves are beginning to recognize the importance of conservation in our national life, both economically and socially. There are many instances of this.

In point, is the acclaim that has been accorded the splendid work that is being accomplished by the Civilian Conservation Corps.

Among the many other approved steps which have been taken by the Government since 1933 and which have given force and effect to conservation I might mention the program of soil conservation and erosion control. There is now a general acceptance of the fact that soil erosion can be prevented and that its effects can be overcome in many instances.

I need mention only Grand Coulee Dam and the Bonneville project on the Columbia River and the Fort Peck Dam at the headwaters of the Missouri River as steps in the greatest flood control, navigation, and irrigation programs ever undertaken by any government anywhere. Boulder Dam, which harnesses the Colorado River, has been completed and put into operation ahead of schedule, and completion of the significant Tennessee Valley development is proceeding rapidly.

Theodore Roosevelt, in his autobiography, says that the first work he took up when he became President was that of reclamation. Prior to the Reclamation Act all irrigation was under private auspices, but from 1902 the Federal Government has taken the leadership in this major field of conservation through the Department of the Interior. The successful conquering of the desert by husbanding for it life-giving water has given birth to a specialized agriculture which has made possible homes and a livelihood for many thousands of our population.

The Guffey Coal Act, setting up the Bituminous Coal Commission, is an effort of this administration to conserve our supply of coal and to protect our miners.

PROGRESS UNDER GRAZING ACT

Under the Taylor Grazing Control Act we have made progress far beyond our earlier expectations toward saving what remains of the public range, with the result that stabilization of the livestock industry is in sight at last. This act, administered by the Department of the Interior, is one of the most important single conservation measures ever enacted by the Congress.

The interest of our people in the enlargement and development of our national-park system has shown a tremendous growth during the past 5 years. Attesting this is the fact that during the past year more than 15,000,000 persons, or about 1 person in every 8 of our population, visited our national parks and monuments.

The production and sale of "hot oil" in our largest field in east Texas has been virtually stopped as a result of cooperation between the Department of the Interior and the State of Texas, and it is my observation that our people, including those in the oil industry, are rapidly coming to the conclusion that petroleum is an irreplaceable resource that should be conserved at all costs.

It is not by mere chance that it has remained for the Department of the Interior to take the lead in the present-day conservation movement. This Department does not consider conservation the mere hoarding of our resources. While Interior is fully alive to the imperative necessity of protecting and preserving all of our natural resources, it does not hold that conservation is incompatible with a continued growth of the country. Just the opposite is the fact. We believe that conservation will make for a greater enhancement of our country in the future than would a policy of continued exploitation. It will provide substitute fertile lands for the acres of the Dust Bowl which are the result of improvident farming. It will permit decentralization and the breaking up of our congested areas so that we may free ourselves from those areas which, because of overcrowding, breed sickness and crime.

The Department of the Interior holds that we must rephrase the philosophy of the past with respect to the handling of our natural resources. We must inculcate as a fundamental tenet of Americanism the belief that the proper development of our form of government carries with it the obligation to use Nature's gifts prudently, so that all the people may benefit—not only those of today but those of tomorrow and the day after. I think it is time that in our schools, both grammar and secondary, and in our colleges as well, we should inculcate more vigorously an understanding of the magnitude and the importance of the problem of proper husbandry of soil and water and minerals.

None of the gains for conservation that have been cited have been won without a stiff fight against special privilege. And what has been true in the past is true today. No administration or President may advocate a change of policy curtailing special privilege without inciting the trained seals of that privilege to shrill barks. Professional viewers-with-alarm in our country are a hardy, perennial crop. And usually the alarm that is aroused and proclaimed bears a direct relationship to the stake involved, which, in the case of what remains of our national resources, still runs into the billions of dollars.

What other Presidents were confronted with in the past when they engaged the exploiters in behalf of the people, President Roosevelt is experiencing today. As part of his well-conceived and well-worth-while plan to reorganize the executive departments in the interest of efficiency and economy, he has proposed that the name of the Department of the Interior be changed to that of Department of Conservation. Such a change would mean that for the first time in our history the conservation of our natural resources would be made the responsibility of a major department of the Government. Naturally we find this proposal bitterly opposed by those who have been given special privileges in the past with respect to our lands and forests and mines—those who want to continue to exploit these and other resources for their personal enrichment.

WILL NOT FIGHT IN OPEN

It would not help their cause if those who fell the forests, exhaust the oils and minerals, or covet for power and irrigation such water as they have not already seized, stood out in the open to fight President Roosevelt's conservation plans. They find it better to work by indirection, to make use of a sincere but misguided zealot. Let us see how the exploiters operate, and, seeing, admire their cleverness.

There was a figure prominently associated with Theodore Roosevelt in establishing his conservation policies. I refer to Gifford Pinchot, once head of the Forest Service and more recently Senator-reject of Pennsylvania. He did excellent service over a quarter of a century ago, but for many years, because of his political proclivities, he has not had much time to devote to the thing that brought him fame. In fact, he has become the Lot's wife of the conservation movement. He has not looked ahead for 20 years. And yet Mr. Pinchot, despite his lack of vision, still serves some use in the conservation movement. We need guideposts, even if they lead many miles back into the past. But a man can hardly be regarded as a crusader merely because a quarter of a century ago he followed a Peter the Hermit. Now Mr. Pinchot is again astride his old hobby-horse, but he is facing the tail instead of the head of the horse. In truth, Pinchot is not a Lancelot but only a Don Quixote.

ROLE OF LOOKING BACK

That Pinchot's role in the conservation movement is purely that of one who looks through a rear-view mirror is attested by the bitter attacks that he makes upon anyone whom he regards as threatening the position he asserts as of right to be regarded as the self-annointed Messiah of conservation. This attitude of his has never been so well exemplified as at the annual convention of the Izaak Walton League, which was held in Chicago last spring. The speech that he made on that occasion was purely political, the good taste of which might well be questioned by any member of an organization that, in theory at least, is above political controversy.

Mr. Pinchot has been busy jittering his way about the country declaring that if the President's reorganization bill passes, as it should pass in the interest of a more efficient administration of the Government's business, the national forests might be transferred to the new Department of Conservation. I have not the slightest notion whether the President would do this, but if he should make the shift the entire personnel of the Forest Service would be sent to the new Department. It happens that the Forest Service is under civil service, and it would continue to function as a unit manned by civil-service personnel, as in the past. I know that even in his excitement Mr. Pinchot did not mean to imply that the able and honorable employees of the Forest Service in the Department of Agriculture would be any less able and honorable in the Department of Conservation. I think that Mr. Pinchot will concede that I have upheld the principle of civil service since I became Secretary of the Interior even in making appointments that lay outside of this law in which I so firmly believe.

In his Izaak Walton League speech Mr. Pinchot "temperately and judiciously" made this statement:

"I call to your attention the fact that, with a possible exception of the national parks—and I underline the word 'possible'—the Interior Department has never had control of a single publicly owned natural resource that it has not devastated, wasted, and defiled."

EXPERT AT CALLING NAMES

I do not care to bandy unexpurgated epithets with my old friend. He has specialized so long in calling names that he has become an outstanding expert in this art. All that I care to say is that the people of this country have had too many contacts with the various bureaus and divisions of the Department of the Interior for those bureaus and divisions to need any defense from me.

It seems to me so obvious as not to require argument that conservation would be greatly advanced if it is made a major responsibility of the great department of the National Government. Gifford Pinchot—and in this, interestingly enough, he has the active cooperation of Col. William B. Greeley and the great lumber interests of the country—supports the bizarre theory that in disunion there is strength. For some reason that I cannot understand, he wants to keep the conservation activities of the Government separate, disunited, and antagonistic. His is an ardent advocacy of overlapping and inefficiency, with its consequent waste and exploitation.

In a speech before the American Forestry Association some months ago Mr. Pinchot delivered another tirade against the President's reorganization plan and made slurring reference to the proposed Department of Conservation as "Ickes' folly." He misrepresented me as a despoiler of the Department of Agriculture, the national forests, and the public range, and miscredits me with a bump of acquisitiveness and greed for power even greater than his own. This in the face of the following inscription to me in his book, Just Fishing Talk, which he sent me in July 1936:

"To Harold Ickes, whose courage, conscience, and common sense have made him one of the most outstanding public servants of his time, with the affection and admiration of his friend, Gifford Pinchot."

PREPARING TO SEEK OFFICE

Do you wonder that some question the sincerity of this man, who can abandon during political campaigns his interest in conservation; who yesterday fought the great lumber interests, charging them with ruthless exploitation, and today walks down Pennsylvania Avenue arm in arm with them; who proclaims his interest in the farmer and the workingman and at the same time plots for political control of Pennsylvania with Joseph R. Grundy, the greatest lobbyist of them all for the biggest interests? I suppose now that Mr. Pinchot is preparing to run again for the governorship of Pennsylvania, or for an even higher office. There will be less and less criticism of the Department of the Interior from him as his campaign develops, except as it may serve his political interests.

May I conclude by saying that there is nothing startling in the President's proposal for a United States Department of Conservation, in which there might be concentrated existing Federal activities for the prudent use and preservation of our natural resources?

Some 24 States already have conservation departments or commissions, and their business of government apparently goes on tranquilly and efficiently. Once the feud of over a quarter of a century ago, which is kept alive by such men as Pinchot, is rightly recognized for the false obstacle that it is to good government and sound sense in handling our remaining natural assets, the way will be cleared for beneficial legislation. Then the horizon of a decent and comfortable existence in America will be extended by thousands of years. And man, who has already conquered Nature, will have conquered himself.

Main Street Talks to Pennsylvania Avenue

EXTENSION OF REMARKS

OF

HON. SAMUEL B. PETTENGILL

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 22, 1937

Mr. PETTENGILL. Mr. Speaker, the small businessmen of the country have been supporters of the administration. Today, however, they are beginning to doubt whether regulation from Washington is not being carried too far. Their point of view is entitled to consideration.

It is for this reason that I attach a letter received from a responsible businessman from a typical little town of the Midwest—Nappanee, Ind. The writer of the letter is a lifelong Democrat, a respected citizen, and former mayor.

I do not understand that Mr. Uline objects to voluntary organization and collective bargaining for labor. It is manifest, however, that the labor problem of the small factory, where management and men know each other by their first names, is vastly different from what it is in the great industrial centers. Any law or administrative policy which seems to widen rather than close the gap between management and men, which appears to make "the employer powerless to discuss the situation" cannot in the long run be good for the owners, the men themselves, the community, or the Nation.

Those who have the responsibility of producing goods at prices which the buyer will pay are entitled to a hearing. The letter follows:

NAPPANEE LUMBER & MANUFACTURING CO.,
Nappanee, Ind., November 11, 1937.

Hon. SAMUEL B. PETTENGILL, M. C.,
Washington, D. C.

MY DEAR MR. PETTENGILL: It has not been often that I have written you but at the present time I feel that a few words from one who has been one of the leaders in the Democratic Party in this section will not come amiss. It seems to me that the present session of Congress has a big job on their hands if they are to enact legislation which will be beneficial to the country and if they are to modify legislation which has proven to be detrimental to our progress.

I am not unmindful of the many good things and necessary things which already have been done to stimulate business. On the other hand, in the eagerness of some of the Democrats to change the whole system, some legislation has been passed which is very detrimental to business. Some of this legislation affects big business and some of it affects small business. What I am interested in is the legislation which adversely affected small business.

Hanging on the wall in my office is a picture of a group of laboring men, the first which it has been my pleasure to employ. There were an even dozen of these men and the picture was taken in 1890—47 years ago. Since that time I have always employed men, and the dozen has grown to nearly 100. During that time I knew every man by his first name and never was unmindful of his needs, and in the hour of his needs either I or my company were always at his service. Forty-seven years of a relation like this without any noticeable friction.

During all of this time I have been a Democrat. I have believed in democracy and thought I believed in Democratic principles. I believe you know me well enough to realize that my influence has had some weight in the community and what I am writing to you as a Democrat I feel sure that I am voicing the opinion of small manufacturers all over the country. The word has gone out from Washington repeatedly that nothing should be done to disturb the small manufacturer. Yet for the first time in our history there is friction among our laborers due to the passing and the upholding of the Labor Act. Labor has organized in Nappanee.

I am writing you at length because I feel that the details of the effect of labor organizations in small institutions should be known to Democrats generally, and that such unfavorable conditions must be corrected if the Democratic Party hopes to carry on indefinitely. The pendulum is definitely swinging the other way. It is not too late to stop this swing, yet if it is continued much longer the momentum will be so great that nothing can stop it.

Last night I read in the paper where labor is picketing a plant in Goshen, one of our competitors. For the last 3 or 4 weeks the men in our factory have been inclined to get together in groups of two's and three's and some weeks our production was away below normal due to this unrest.

Labor is organized. The employer is powerless to discuss the situation with them for fear of the results should the National Labor Relations Board be called into the picture. Last week I read where some firm in Wisconsin was required to take back into its plant 27 men who had been discharged. Such a condition is not good for the employer, neither does it leave the employee in a frame of mind where he can be of the most good to his employer.

Now, here's the situation in our own factory: Our own men organized. More than 75 percent of the men signed union cards giving the American Federation of Labor full bargaining power for them for 1 year. Immediately we began to retrench. That is to say, we quit buying raw material except in quantities sufficient to last us not more than 2 weeks. Besides this we began a movement to curtail sales expense, all because there is no way of telling what we may expect in the future. This will reflect one of the causes why business is on the decline at the present time. Such a stand as this is not taken only by our institution, but the other factories in Nappanee have adopted the same policy and I am satisfied that all other institutions which are meeting a similar condition are doing likewise.

A careful scrutiny of the wording of the Labor Act leads me to believe that freedom of speech is denied the employer and that therefore we are no longer a free country.

When professional labor organizers are encouraged to step into a harmonious labor situation and void contracts with satisfied employees, our laws permitting the employer no voice, then the situation does no one any good, and freedom of contract ceases, as labor cannot serve two masters at once.

I am writing you in this manner because I feel that I can come to you as a friend. Your work will be harder this coming season than it has ever been before, but in the end right must prevail and I personally urge you to continue to fight for what you believe to be right. Your decisions in the past have met with the approval largely of the thinking people whom you serve.

Thanking you for your indulgence in hearing this appeal and assuring you that unless something is done to restore true democratic principles, the Democratic Party will awaken to find many of the influential Democrats who have carried the heat and burden of the day no longer active. I beg to remain,

Yours very truly,

WALTER C. ULINE.

Third Term for President

EXTENSION OF REMARKS

OF

HON. H. STYLES BRIDGES

OF NEW HAMPSHIRE

IN THE SENATE OF THE UNITED STATES

Monday, November 22 (legislative day of Tuesday, November 16), 1937

ARTICLES FROM THE NEW YORK HERALD TRIBUNE

Mr. BRIDGES. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD two articles dealing with a Presidential third term, published in the New York Herald Tribune of Sunday, October 31, 1937, and Saturday, November 13, 1937.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune of October 31, 1937]

SIX ROOSEVELT PARTY CHIEFS VETO THIRD TERM—FLORIDA CHAIRMAN THINKS REFERENDUM MIGHT EVEN CONDEMN SECOND TERM; COMMITTEE HALTS POLL

(By Albert L. Warner)

WASHINGTON, October 30.—The Democratic chairmen of six States advise against a third-term nomination for President Roosevelt, according to a private poll, the results of which were revealed today, along with the considered answers of these Democratic leaders.

One of them, J. B. Hodges, chairman of the Democratic State Executive Committee of Florida, breaks completely with the President and his administration. Attacking the President with a sharpness which no Republican has surpassed, this Democratic leader charges Mr. Roosevelt with making "unconstitutional" proposals, "encouraging" sit-down strikes, breaking his Budget-balancing promises, and spreading lack of confidence. He

suggests that, instead of an inquiry as to a third term, an investigation should determine whether the people want "the completion of the President's second term."

Finally, a member of the President's own family, Franklin D. Roosevelt, Jr., now at the University of Virginia, enters the third-term discussion to leave the door open because "what we feel today may have to be revised 2 years from now in the light of circumstances beyond our control, such as the foreign situation."

UNWRITTEN LAW

The Minnesota Democratic chairman declared the two-term rule was an unwritten part of the Constitution. The South Dakota chairman said he had already informed members of the Cabinet that the voters of his State positively were against a third term for anyone. The Kansas chairman said it would be a "bad precedent." The Alabama chairman asserted a third-term candidate would sound the "death knell" of the party sponsoring him, and Alabama would go Republican for the first time in history if he were a Democrat. According to the chairman for Mississippi, "the people as a whole would look with disfavor upon a third term."

The poll which produced these results was taken by Joseph Leib, formerly of South Bend, Ind., young political writer who organized the first Roosevelt-for-President club in 1930 and was an eager member of the young Democratic movement in 1932. A persistent letter writer, he polled the Democratic State chairmen in 1935 and gave out the answers showing that the overwhelming majority of the delegates to the 1936 convention would carry instructions to vote for Mr. Roosevelt.

COMMITTEE HALTS POLL

The poll this year was cut short because the Democratic National Committee stepped in to halt it. Lawrence W. Robert, Jr., secretary of the committee, was informed by Charles Reid, Georgia State chairman, of the letter he had received asking his views on a third term. Robert advised Leib to stop. Subsequently, and presumably on advice from national headquarters, no more chairmen sent in their views. All six who replied thought that a third term would be distinctly unwise.

The 7-page letter from Mr. Hodges, the Florida State chairman, upon which he said by telephone later he was willing to stand publicly, was described on Capitol Hill today as a southern political development of the first order. Mr. Hodges had been a public critic of the President's Supreme Court plan and an insurgent on some other matters, but today he leads a Florida insurrection against Mr. Roosevelt personally and his whole conduct of affairs.

The more or less private views of these State chairmen are in striking contrast to public comments of several Democrats in public office who may be seeking to ingratiate themselves at the White House. Gov. George H. Earle, of Pennsylvania, is one of those who have been talking up the third-term idea.

This was the letter sent out to the State chairmen:

"I am trying to find out how the people feel about a third term for the President.

"So much has already been said about the matter. Of course no one knows what will happen by 1940—but what do you hear and how do things look?

"Thanks and regards."

The following replies were received from State Democratic chairmen:

Herbert Holmes, chairman Mississippi State Democratic executive committee:

"Of course, it is impossible for me to know how all the people of our State regard a third term for the President, but from what I can learn from those with whom I have talked, the people as a whole would look with disfavor upon a third term.

"Those who are receiving employment or bounty from the Government, whom I have contacted, are very much in favor of his nomination for a third term, but this does not represent a very large voting strength."

C. M. Fitzwilliam, Kansas State committee chairman:

"President Roosevelt is strong as ever in Kansas, and though Kansans are not for a third term, I think he would carry the State. Personally, I think it would be a bad precedent."

A. W. Powell, South Dakota State chairman:

"Tom Berry served two terms as the most popular Governor that South Dakota ever had. He balanced the budget, reduced bonded indebtedness several million dollars, and operated the State without a levy on real estate or personal property.

"In 1936 we thought he was our strongest candidate for Governor, and he ran for the third term and was defeated by over 10,000 votes when every constitutional officer won.

"Mr. Roosevelt lost over 30,000 votes in 1936, and I know it would be fatal to ask the people of South Dakota to reelect him for the third term.

"Out here there is the feeling that these things should be passed around, and the ballots are marked accordingly.

"Personally I would vote for Franklin D. for the third term as an expression of sheer gratitude for the improvement in my situation as brought about by his program, but the 300,000 other voters in South Dakota, I am very positive, feel otherwise, and I have so informed some members of the Cabinet."

John D. McQueen, chairman, State Democratic executive committee, of Alabama:

"Replying thereto, I beg to advise that it is my candid opinion that the nomination by any party of anyone, regardless of who he might be, as a candidate for election to a third term as President of the United States would sound the death knell of the party responsible for such nomination.

"I do not believe the people of the United States would ever elect the same man as President of the United States for a third term, and it is my candid belief that if the Democratic Party does so nominate it will mean that the party will not only go down to defeat, but that it will be so torn by internal strife as to destroy any possibility of the party ever again being the dominant party.

"So far as Alabama is concerned, it is my opinion that such action on the part of the national convention would mean that this State, for the first time since its staunch Democrats redeemed the State from the ignominious rule of the carpetbaggers, which was inflicted upon us following the War between the States, would fail to be found in the Democratic column."

John F. D. Meighen, Minnesota chairman: "My opinion is that the two-term rule is part of our unwritten Constitution, just as much as the right of the Federal Government to purchase new Alaskas. Save in grave emergency, I do not think the voters will overlook the two-term rule."

J. B. Hodges, chairman of the State Democratic executive committee of Florida (excerpts): "You have asked a very frank question, addressing me on the envelope in which your letter came, as Democratic State chairman, and I presume you desire a frank answer, and I am making one.

"There has been much said, and a great deal of speculation has been indulged in, by the people and the press of the Nation in regard to a possible third term for President Roosevelt, and he has nowhere, at any time, so far as I know, made any definite statement relative thereto, preferring to dismiss inquiries in regard to that matter lightly, with statements that may be interpreted as having two meanings, apparently trying to follow in the footsteps of another President of the United States, but his statements and actions are not nearly as clever as the tart reply of such other President, to wit: 'I do not choose to run.' * * *

"In fact, propaganda is already abroad in the Nation by way of reference to the refusal of President Washington to accept a third term, such propaganda pointing out that there is now no law or statute against it; that it is not mentioned by the Constitution; that other Presidents have been besought to seek third terms; that they did not refuse because of Washington's refusal, but because of some illness or the infirmity of age, and with the propaganda set-up in the several alphabetical departments of the New Deal government, the idea of a third term can be, and is being, propagated at the expense of the American taxpayer. * * *

"It would be more profitable to the New Deal * * * to ascertain from the American people whether they are now agreeable to the completion of the President's second term instead of undertaking to ascertain whether or not the people desire the President for a third term.

"I am a Democrat—a liberal Democrat—and I expect to remain a Democrat—a liberal Democrat—as long as I live, but the platform of the Democratic Party adopted at Philadelphia last year was not prepared and written by the delegates to the convention, but was prepared and written somewhere else, and is prepared in such a clever manner that many of the planks therein are capable of more than one construction, very much like the tart statements of the President heretofore made about a third term."

Hodges' 7-page reply charged the President with disregarding platform pledges "to solve its legislative problems within the Constitution" by proposing the "amazing" Supreme Court reorganization bill. He charged the President with making other "unconstitutional" proposals, "encouraging" sit-down strikes and the C. I. O., and with promising to balance the Budget so many times that "the people of the Nation have no confidence in any such promise."

Hodges said that lack of confidence in the President "is now growing to an alarming extent," that the people see no necessity for a special session of Congress, and that "they do not intend to allow the Government of the United States to be operated on catch phrases."

"Our objections are now inaudible," Hodges' letter said. "We have learned that we can only make changes in general-election years, so our people tolerate these things, knowing that there can be no change until 1940, when they hope to select some other Democrat who will reflect the actual thoughts and desires of the rank and file of the Democratic Party."

Hodges' advice on a third time for the President was: "Don't do it! The people are against it."

A letter signed by Franklin D. Roosevelt, jr., from Charlottesville, Va., dated October 24, said:

"Thank you very much for your recent letter, but I am afraid I cannot give you the answer you desire. In the first place, I think it is not my position to make any statement concerning a third term for my father; and, furthermore, the necessity for deciding such an issue has not as yet arisen, since what we feel today may have to be revised 2 years from now in the light of circumstances beyond our control, such as the foreign situation.

"However, many thanks for your letter, and I would appreciate it very much if you would let me know the result of your inquiry."

[From the New York Herald Tribune of November 13, 1937]

FOUR MORE PARTY HEADS JOIN FIGHT AGAINST THIRD TERM FOR ROOSEVELT—TWO DEMOCRATIC STATE CHAIRMEN AND TWO GOVERNORS WARN OF ADVERSE SENTIMENT; THREE SENATORS ALSO CAUTION AGAINST TRADITION-SMASHING ATTEMPT

WASHINGTON, November 12.—Two chairmen of Democratic State committees and two Democratic Governors today cautioned against a third-term nomination for President Roosevelt, joining the six Democratic State chairmen who 2 weeks ago were recorded as either actively opposing or warning against breaking tradition.

Also comment written by three Democratic Senators, variously dated from July to October, but made public today, showed that

they were either fearful of a third term or felt sure Mr. Roosevelt would not want to run again.

The Democratic State chairman of Arizona, Junior Gibbons, declared that Arizona Democrats feared that if Mr. Roosevelt broke precedent the result might be "disastrous" at some future time. The Democratic State chairman of Vermont, Park H. Pollard, promised to support anyone nominated by the Democratic National Convention, but found many of his party in his own State "not favorable" to a third term.

The Governors of Rhode Island and Virginia, Robert E. Quinn and George C. Peery, both declared that sentiment in their States would be against a third term for anyone.

Previously the Democratic State chairmen of Florida, Minnesota, South Dakota, Kansas, Alabama, and Mississippi had asserted opposition or warning. Their comment had included a direct attack on the President by the State chairman of Florida, J. B. Hodges, and a warning from the Alabama chairman, John D. McQueen, that a third-term nomination would be a "death knell" for the party.

The poll which brought today's additions to the symposium was taken by Joseph Leib, of South Bend, Ind., who organized the first Roosevelt-for-President Club in 1930. He asked the reaction to the proposal of a third term.

The comments today follow:

Robert E. Quinn, Governor of Rhode Island: "Personally, I am an admirer and supporter of President Roosevelt. I do think, however, that sentiment in Rhode Island would be against a third term for any man."

Gov. George C. Peery, of Virginia: "I think the majority of the people in Virginia are pro-Roosevelt. However, I believe there is a strong sentiment in Virginia against the President's being elected for a third term."

Junius Gibbons, chairman of the Democratic State Central Committee of Arizona: "I have made it my business to inquire quite thoroughly into the sentiment here. To date I have not found one Democrat who has not been thoroughly in accord with President Roosevelt and the policies which he has been trying to inaugurate, but many are afraid that should we break the precedents set by previous Presidents for only a second term, it might prove disastrous at some future time, and that none of them are skeptical of the motives of President Roosevelt; but once a precedent is broken it might easily be broken at some subsequent time and someone would be elected to the Presidency who might have ulterior motives and disastrous results might come of it."

Park H. Pollard, chairman of the Vermont Democratic Committee: "If the President is a candidate for a third term I should expect a delegation favorable could be secured in Vermont. Among the rank and file I find many not favorable to a third term. I am a Democrat and would support anyone the National Convention saw fit to nominate."

Senator MORRIS SHEPPARD, of Texas: "The President has indicated that he will not run a third time. He has thus killed that issue himself."

Senator WALTER F. GEORGE, of Georgia: "I am not in a position to discuss the third term suggested, but in my opinion we have nothing to fear. I do not know that the President has fully intended to announce himself for a third term."

Senator M. M. LOGAN, of Kentucky: "I am not for the President for a third term."

Senator ALBEN W. BARKLEY, of Kentucky, majority leader of the Senate: "I am not in a position to make any statement or prediction concerning this matter."

Charles Michelson, director of publicity for the Democratic national committee, in a leaflet issued Saturday discussed the matter of a third term, referring to it as an "old bogy" trotted out by Mr. Roosevelt's critics. He intimated the President was looking ahead with longing to retirement in 1941, but that, after all, conditions "3 years hence" were uncertain and "obviously, the President cannot in advance decline renomination that may never be offered him." Also "just as obviously, with the world in such a turmoil as it is today outside of this continent, it cannot be forecasted whether the American people would permit him to lay down his burdens in view of possible eventualities."

American Businessman. The Constitution, National Stability, Labor Relations, Progress, Cooperation

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EXTENSION OF REMARKS

OF

HON. MAURY MAVERICK

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, November 22, 1937

ADDRESS BY HON. MAURY MAVERICK, OF TEXAS, BEFORE THE KIWANIS CLUB OF SAN ANTONIO, TEX., OCTOBER 1, 1937

STUDY OF CONSTITUTION BY BUSINESSMEN

Mr. MAVERICK. Mr. Speaker, by unanimous consent I am including herein a speech I delivered before the Kiwanis Club of San Antonio, Tex., October 1, 1937. Having made some research on the British Constitution, with its Cabinet and Parliament, I made certain comparisons. I presume the American businessmen are like the businessmen of any first-rate country, only ours have the reputation of greater energy and efficiency. Whether the average American businessman is as well informed on the Government and on his Constitution as a British businessman is on his Government and his constitution is another question.

It has been said that this country grew so rapidly out of its natural resources and the energy of its people that many business leaders have not had the same intimate contact with government as, for instance, the British businessman. I am told that in some of the English families that certain men who come out of the business families have as many as three occupations: (1) They work in the family business or industry; (2) they are sometimes members of Parliament; and (3) some of them are even college professors without it being considered a common disgrace. Thus the business, educational, and governmental worlds are closer together. Whether this is actually true or not, I do not know.

During the time that I left the last session and came to this one I have talked to a great many businessmen and have attempted to get their viewpoints. I, naturally, have tried to give them my viewpoint, too. Wholly aside from any particular viewpoint that I may have on economics or government, I believe one thing is essential, and that is that the power of Congress must not be decreased, but increased, and when that is understood few will oppose the idea, because it means that the American people will have more power themselves.

PHASES OF SELF-GOVERNMENT—CONFIDENCE

When I tell people that the British courts cannot declare an act of Parliament unconstitutional, and that there is no such thing as judicial review in England, I have been told literally hundreds of times that, of course, we Americans are not as capable of self-government as the English. I think I understand the meaning of that, and if I am any judge of history at all, that is a taboo which is in the nature of a colonial concept. There seem to be hundreds of thousands of fellow Americans who somehow have inherited an idea that we Americans are not capable of self-government; that our representatives cannot be trusted; and that we must have some authority on high to review what these representatives do.

Does this mean that the American people have not confidence in themselves? Indeed, it is easy enough to vote representatives out if they do not vote in conformity with the will of the people. That seems to be the answer. I merely make these suggestions for study.

The address that I made is as follows:

POLITICS! WHY NOT SO SPEAK AT A NOONDAY CLUB?

My friends, it is a pleasure to speak to you, and I shall speak of some of our most recent trends. Necessarily, my speech will be political. Why not? Many clubs, especially noonday lunch clubs, indulge in the illusion that they never permit political speeches. Most of the time a speech is considered nonpolitical if it is against the President, the present administration, and the Democratic Party. But it is generally out of order if made "for." Frankly, one in my position can hardly make a speech about any other subject, and I see no reason why I should. Politics is my profession, and it is an honorable one.

But I will not make a partisan political speech in the sense of attempting to get you to vote one way or the other. I shall merely make observations which may or may not be of value, and you naturally do not have to agree with what I say.

You know that as a Representative of the United States I must represent what I believe to be the economic, social, and political welfare of all the people of the United States. All! Of course, I am a practical man and look out for San Antonio. But, on the whole, I can only think of my job in the terms of all the people, if I follow my moral and constitutional duty.

REPEAL ALL THOSE NEW-DEAL LAWS—AND GET ANARCHY

Now, I am told that if we abolish relief and the W. P. A., "stop spending all that money," "repeal all those New Deal laws," "balance the Budget," "let business alone," and for all Congressmen to stay at home, leaving everything to the wisdom of the Supreme Court, that everything will work itself out—by a miracle, I suppose.

If this were really done, the truth is we would have anarchy, no government at all; and business would quickly go into bankruptcy throughout the United States. We forget what has happened in the last few years, even few weeks. Just lately the South San Antonio Bank went broke. There was no crying of widows,

no excitement. The money was paid off, a new bank organized at once. If that bank had been allowed to go bankrupt in the old way, it might have started a financial toboggan that would have ruined our city and southwest Texas. Such things, I must remind you, have happened before—I mean before Roosevelt.

This is only one of a few things that have been done by the Roosevelt administration. There are literally dozens of laws passed by the Roosevelt administration which no sensible or good businessman would like to see repealed. But if we read the papers and believe what they say, all the businessmen of America must be denouncing the President in the strongest terms.

BIG-SHOT LAWYERS AND BIG-SHOT BUSINESSMEN

Now, let us discuss this; let us consider the position of the businessman in this country. It is factually true, without expressing any emotion whatever, that the "big shot" lawyers and the "big shot" businessmen have less influence in America today than ever before in their history. I am not saying this for the purpose of denouncing them, but merely as a statement of fact.

The proof is in the pudding. With that group bitterly opposed to the President, backed by 87 percent of the newspapers and many powerful organizations, the President was overwhelmingly reelected.

Why?

I think it worth while to go into a little of the history of this. In the past the "big shot" lawyers gained influence through their connections with the big corporations. This was during the rise of big business in the last 50 years, and especially in the recent inflationary period preceding the collapse of the stock market in 1929. When the depression came the "big shot" lawyers lost their influence, and that, of course, was because big business lost it. In any event, the old-time groups were repudiated, not once, but many times. Strangely enough, most of this group cannot realize that the hearts and minds of 130,000,000 people have changed and are determined not to go back. Some of our former "big shots" are like the aristocrats after the French Revolution who could never see the change nor realize that the old order was gone forever.

SUPPOSE THE BIG-BUSINESS MEN WOULD COOPERATE?

They are continuously denouncing the President, the Congress, the Government of the United States, and at the same time talking about Communists wanting to overthrow the Government. It would be a good thing for them to look into themselves and into their own hearts, consider their own, and see whether their acts are either patriotic or intelligent.

Suppose the big-business men of this country would attempt to cooperate with the Government instead of being against everything that was proposed. That's just a suggestion.

VIOLENT CRITICISM OF PRESIDENT QUITE FASHIONABLE

Some of this violent criticism of the President, at least from good men, seems to be, more than anything else, a sort of fashionable practice. I have been around groups of men where there was a lot of big talk and hatred against the President. Afterward, I have had nearly all of them tell me privately that they thought the President was all right.

It is apparently unfashionable or not the socially proper thing to do to speak well of the President of our country.

For 5 solid years the "big shot" lawyers, both individually and through control of the American Bar Association, have bitterly denounced the President. After this 5 solid years' yammering, crying, and bitter denunciation they get ready for another convention, with nearly all their prepared speeches with more denunciation of the President.

So the President finally mentions them.

And then these men gather and put up a squeal that can be heard all over the Nation that the President is persecuting them. If I were not talking to so dignified a group of gentlemen and I were not a Congressman, I would say "Nuts!"

The National Chamber of Commerce, the National Manufacturers' Association, and various other national organizations, representing the "big shot" lawyers and "big shot" businessmen, have opposed every single move for progress that has been proposed by the Government in the past 20 years.

They even did it when Hoover was in there!

NATIONAL ORGANIZATIONS OPPOSED TO INTERESTS OF LOCAL PEOPLE

Now, one point is very important for us to realize, and this applies to all of the average businessmen, lawyers, doctors, citizens all over the United States of America: These "big shot" organizations and these "big shot" leaders are opposed to the interests of the average man. The National Chamber of Commerce is detrimental to the local chambers of commerce over the United States. The National Manufacturers' Association is detrimental to the local manufacturers over the United States. The Liberty League is detrimental to local liberty all over the United States.

Their real philosophy is based on big business running little business out of operation. These "big shot" organizations, by superior propaganda, organization, and the hiring of intelligent minds, by control of the radio, the press, national advertising, attempt to jam their opinions into the heads of the people of the United States.

ATTACKS ON PRESIDENT SOMETIMES INDECENT AND UNFAIR

Now, under our Constitution anyone can criticize anybody they please. I believe that the President should be criticized and at times deserves it. But the noisy holocaust of criticism against the President has frequently been indecent, unfair, and has in some cases been of such a nature that it cannot even be repeated by any self-respecting man.

I would not favor a law to stop people from saying what they please about the President or anyone else. We must preserve liberty of speech and press at all costs; but certainly some people should exercise a little restraint, and public opinion should not favor brutal and unfair attacks on the person of the President and his family.

But, my friends, you are told the President is trying to destroy the Constitution and the Supreme Court; to break down our liberties and be a dictator. The President suggests something to Congress, and immediately up goes the cry of "dictator." But we seem to forget that when Mr. Hoover was there, he lost his job because he could not lead Congress. As for the President being a dictator because he suggests a law, that is nonsense, because the Constitution makes it his duty to go before Congress from time to time to make suggestions. But again, one says, the President is trying to destroy our Supreme Court.

EVERY CHILD IN AMERICA KNOWS SUPREME COURT IS NOT GIVEN POWER TO DECLARE ACTS OF CONGRESS UNCONSTITUTIONAL IN THE CONSTITUTION

So we might look into the actual written powers of the Supreme Court, since our "constitutional lawyers" say all power proceeds from the writing of the Constitution. Merely making an observation, I picked up one of my children's school books the other day, used by millions of children, and here is what it says:

"The power of the courts to declare acts of Congress, or acts of State legislatures, unconstitutional according to the United States Constitution, is not granted in the Constitution."—American Government. (Magruder.)

Of course, I am sure you have all read the Constitution many times and already know this is true.

Let me make another observation, something for businessmen to think about: Congress, as representatives of the people, enact a law. For several years there is a running fight in the courts—injunctions, delays, and appeals. During that time businessmen do not know what to do; they lose money, and, worse, lose confidence. Let me give an instance: All the "big shot" Liberty League lawyers said the National Labor Relations Act was unconstitutional. These 58 Liberty Leaguers told their clients to violate the law merely by asserting, before the Supreme Court had acted, that in their opinion the act did not follow the Constitution. And so, at their suggestion, the law was violated all over the United States. Also, as a result, 85 injunctions were granted to prohibit the settlement of labor disputes. Then, as a direct result of that, came the sit-down strikes and a disrespect for the law of the Nation.

WAGNER LABOR ACT CONSTITUTIONAL BEFORE COURT SAID SO

But to the surprise of the lawyers, the Supreme Court finally declared the act constitutional. My friends, the law had been constitutional all the time. Yet, in the meantime, for about 2 years, the law had been treated with contempt, and as a result there was business, labor, and industrial anarchy.

The whole argument on this Court business is based on the powers assumed by the Court to declare acts of Congress unconstitutional. The Court should not invade the field of legislation nor pass on the wisdom of the acts of Congress. The test of the constitutionality of a law is not that judges do or do not like it.

The Supreme Court has simply invaded the field of legislation and by the use of such phrases as "due process of law" have declared laws unconstitutional for no other reason than five of the members of the Court do not like the particular law.

Take the Guffey coal case. The coal States believed the law constitutional and wanted it declared constitutional; no coal miner wanted it knocked out, but on a suit framed by one relative against another the court said the act violated due process of law and that it was against States' rights and violated the right of contract; it was held a mere local matter, although it involved the interstate shipment of coal across 48 State lines! The Guffey Coal Act violated no liberty of the American people. But the Supreme Court didn't like it, so they kicked it out.

Since that time the Supreme Court has reversed itself numerous times in regard to the Constitution. Does this bring stability? So I repeat my point: It is that in matters of legislative policy the Court should stay out.

SUPREME COURT CONTROVERSY HAS BEEN GREAT BENEFIT

It has been said that great harm has been done by the recent Supreme Court controversy. That is not true, since this is a democratic country and discussion is the basis of our Government.

The controversy has actually done a great deal of good: First, the Supreme Court has reversed itself in several cases and in numerous points of law, making it possible for the country to be governed; and, second, it has been discovered that judges are human and that they play politics, go to church, get angry, and are just like us; and, third, some taboos have been knocked over. The education and information to the people was valuable, notwithstanding most of it was hysterical misinformation and the wrangling over false symbols.

It goes without saying that any man with an ounce of brains knows we must have courts, and, as far as that is concerned, free and independent courts. England has free and untrammeled courts. Let's take a look at them. They operate under the British Constitution, which is "unwritten"; but liberty is protected in England quite as well as in America. And yet the high court of England cannot declare an act of Parliament void, and still the liberties of the people are protected.

Why?

The British Constitution is in the hearts and minds of the British people and members of Parliament protect the constitutional rights of the people as their direct representatives. The trouble is some of our good Americans believe our Constitution just a document set up in a glass showcase, and that if you do not want to obey a law to hire a "constitutional" lawyer and get it knocked out because of a glass-showcase Constitution.

WHAT ARE COURTS FOR? ANSWER: LIBERTY AND ENFORCEMENT

I think it is worth while, since we are making observations, to consider what courts are for. They are first for the enforcement of the law, the enforcement of private rights, but also the protection of the liberties of the people. Mind you, courts were not created for the purpose of breaking down laws and refusing to enforce them, which in effect is declaring a law unconstitutional.

Now, if the Supreme Court will follow such functions and also settle conflicts of laws and declare State laws unconstitutional when they violate the Federal Constitution, they will have plenty to do. The only time they should attempt to exercise the power to declare an act unconstitutional is when some act of Congress actually violates liberty and the Constitution, such as of the press, religion, right of assembly, or right of trial by jury. They should never declare the acts of representatives of the people unconstitutional simply because the Court didn't like the way the representatives of the people voted and enacted into law for the people.

EUROPE—CONSTITUTIONS FLEXIBLE AND OTHERWISE—DICTATORSHIPS

Here I should like to offer you an observation that the countries of Europe that had elastic, flexible constitutions, still enjoy democracy and free government. Some of them are England, France, Switzerland, Norway, Denmark, and Sweden. The countries which had inflexible governments and absolute laws still have absolute governments and are generally considered worse and more absolute. They are Italy, Russia, and Germany.

There are other things which are of great importance to the businessmen from a common-sense viewpoint, and that is the preservation of constitutional civil liberties. Some one says, Why should we protect a damned radical? The answer is, that political leaders and businessmen did not protect freedom of expression in Italy and Germany, and all citizens, including businessmen, are now without rights.

The only way we can preserve democracy is by actually preserving the civil liberties granted us under the Constitution. That is of as much fundamental importance to the businessman as to any other citizen.

But let us look at the next session of Congress and see what is coming up. Without discussing the merits, the minimum-wage and maximum-hour bill will surely be enacted. So why not cooperate in getting a good law passed? Moreover, if this law is enacted it should be enforced by the courts, and again the Supreme Court should not enter the field of legislation. If the law is bad it can be amended or repealed by the people themselves through their own representatives in Congress.

Of course, every law that concerns labor or human progress is always denounced as something that will bankrupt business, and concerning minimum wages and maximum hours it is said that it will bankrupt the South especially. The "big shots" of England said that when public opinion wanted to stop children 7 years old from working 13 hours a day in the mills of Manchester; it was said again when people wanted to abolish child labor in America; it was said by Judge Gary that the Steel Trust would go broke if they worked their men any less hours than 12 a day.

My friends, business has not gone bankrupt, and as the advances are made in society, business has been more humane and has gotten along better. Therefore I appeal to the intelligent public opinion of America not to get completely aside from the subject by spending time denouncing the President and Congress, but to cooperate for the common good. We will then have well-considered laws which will be fair to both business and labor alike.

SOCIAL SECURITY ACT—LET'S BUILD IT UP

And, speaking of the Constitution, the Social Security Act has been declared constitutional, as you know. That law is here to stay. If this law is made to apply to everyone, to have few exceptions, and to be made universal, it will be an aid to business in the matter of stability and of the maintenance of purchasing power.

In addition to that, we hope that some day strikes will be obsolete and unnecessary. In the meantime, no employer and no employee should be forced into compulsory arbitration, as is done in Nazi Germany. But if strikes are eventually to be eliminated the National Labor Relations law, which gives the right of collective bargaining, should be maintained. In this way we will have better industrial relations.

FRENCH ARISTOCRATS—AMERICAN DIEHARDS—BLOOD AND BALLOT REVOLUTIONS

As I have observed, the aristocrats of France never reconciled themselves to the French Republic. And if you will look at history clearly, you will see that the same thing that happened in France has happened to America, only we have not had a violent revolution. But just as certainly as in France, there is a new order and a change in the minds of 130,000,000 American people.

Therefore the sensible businessmen will see these changes and will do all they can not only to preserve their country, but, by using their heads, preserve themselves. This can be accomplished by a real study of soil-conservation, social security, old-age pension, farm, labor, wage and hour, housing, banking, and other important legislation.

WORKINGMAN OWES RESPONSIBILITY TO BUSINESS, TOO

If this is done, industry and business will find the American workingmen ready to cooperate. Indeed, wherever I have gone talking to labor groups, I have always told them they owe responsibility, skill, and hard work to business; more, that if capital has too great burdens or is destroyed, they will be destroyed, too. I have never had any laboring man doubt that. I believe the American who works fully understands that.

In speaking to you I have tried to show you the change of the times; nor have I tried to persuade you. Neither have I made what is commonly called a "labor speech." I have merely told you what has happened and is happening in this country, and I hope that we can all consider the signs of the times, cooperate, and go ahead together. [Applause.]

The Wage and Hour Bill

EXTENSION OF REMARKS

OF

HON. THOMAS F. FORD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 22, 1937

Mr. FORD of California. Mr. Speaker, my distinguished friend Mr. DIES, of Texas, arose in this House last week and in an address that reached a high point in eloquence and frankness defended the Rules Committee for its refusal to permit the wage and hour bill to reach the floor of this House.

Now, my friends, the eloquent and distinguished gentleman from Texas says, with a force and vigor and sincerity that cannot be questioned, "We all want to help the underprivileged in order that they may have something of the abundant life."

But, my eloquent and distinguished friend is fearful that a bill attempting to grant to the underprivileged a 40-hour week and a 40-cent per hour minimum wage is un-American.

May I ask my distinguished friend just what is un-American about a 40-hour week, or a 40-cent per hour minimum wage?

Oh, but my distinguished friend is also fearful of bureaucracy. The Interstate Commerce Commission is a bureaucracy. I suppose the Federal Trade Commission is a bureaucracy. I am sure the Post Office Department is a bureaucracy. Would my distinguished friend abolish these?

What my distinguished friend fears mostly is that the great majority of workers who up to date have not been organized in labor groups, will so organize, and when so organized will be sufficiently powerful to deal with their masters and insist on a wage in excess of from $3 to $8 per week, the prevailing wage, according to Collier's Weekly, a good Liberty League magazine, in certain parts of the Nation.

What he professes to fear is the bureaucracy of a new commission. If that is all he fears, why not bring this bill to the floor and lend the weight of his personal eloquence and logic to placing the administration of this law in hands other than a commission, or in the hands of an existing commission, or in no commission at all.

Now it may be true that there are some Members of this body who do not wish to vote on this measure and who hope it never reaches the floor, I know of no such Members. It may also be true and, if my distinguished friend says it is, I believe him, that Members of this body have asked his committee to kill certain bills. The object being to enable them to avoid voting on the measures. Thank God, I personally have never had any such scruples. I have voted, yes or no, on every measure that came to this body—the more controversial the measure proved, the more emphatic my vote for or against, as I saw it was good or bad.

I am personally as much perturbed about this measure as my distinguished friend from Texas. But unlike him, I am anxious that it come before this body for full and free discussion. I signed the petition to withdraw it from the committee, not because I consider it a perfect measure, but because I am in complete sympathy with its objectives and

hope, when it reaches the floor, that the House in its wisdom will decide on the best method of administration.

But I do want my distinguished friend to say, in his usual bold and unequivocal way, do you, or do you not, believe that a 40-hour week is a fair minimum workweek and that 40 cents per hour is a fair minimum hourly rate of pay?

Furthermore, is it your fear of bureaucracy only, or is it your opposition to these minimum schedules of wages and hours, that prompts your opposition to the so-called minimum hour and wage bill?

I welcome my distinguished and eloquent and forceful friend's reply.

The Special Session of Congress

EXTENSION OF REMARKS

OF

HON. HAMILTON FISH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, November 22, 1937

RADIO ADDRESS OF HON. HAMILTON FISH, OF NEW YORK, ON NOVEMBER 19, 1937

Mr. FISH. Mr. Speaker, under leave granted to extend my remarks in the RECORD I include my address over the National Broadcasting Co. network on Friday, November 19, 1937, as follows:

I have asked the National Broadcasting Co. for time this week in order to make some observations in connection with the special session of Congress that met in Washington on November 15 at the call of President Roosevelt. I was compelled to ask for radio time because no Republican Member was permitted to speak on the first 2 days of the session and every effort was made by the administration leaders to adjourn the House of Representatives for a whole week. I shall discuss this situation more in detail later on in my remarks.

No one knows why the President insisted on calling an extra session of Congress, and if he knows himself, he probably regrets his mistake. That it was a gigantic blunder not even his closest followers in Congress will deny. The idea was unsound and unnecessary, and without reason or logic from the beginning. If the President wanted to expedite certain legislation, all he had to do was to arrange to have the Committees on Labor, Agriculture, Foreign Affairs, and Ways and Means begin holding hearings so as to have legislation ready for Congress when it convened in regular session the first week in January.

The special session will be filled with political dynamite concerning our foreign policy, the Roosevelt depression, the failure of the New Deal economic theories, the unbalanced Budget, tax revision, and increasing unemployment. All of these issues, and many more, will be openly discussed in Congress and the facts presented to the American people for their determination.

When the Congress is not in session the President has the stage, more or less, to himself, and by means of the radio and fireside chats to millions of people can influence their sentiments by his honeyed words. When Congress is in session the opposition has a public forum, in a limited degree, that can offset the tremendous propaganda of the New Deal administration and hold the fantastic New Deal policies and costly experiments up to pitiless publicity and deserved ridicule.

I have known for some time that we were in the midst of a government of confusion, bewilderment, and reprisal, and that not even the President or his advisers knew what direction we were going. But if there was any doubt of this fact in the mind of any fair-minded person all that was necessary to confirm it was the total collapse of the huge Democratic controlled Congress that met on November 15.

The last session of Congress, on its ineffective, futile, and do-nothing record, won the unanimous condemnation of the press as a "bare bones" Congress and as the most incompetent in a great many years. The present special session apparently will even transcend the follies and blunders of the last, both through inaction and sheer confusion and incompetency of leadership.

On Monday the President's message was read to the Congress by a reading clerk. It was merely an attempt to alibi the New Deal depression by attempting to place the blame on private industry and business. President Roosevelt is solely responsible for the business depression which is the direct result of his economic and financial policies and experiments. He did, however, make some passing reference to the need of tax revision, a concession to business that ought to be immediately followed up by Congress in the modification or repeal of destructive business taxes such as the undivided surplus tax and the capital-gains taxes.

For a moment it looked as if the retreat from Moscow collectivism and bureaucratic control had begun. But no such luck. Speaker BANKHEAD and Senator BARKLEY, the majority leader in the Senate, predicted that a revision of taxes would have to wait on other legislation. In other words, while Rome burned the Congress continued to fiddle in the utmost confusion without any legislative program or any business to consider. In all fairness, a large share of the blame must rest on the President for he insisted on the extra session against the will of most Members of Congress.

We are now confronted with a depression; we are actually in a serious depression. Thirty billions of dollars worth or value of securities on the stock exchange were wiped out in the last 2 months. Another $30,000,000,000 has been wiped out in the value of unlisted securities, in real estate, mortgages, and so on. This does not mean simply that the rich man has lost half of his fortune or half of his security values or that the middle class have lost half of their security values. It means the beginning of a vicious circle. It means that the rich man will stop his activities, that he will curtail his expenditures, and stop putting money into business ventures. It means that the man of moderate means will cease buying automobiles.

The man who is really hit hardest, the one who suffers most, is the wage earner. He loses his job in the steel mills, which today are operating at only 35 percent of production capacity. He loses his job, or is put on part time, or his pay is reduced. The wage earner is the main sufferer. It is not those in the higher brackets of income taxes but the wage earners whose very livelihood and that of their families that are endangered.

This is a Roosevelt depression. The last depression was brought about by overspeculation, but not so this depression. This has been brought about by unsound and uneconomic laws, and by radical and socialistic laws which have been rushed through Congress that have destroyed business confidence.

There is nothing wrong with this country of ours. It is still the best country in the world in which to live. The only single thing that is wrong is that confidence has been deliberately destroyed by the New Deal administration, which has brought on this depression just as chickens come home to roost. The administration is reaping the whirlwind of unsound economics, of unsound laws, of collectivism, and of socialism. I pray to God that we are on the retreat today from Moscow, collectivism, and class hatred. The frightened New Dealers are beginning to realize that confidence and employment by business enterprise is one and inseparable.

The first thing Congress did on reconvening in extraordinary session was to notify the President that it was ready to proceed with business; but, lo and behold, there was no business to proceed with, except a discussion of the President's message. That was the last thing the Democrats wanted. Whereupon the Democratic majority sought to adjourn the House for 3 days and only by most strenuous efforts the handful of Republicans succeeded in compelling the House to meet the next day. Again the same procedure was attempted, and no Republican was permitted to speak or even to discuss the President's message or anything else.

The House of Representatives, a great deliberative body, was turned into a kind of Fascist Congress and the opposition was gagged and muzzled by every parliamentary device. I deplore such arrogant and un-American practices. The only rights and privileges left to the minority members is the right of free discussion, free debate, and free speech. But even these fundamental minority rights were ignored, and all requests to speak were denied, and again an attempt was made to adjourn the House for 3 days and again the minority refused to consent to more than a 1-day adjournment. It was for this reason that I asked for time from the National Broadcasting Co., which was generously granted, so that the public might know the facts.

The attitude of the Republicans was simply that we are ready to transact business and to debate the issues, but if there is no business to consider, let us adjourn and go home. On the third day, however, under relentless criticism from the press and including many Democratic Members of Congress, the administration leaders recanted and graciously permitted the Republicans to take the floor to denounce the failure of the administration to put into effect the neutrality bill and comply with the law of the land and the will of Congress and the American people.

The neutrality law was to go into effect whenever a state of war existed between foreign nations, and if the President has not yet been notified by Secretary of State Hull that a state of war exists in China he had better get a new Secretary.

If the President, by repudiating and nullifying an act of Congress, permits arms, ammunition, and implements of war to be carried on American ships to Canton, China, and these ships are seized by Japanese warships, our honor will be impugned and we might be forced into war with Japan. If such an incident should arise, because of the failure of the President to carry out the law of the land, a dangerous species of fascism, and we become involved in a war with Japan, then President Roosevelt would be solely responsible and ought to be impeached for causing war with Japan through the violation of an act of Congress and a mandate from the American people. So much for international issues.

Among the issues I propose to study and discuss in Congress is the misuse of the funds paid by wage earners for social security, and by home owners for mutual mortgage insurance, which the administration has been appropriating for current running expenses of the Government. I am inclined to the viewpoint that

American wage earners and home owners are being "gypped" and that the Congress should immediate legislate to safeguard their payments for both social security and mortgage insurance.

I also propose to study the question of reducing the interest payments by home owners to the Government from 5 to 3 percent. It obviously does not cost the Government as much as 3 percent to borrow money. This is highly important, and I know of nothing that is more vital than to keep American citizens in their own homes, as that is the best way to curb radicalism, socialism, and communism. For that reason, I urge a building program backed by the Government but carried out by private industry to build a million homes for wage earners, not to exceed $5,000, in the vicinity of the big centers of population.

One of the first things the Congress should do is to safeguard the payments made by American wage earners for social security, home mortgage insurance, and railroad pensions, which are now being diverted to pay for New Deal projects. I offer the following constructive program to restore confidence and stop the depression before it gets worse:

(1) Balance the Budget by putting our financial house in order.
(2) Repeal or modify the undistributed-profits tax.
(3) Repeal or modify the capital-gains tax.
(4) Reduce rather than increase taxes by practicing national economy.
(5) Restore the American markets to the products of American farms and factories.
(6) Stop inciting class hatred, promoting collectivism, and governmental competition with private business.
(7) Encourage by a few words and by manifest acts American business to make reasonable profits, to expand, and to help put American wage earners back to work.

The first concern of the administration should be to put our financial house in order. Nothing could accomplish more to restore business confidence, encourage new enterprise, and provide a sound foundation for recovery and prosperity. If this is not done, nothing can save the ship of state from the inevitable shoals of inflation, repudiation, bankruptcy, and financial chaos, and bring about further unemployment.

After all these years of depression the people are entitled to go forward to better times and break all records of economic well-being and prosperity. This can be done if only the heavy hand of our bureaucratic Government at Washington is withdrawn from the throat of business. Surely confidence would soon be restored and the birthright of every able-bodied American to permanent employment would be realized and our wage earners, scorning relief, would be able to adequately provide for their own families and give them the opportunities of life to which all American citizens are entitled.

Program of the Special Session

EXTENSION OF REMARKS

OF

HON. ALBEN W. BARKLEY

OF KENTUCKY

IN THE SENATE OF THE UNITED STATES

Monday, November 22 (legislative day of Tuesday, November 16), 1937

RADIO ADDRESS OF HON. ALBEN W. BARKLEY, OF KENTUCKY, MADE DURING THE NATIONAL RADIO FORUM ARRANGED BY THE WASHINGTON STAR ON NOVEMBER 15, 1937

Mr. BARKLEY. Mr. President, on last Monday night I delivered over the network of the National Broadcasting Co. a short address on the prospective work of the extra session. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Ladies and gentlemen, I have been asked to speak briefly this evening on the work of the extra session of Congress which has met today to consider the program for which the President called it into extraordinary session. It is always hazardous to predict what Congress may or may not do within any given time. Unlike the extraordinary sessions of most State legislatures, which are limited to the consideration of subjects set out by the Governor in the call for an extra session, Congress is as free to take up in an extra session any matter not included in the President's program as it would be in a regular session.

However, there is no reason to assume that Congress will not at once begin to consider the program outlined by the President, subject to special exceptions as may have been previously ordered by one or the other of the two branches of the Congress.

I think it may be assumed that the preeminent question which actuated the call for this special session was the necessity for farm legislation.

We recognize the fact that agriculture is the fundamental occupation not only of this Nation but of practically all the nations of the world. There is scarcely an industry or an activity in which the people of America or of the world engage that does not basicly depend upon the production of things that come from the ground either in the form of crops of various kinds or in the form of mineral or other deposits which must come from Mother Earth. I think it may be conceded that without a sound agriculture that offers its rewards to those engaged in farming and the toil which they put forth in agricultural pursuits, there cannot be any genuine or permanent prosperity in the Nation.

I need not recount the condition of American agriculture in 1932 or 1933, nor the efforts put forth by this administration to make agencies of the Government available to the farmer in guiding him to a more solid foundation and greater satisfaction with the result of his efforts. That the policies adopted by this administration were enormously beneficial to the farmer as a whole no one can dispute. It is unnecessary to claim that the great advance in the price of farm products and in the increase in the farmer's income has been solely due to the policies of this administration. But that they have contributed materially to the advancement of the farmer's welfare is beyond reasonable dispute.

In 1933 the condition of the whole country from an agricultural, industrial, economic, social, and financial welfare was so precarious that many emergency measures were necessary in order that the process of rebuilding might be immediately begun. As a result, for more than 4 years we saw a gradual recovery from the depths of the depression, and we saw a very large measure of rehabilitation in agriculture and industry.

Because of the increase in the farmer's income he enjoyed greater purchasing power which was reflected in major industrial production. Unsalable surpluses were reduced by the policy of crop regulation and control, which automatically brought the prices of farm products within reasonable reach of a point where the farmer could afford to produce his crops. The question of farm legislation is not political in a partisan sense. For many years both Democrat and Republican Parties have declared the farm problem to be national and have promised to deal with it as a national problem, and in looking for means by which to deal with it they have both promised to inaugurate a permanent policy of crop regulation and control so as to gage production more in proportion to consumption at home and salability in the markets of the world.

Every student of agriculture recognizes the fact that it is folly deliberately and consistently to produce more agricultural products than we can consume or sell.

When surpluses are produced that can neither be consumed nor sold, there are only two alternatives. We must either curtail the production of surpluses or run the risk, after assuming the certainty that by dumping these surpluses on the home market, we will depress the prices to the farmer to such a low point that he cannot produce them at a profit. This situation depresses agriculture, discourages the farmer, results in a larger indebtedness, and the foreclosure of mortgages on the scale which we witnessed from 1929 to 1933.

It is in order to avoid this situation that the last session of Congress, both the House and Senate, passed resolutions committing them to the enactment of permanent farm legislation, whether we were called into extra session or waited for the convening of the regular session in January.

In view of the fact that in some sections of the country the farmers are already beginning to prepare their soil for next year's crops, and in view of the necessity that whatever machinery set up shall be geared to operate on the production and distribution of next year's crops, the President has seen fit in his wisdom to call us into extraordinary session to deal with this subject.

We all admit that this is the most important question before the extraordinary session. It is a subject that required most careful examination and investigation, and the most intense and thoughtful consideration in order that we may approach the subject in wisdom and candor with full realization of the enormity of the problem which faces us.

During lean years, when nature is unkind to agriculture and either by a poor season or for other reasons the yield of the soil is curtailed the necessity for Federal action in the way of legislation is proportionately lessened. But in dealing with agriculture as a national problem, we must deal with it over a period of years and not according to the particular phase that may attend the growth of a single crop. But when nature turns out to be most bounteous and generous in the yield per acre so that a given number of acres in 1 year may produce an exceptional yield so as to increase beyond expectation the production of any specific crop such as cotton, corn, wheat, tobacco, and other specific productions, we are at once faced with the necessity of so working out our agricultural economy as to make it necessary for the farmer to suffer unduly because of either too small or too great a production of the crops necessary to sustain the life of our people.

It so happens that during the current year, there has been an unusually favorable crop season. There has been a greater yield per acre than has occurred in a number of years, and while we cannot assume that this unusual bounty on the part of nature will continue from year to year, we are compelled to assume the obligation to which we have heretofore committed ourselves, of enacting legislation that will guide American agriculture in the process of attempting to lift the standards of prices and of profit to a level that will enable the farmer to feel reasonably sure that he will prosper over a period of years in the production of his crops. The situation which confronts us today is the result in part of overproduction in many of the basic crops of the farm. We will harvest the largest crop of cotton in the history of the

Nation. The production of wheat for 1937 was nearly 300,000,000 bushels greater than the average production for the last 4 or 5 years. The production of corn, tobacco, rice, and other basic crops has been in like proportion.

No individual farmer can regulate this situation. No county nor State alone can attempt this regulation because no cotton-growing State or tobacco-growing State, or wheat-growing State, or corn-growing State, would be willing to attempt any control or curtailment unless it had the assurance that every other State legislature producing the same crops would do the same. No such assurances can be obtained. Therefore the only agency of the people capable of dealing with these problems as a whole is the National Government.

We have met in extraordinary session to attempt to deal with that problem before the Christmas holidays. The Committee on Agriculture in both House and Senate have been at work for weeks upon legislation fulfilling this obligation. It is not an easy thing to write such a measure, because there are many complications in the attempt to set up the machinery or the policy for the effective control of agricultural production so as to guarantee the fulfillment of the objectives and at the same time avoid the pitfalls which sometimes beset the congressional pathway.

I have no doubt that within the next few days in both the House and Senate the appropriate committees will bring forth a comprehensive and constructive measure that will eliminate the hazardous fluctuations in the prices of farm products resulting from the haphazard and uneconomic conditions which have surrounded agriculture for a long period of time.

GOVERNMENT REORGANIZATION

One of the important questions for which the President called this extraordinary session is the reorganization of the Government departments.

From time immemorial Congress has created new bureaus, commissions, and agencies for the accomplishment of some specific purpose made necessary by the rapidly developing complexity of American social and industrial life. Frequently these boards, bureaus, and commissions have been set up as independent agencies free from the control or supervision of any existing Department. Theoretically they were supposed to be directly responsible to the President. There are more than 130 of these independent and more or less irresponsible agencies floating around like Haley's kite, with more tail than head. Congress did not realize when each one of them was created that it was setting up almost as large and complicated an assortment of Federal agencies outside the jurisdiction of departments as actually existed within the departments. As a result there is great duplication of effort among many of them and much waste of time and money due to the lack of coordination. As a result of the President's message to Congress in its last session special committees were created in both Houses to consider governmental reorganization. Long and thoughtful consideration in both open and executive sessions were held, and as a result the House has already passed two measures and has two others on its calendar encompassing the reforms suggested by the President. The Senate committee reported an omnibus reorganization bill covering the whole field, and that measure is now on the calendar ready for action when taken up by the Senate. That this measure will be speedily considered and passed before the end of the extra session I have every reason to believe, and it will be our duty to urge the speedy consideration of this measure not only in the interest of greater efficiency and considerable economy in operating the Government itself but in setting an example to private enterprise which will be helpful in the coordination of those functions where Government and private enterprise will operate in harmony and in cooperation.

LABOR

One of the important purposes for which the President called us into extra session is the question of labor as involved in the so-called wage and hour legislation now pending in the House of Representatives.

This measure passed the Senate at its last session and will not again come before the Senate for action until it has been passed by the House with such amendments as the House may see fit to adopt.

Four years ago there were nearly 15,000,000 unemployed men in the United States. This number has been reduced by both private industry and Government assistance to something like 7,000,000 men. But even this reduced number is entirely too large to constitute anything other than an unwholesome condition in the social and economic life of the Nation. It is not my function to attempt to assess the reasons for this continued unemployment. We are naturally grateful for whatever contribution the Government has been able to make toward the reemployment of the millions of people who were out of work and are still out of work. We have glorified the inventor. We have sung praises to and have erected monuments in honor of the man who could invent some device by which human labor might be eliminated in the production of the articles necessary for the enjoyment of human life. And in this process we have perhaps forgotten the fate of the millions who were displaced by labor-saving machinery. I do not decry the machine age, nor would I attempt to turn back the hands of time to reinstate the primitive methods of another generation. But if the inventive genius of the American people and the labor-saving machinery which it has produced has been a benefit to organized society, then organized society must find a way to do justice to those who have been displaced by affording them an opportunity to work in order that they may support themselves and their families according to decent standards of living.

It may be that we have reached the time when we must find a way by which fair distribution among those available for work, whatever work is necessary in the production and distribution of the great bulk of luxuries and necessities which are regarded as essential to the enjoyment of life, must be made. And we must find a way to employ these people at a wage sufficiently high to enable them to live according to decent American standards.

The Black-Connery wage and hour bill which passed the Senate at its last session and is now pending in the House of Representatives with a favorable report from the Committee on Labor is designed in part to accomplish this result. It would be superhuman to expect that a perfect piece of legislation can be evolved in view of all the difficulties. But that it is a step in the right direction I am thoroughly convinced, and I sincerely trust that it may be, in its essential provisions, enacted before the end of this extraordinary session.

ANTILYNCHING BILL

While it was not one of the subjects specifically mentioned in the President's call for an extra session, probably because the House had already passed the bill and the Senate had made it a special order for the next session, whether it be extraordinary or regular session, the antilynching bill will beyond any question of doubt be considered and in all probability enacted before the end of the present session that has just begun.

The subject of lynching has for generations been one of the questions to which our Nation has given most thoughtful attention, and various efforts have been made to curb this national blot upon our escutcheon. While men may differ as to the formula of any remedy proposed, no one can deny the effects of this unfortunate disregard for the orderly processes of government in the prosecution of crime. At the last session of Congress the House overwhelmingly adopted a measure designed to curb the unlawful lynching of persons charged with or suspected of crime, and by a special order entered in the Senate at the last session this measure automatically follows farm legislation and will undoubtedly be passed in the Senate when voted upon by a large majority. I assume the responsibility of saying that there will be not only no effort to escape the obligation which the Senate voluntarily took upon itself to consider this measure, but I think I am justified in assuring all those interested in it that every effort will be made to keep this obligation on the part of the Senate before the conclusion of the extra session just begun.

REGIONAL PLANNING

The subject of regional planning for the conservation of our natural resources is one which for a long time has given serious concern to far-sighted men and women.

We have great natural resources in soil and timber and in the streams which drain our country. And we have been compelled to look with dismay upon the wasteful destruction of the fertility of our soil, and the decimation of our forests as well as the lack of any coordinated system by which to utilize the flowing water of our streams and make them serviceable to the people of the Nation. The President has recommended the creation of seven regions covering the whole country and encompassing the most important of our navigable streams and watersheds in order that a long-term program may be worked out by which the forces of nature may be harnessed and preserved not only for the service and enjoyment of the present generation, but in order that we may hand this heritage of ours down to future generations not impoverished but enriched so that increasing populations may find it possible to live upon it in happiness and comfort. These proposals have not yet been acted upon by the committees of the House and Senate in charge of this legislation. But I have every reason to believe and expect that immediate consideration will be given to this subject by the committees of both Houses and that Congress will promptly enact legislation creating the necessary machinery and surveying conditions within each region and recommending to the President and to Congress what ought to be done to accomplish the great purposes which are outlined in the President's message upon this subject.

TAXATION

Another subject which will receive consideration but which in my judgment cannot be finally acted upon by this extra session of Congress is that of taxation.

Our Federal tax laws are intricate. They are the result of periodic and sometimes sporadic amendments enacted from time to time to meet general conditions with respect to public revenue brought about as a result of the depression through which we have gone. Congress cannot revamp the tax laws in the period of a week or a month. Hasty tax legislation might create more difficulties than it cures. The President discussed this subject in his message today, and I call attention to the fact that for several weeks the Committee on Ways and Means of the House of Representatives has been giving earnest consideration to this question and has held hearings upon it seeking both expert and lay advice with reference to it. Under the Constitution the House of Representatives must originate all taxation laws enacted by Congress. Until the House has reported and passed a bill and has sent it to the Senate, the Senate has no constitutional power to initiate revenue legislation, and it cannot be expected that the House Ways and Means Committee or the House itself would report or pass a bill that had not received the most careful study and consideration involving every phase of the subject. I think I can give reasonable assurance that at an early date the question of remedial tax legislation designed to eliminate injustices and to encour-

age additional investment in industrial enterprises and to afford necessary relief to small and average-sized corporations actually engaged in industrial production and in the employment of wage earners will be enacted by Congress. But I would not be frank if I did not say that in my opinion this cannot be done within 5 weeks, which, in all possibility will be the length of the present extraordinary session. If we can enact the legislation recommended to us by the President, while at the same time through the appropriate committees making the necessary investigation and obtaining the necessary information upon the complicated subject of Federal taxation so as to be ready to consider tax legislation early in the January session, we will have made a long stride toward the accomplishment of the ends which every sincere lover of his country is anxious to accomplish. No one desires to avoid or to postpone unnecessarily the readjustments of some of the provisions of our tax laws. The House Committee on Ways and Means has been proceeding carefully and intelligently to consider this whole subject, and it accomplishes nothing for business or the Government to attempt to throw haphazard legislation into this extra session, when every man who is familiar with the processes of legislation knows that a hasty tax bill passed simply in order to say that a tax bill had been passed would in all probability do more harm than good.

Many other subjects may come up for discussion during the present session, but I think it well to admonish the country that this extra session will have to conclude its work before the beginning of the new year. That means that about 5 weeks will constitute the length of the session. We hope to accomplish the enactment of the President's recommended program so that we may return in January.

Rescue the Home Owner

EXTENSION OF REMARKS

OF

HON. HENRY ELLENBOGEN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 22, 1937

RADIO ADDRESS BY HON. HENRY ELLENBOGEN, OF PENNSYLVANIA, ON NOVEMBER 19, 1937

Mr. ELLENBOGEN. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include my speech over the Columbia Broadcasting System national hookup, on November 19, 1937, as follows:

The special session of Congress must consider many problems of supreme importance to the well-being of every citizen of the United States. No problem is more important nor can be more important than the welfare and the security of 6,000,000 home owners. Foreclosure of the homes of our people must stop.

TWENTY THOUSAND FORECLOSURES EXPECTED

If a private insurance company would announce that it was planning to foreclose on 200,000 homes in the United States, an outraged citizenry would demand an immediate halt. This is what is happening today, except that the foreclosures are being made not by a private money lender, not by an insurance company, but by the Home Owners' Loan Corporation—an agency of our Government.

Just think of it; the very agency which Congress established to save the home owner from foreclosure is now closing in on him.

Every fifth home owner who obtained a loan from the Home Owners' Loan Corporation has either been foreclosed or is in danger of being foreclosed.

LET US LOOK AT THE RECORD

Here is the record—an amazing record of a steadily increasing number, a steadily accelerated rate of foreclosure:

As of December 31, 1935, there were 4,470 foreclosures, totaling $19,689,499.

As of June 30, 1936, there were 27,651 foreclosures, totaling $117,121,222.

As of December 31, 1936, there were 67,735 foreclosures, totaling $270,319,661.

As of July 31, 1937, there were 105,986 foreclosures, totaling $410,679,043.

And September 30, 1937, there were 114,402 foreclosures, totaling $443,574,915.

THE BUSINESS RECESSION WILL GREATLY ACCELERATE DEFAULTS

Since then a business recession has developed. Thousands of home owners have been furloughed from their jobs, their income has been reduced, or has entirely stopped. They will be unable to meet their payments on their home-loan mortgage. Does the board of directors of the Home Owners' Loan Corporation intend to increase foreclosures even more and put these jobless citizens out of their homes?

A WAVE OF FORECLOSURES CAUSED THE ESTABLISHMENT OF THE HOME OWNERS' LOAN CORPORATION

I have always believed it to be the purpose of the Home Owners' Loan Corporation to rescue the home owners permanently and not to let them linger for a while and then administer the death blow.

Let me remind the management of the Home Owners' Loan Corporation that it was created as a rescue agency. It is not a private money-lending agency but a public institution, a home-saving institution.

In 1932 a wave of foreclosures swept this Nation. Thousands of distressed home owners were either being foreclosed or threatened with foreclosure. A million or more home owners faced eviction, their savings wiped out, their home only a memory, their dream of home ownership shattered, probably forever.

As a result of these mass foreclosures land values were steadily falling, the security of money invested in mortgages was threatened, building and loan associations, insurance companies, and other financial institutions which had a large part of their funds invested in such mortgages were faced with disaster. In this desperate situation Congress stepped in and created the Home Owners' Loan Corporation.

CONGRESS INTENDED PERMANENT RELIEF

The intent of Congress was to set up a long-time program which would gradually reduce the mortgage debt and ultimately assure homes free and clear of the mortgage. The intent of Congress was to set up a program for the permanent rescue of the home owner and not just to tide him over the emergency.

It now seems necessary to rededicate the Home Owners' Loan Corporation to the purposes for which it was created. It now seems necessary to emphasize that it was created to save and rescue the home owners. Let the Home Loan Board remember its mission and act for the benefit of the people.

I gladly pay tribute to the achievements of the Home Owners' Loan Corporation. I acknowledge that it has saved 1,021,817 homes from foreclosure. But to save the home owners in 1933, in 1934, and in 1935 only to take their homes away in 1936 and in 1937 defeats the intent of Congress.

I want the Home Owners' Loan Corporation to remain a rescue agency and silence the sheriff's hammer.

H. R. 6092, THE ELLENBOGEN BILL TO AMEND THE HOME-LOAN LAWS

On June 16, 1935, I introduced a bill to reduce the rate of interest on home-loan mortgages from 5 percent and 6 percent, now being charged, to 3½ percent and to spread the payment of installments of principal and interest over a period of 25 years instead of the 10 and 15 years now provided. I introduced the same bill in the first session of the present Congress, and it is now known as H. R. 6092. The events of the last 2 years have vindicated my action. They have shown that the passage of the Ellenbogen bill is not only desirable but an absolute necessity.

When the original Home Loan Act was passed in June 1933 the Home Owners' Loan Corporation had to pay a rate of interest of 4 percent on its bonds. It was estimated that a margin of 1 percent was necessary to absorb the loss and to pay administrative expenses. Therefore the rate of interest to the Home Owners' Loan Corporation was fixed at 5 percent.

THE H. O. L. C. PAYS AN AVERAGE RATE OF INTEREST OF 2.5 PERCENT

On April 27, 1934, the Home Loan Act was amended by Congress to provide that the bonds should be guaranteed by the Government both as to interest and principal. This enabled the sale of these bonds at a much lower rate of interest. As a matter of fact only $323,381,000 of Home Loan bonds were issued with an interest rate of 4 percent. The balance of the Home Loan bonds carry a much lower rate of interest.

The average rate of interest of all Home Loan bonds is only slightly more than 2½ percent, or 2.624 percent to be exact.

Therefore the interest rate to the home owner should not exceed 3½ percent.

THE HOME OWNER SHOULD PAY ONLY 3.5 PERCENT INTEREST

That is the rate of interest which should in justice and fairness be charged to the home owner. If the present interest rate of 5 and 6 percent continues, the Home Owners' Loan Corporation will make a profit on the indebtedness of the individual home owner. That is not the purpose for which it was created. It is wrong to charge an excessive rate of interest which the home owner in most cases cannot afford to pay. The present rate of interest is dragging the home owner deeper and deeper into debt, has already resulted in a large number of foreclosures and, if continued, will result in further mass foreclosures.

This is contrary to the intent of the act. Congress set up a system to secure the home owner in his home permanently and not merely to tide him over for a year or two.

SPREAD INSTALLMENT PAYMENTS OVER 25 YEARS INSTEAD OF 15

A burdensome feature of home loans is the requirement that the principal amount of the home-loan mortgage must be paid off within 15 years—and in some cases within 10 years. In addition to paying taxes, insurance, and interest, and making necessary repairs the home owner must pay off the principal amount of his mortgage debt in monthly installments within 15 years. Very few owners can make these large monthly payments.

The Ellenbogen bill solves the difficulties of the home owner and saves the Government from loss. It reduces the rate of interest to 3½ percent and spreads the time of payment over a period of 25 years.

ELLENBOGEN BILL REDUCES MONTHLY PAYMENTS FROM $8 PER THOUSAND TO $5

Under the present home-loan plan, the home owner must pay nearly $8 per month for every $1,000 of his mortgage. Under my bill he will be required to pay only $5.01 per $1,000.

Let me give you an example: On a $4,000 mortgage the home owner is now required to pay monthly installments of about $32. Under my bill, this would amount to only $20, or a saving of $12 a month. This is an important saving for thousands of small-home owners.

A very large number of home owners are not able to pay $32 a month on a $4,000 mortgage, but they would be able to pay $20. In this way the home owners would be able to keep up their payments. Their homes would be saved from foreclosures, the Government would receive its money, and the Nation would be saved from the spectacle of mass foreclosure of home owners by a Government agency.

THE PASSAGE OF MY HOME-LOAN BILL WOULD NOT COST THE GOVERNMENT ANYTHING

The Home Owners' Loan Corporation pays about 2½ percent on its bonds. A rate of interest to the home owner of 3½ percent, which I propose, would leave it a margin of nearly 1 percent. This is and should be sufficient to pay losses and administrative expenses.

PASSAGE OF ELLENBOGEN BILL WILL SAVE MONEY FOR TAXPAYERS

The Ellenbogen bill will save money to the Home Owners' Loan Corporation in the following particulars:

(1) On most properties that have been foreclosed some payments were being regularly made. These payments will be lost and in many instances will not be replaced by the receipt of rent, because many foreclosed properties are not rented.

As of September 30 foreclosure was in process or had been completed on 114,402 dwellings, representing about 145,000 units. Of these only 40,295 units are rented. Eighty thousand dwellings have been foreclosed or are in the process of being foreclosed but are not rented. On these dwellings all payments to the Home Owners' Loan Corporation have been stopped because of the foreclosure. These homes bring no income whatever to the H. O. L. C. but they do necessitate large expenditures.

The H. O. L. C. must pay about $8,000,000 a year in taxes on these unrented dwellings.

(2) In order to foreclose, the Home Owners' Loan Corporation had to pay lawyer's fees, court costs, sheriff, and other legal expenses. An average of $160 for each foreclosure is a moderate figure. The foreclosures of the 114,000 homes cost the Home Owners' Loan Corporation at least $18,000,000, and foreclosures of the 80,000 homes that still are unrented and on which no income is received cost the Home Owners' Loan Corporation at least $12,000,000.

(3) Properties that are foreclosed and remain unrented and unoccupied necessarily deteriorate. The cost of supervising them, insuring them, and keeping them in repair is high. It runs into millions of dollars on the 80,000 foreclosed and unrented properties.

PASSAGE OF THE ELLENBOGEN BILL WILL SAVE TENS OF MILLIONS OF DOLLARS

Let me summarize for you the result of the foreclosure of these 114,000 properties, 80,000 of which are still unrented, representing a steady, continuing, and ever-mounting loss to the Home Owners' Loan Corporation, and thus to the Government and the taxpayer.

Instead of easing the payments and permitting home owners to save their homes, the Board of Directors of the Home Owners' Loan Corporation decided to foreclose. As a result, it has spent millions of dollars in foreclosure costs, and in payment of taxes. To this must be added further millions of dollars for loss of interest on the investment or for loss of rental on these properties, millions of dollars for supervision, and millions of dollars for repairs and insurance.

I say to you with all the emphasis at my command, and I believe you will agree with me, that it would be much better and cheaper to pass the Ellenbogen bill which will permit the home owner to retain his home and which will not cost the Government one single cent. Not only would it not cost the Goverment anything, but it would save the Government tens of millions of dollars every year.

WHO WILL BENEFIT BY THE ELLENBOGEN BILL?

(1) The Ellenbogen bill will bring relief to 1,000,000 home owners who carry home-loan mortgages and whose monthly payments would be reduced. It would permit them to remain self-respecting and self-sustaining home owners.

(2) The passage of the Ellenbogen bill will increase the value of the home of every home owner. The reduction of the rate of interest and the spread of payment of installments over 25 years will make these properties easier to sell.

(3) The passage of the Ellenbogen bill will increase the value of every home in the United States, because it will prevent the demoralization of real-estate values by preventing the wholesale dumping of distress properties by the Home Owners' Loan Corporation.

(4) The passage of the Ellenbogen bill is in the interest of the entire Nation because it preserves the home ownership of tens of thousands of good and thrifty home owners.

LET MR. JONES TAKE NOTICE

On October 23, 1937, Mr. Charles A. Jones, the general manager of the Home Owners' Loan Corporation, issued a release opposing the passage of all bills which aim to reduce the rate of interest of home-loan mortgages and extend their period of amortization.

This release ignored a number of very pertinent facts and was misleading in many respects. Its basis, its premise, and its conclusions were incorrect.

I desire to raise another point in connection with the statement of Mr. Jones. I want to say to him and to the other employees of the Home Owners' Loan Corporation that it is for Congress and not for them to determine the policy of this Government in regard to home-loan mortgages. If they desire to submit facts for the information of the Congress or of the public, let them do so, but let them refrain from making misleading propaganda against bills introduced by Members of Congress. Mr. Jones is employed to manage the affairs of the Home Owners' Loan Corporation and not to use his office to kill bills which aim to improve the Corporation's service to the people.

Ladies and gentlemen, this matter concerns every one of you. If you have a home-loan mortgage you are directly interested. If you own a home which is subject to a private mortgage or free of debt you are just as much interested, because mass foreclosure of home-loan mortgages will depreciate the value of your own home.

The Ellenbogen bill is being pickled in the Committee on Banking and Currency of the House of Representatives. A petition is pending, discharge petition No. 26, which will discharge the Committee on Banking and Currency and the Rules Committee and will free this bill from the grip of a congressional committee which is preventing relief to the home owners. Ladies and gentlemen, you know who your Congressman is. Ask him to sign discharge petition No. 26. Ask him to help to pass the Ellenbogen bill.

Every Member of Congress who favors relief for home owners should sign this petition, so that we may have a chance to debate the bill and act upon it on the floor of the House. Amendments may then be offered and the bill can be passed in a form agreeable to a majority of the Members of the House.

Help to rescue the home owner. Give him a chance to save his home.

The Unemployment Census

EXTENSION OF REMARKS

OF

HON. WILLIAM R. THOM

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, November 22, 1937

RADIO ADDRESS BY HON. W. R. THOM, OF OHIO, ON NOVEMBER 12, 1937

Mr. THOM. Mr. Speaker, under the leave to extend my remarks in the RECORD, I am reprinting herewith my address delivered over the Canton, Ohio, radio station on the subject of the "Unemployment Census":

The census of the unemployed is of peculiar interest to me for the reason that the determination to use the post office as the agency in making the census is in line with my suggestion made in a speech in the House of Representatives on February 18, 1937. Having long felt that the postal employees, with their high intelligence and their wide familiarity with the people on their routes, constituted the one organized body that could do this job in the shortest possible time and with accuracy as well, I wait eagerly to see the justification of my faith in these men.

A few days ago I talked to the letter carriers and clerks of the Canton, Ohio, post office at a meeting called to discuss the regulations governing the census, and at its conclusion I asked the hundred or more men if they could do the task. They roared back, "Yes." My own idea is that a group of men who distributed and collected the thousands of N. R. A. contracts, carried the soldier bonus checks to the recipients, and listed over 30,000,000 workmen as applicants for old-age pensions can count the unemployed with little or no difficulty. When Mr. John Biggers, in charge of the census job, asked the post office whether it could deliver over 30,000,000 registration cards in 2 days, the postal authorities calmly replied they could do it in a single day.

All the time during the last few years that a census of the unemployed has been urged, I have been advocating the use of the Post Office facilities. When I was in Europe a number of years ago, I learned that the policemen of the city of London make the census of population. The regulations provide that householders shall remain indoors between certain hours on a Sunday morning, until the London bobbies have a chance to list them. In Turkey the enumeration of the inhabitants is taken by the school teachers.

When, however, I began to sponsor the idea that the post-office employees in this country should be entrusted with the unemployed census, I found officials, from the Cabinet on down skeptical. The Secretary of Commerce, back in December 1936, gave the opinion that the proposal was unworkable. In June 1937, I rapped at the door of the W. P. A. Administrator, Mr. Harry Hopkins. He likewise

threw cold water on the plan, but his reasons were not so sweeping. His chief fear was that it would be impossible for carriers in the larger cities who have great tenement districts to obtain a full return from the persons unemployed.

Well, I stuck to the idea, and as I looked around I found more reasons why the Post Office could do the job adequately. Here was a set of men each assigned to a particular route and who were well acquainted with many of the persons on that route. The carriers have known for years who of their clients were on relief. They likewise meet and talk with scores of people each day, and naturally they have a most intimate knowledge of what is going on in their families. Furthermore, I knew something of the spirit of the postal employees, and I knew that they have a pride of service that would not permit them to make a failure of any such great undertaking. So on the last day I was in Washington after the adjournment of the last session of Congress, I decided that I would interview Postmaster General Farley. Action by Congress for the taking of the census had been completed. I met Postmaster General Farley in his office and laid before him the letter which I had previously written Mr. Hopkins setting forth in detail the plan I had in mind. Farley, in his good-natured way, said, as soon as he had read the plan, that the Post Office Department could perform the job. The Postmaster General the next day placed my letter before the President, and it wasn't long until I had the very cheering message from Mr. Farley that the plan in large part as I had sketched it would be adopted.

Now, the chief opportunity for failure in this program is possibly a lack of knowledge on the part of the unemployed as to what they are to do and how they are to do it. Care must be taken by registrants in answering the questions on the card each one will receive. If these inquiries are not accurately answered, then, of course, the total results of the census will be of no avail. It is therefore incumbent upon registrants to study closely the card and then listen to the instructions for filling it out as given over the radio. Defective cards will make it necessary for the letter carriers personally to contact the makers in order to get full replies. Manifestly, too much negligence will mean many demands on the part of postmen, and consequently delay in the census results.

As I understand it, school teachers are going to be asked to explain to their pupils the questions on the card. This will be in the hope that the children will carry the message home, and particularly will help their fathers who may not be so well versed in the English language. This cooperation of the teachers is especially needed. In my office, reading as I do hundreds of letters received from my district—for not a letter comes into my office that I do not personally read—I note that many of them are written by youthful hands and signed by their fathers and mothers.

What will be gained by the census? First of all, notwithstanding all of the jibes at the W. P. A., it is a fact that the more than one and a half million persons now benefited by it could not get jobs in the midst of a season of heavy production. There was not at any time a scarcity of labor except in skilled trades, and W. P. A. skilled men are few and far between. The fact that there was no labor scarcity shows that W. P. A. men were not in any large numbers refusing to go from W. P. A. to private employment. Of course, there were exceptions. Also, there were men who had a W. P. A. job that promised to be steady for a year or so who would not quit for a job that would last a week or so. So the census will help us not a bit so far as the W. P. A. employees are concerned. We know much about this class, and careful studies of their plight have been made.

When it comes to the unemployed in addition to W. P. A. workers, we have had no accurate idea of their number, their age, or their occupation. These are the people with some savings, some source of support that kept them from becoming relief workers. Many there were whose pride restrained them from taking even a W. P. A. job. It is this class we particularly wish to reach in this enumeration. We shall also have to count those recently laid off in shops that are waiting orders from automobile concerns that soon will go into production of new automobile models, but these men will shortly return to work, and they are not a problem.

We shall find, I feel sure, that the bulk of unemployment lies with the class of men over 45 years of age, against whom a bar to employment has been raised in many localities. It is interesting in this connection to know that W. P. A. surveys of men in its employ show that the men around 45, by actual observation and grading, are the best of all the workers on the W. P. A. projects. How to handle this class of men is a puzzle that requires thinking and planning. The doctrine of rugged individualism does not help those victims of the machine age.

There is another distinctive class of unemployed that has my special interest. They are those physically handicapped. Perhaps it is a man who drew accident compensation from the State of Ohio whose income from this source has stopped and who just can't be placed because he is physically impaired. He may have lost an eye or a leg or a hand. The door to employment is pretty tightly closed to him. He comes to my office, and I listen to his story, but I am helpless even to suggest that something can be done for him.

We have, too, a larger class of men who are without skill, who have handled shovels and picks in the past. Their type of labor is now done by steam shovels, trench-digging machines, and the like. Whether at their age they can be trained to a definite trade or calling is doubtful. At any rate, their plight has already borne in upon us the need of training for the hands—something that has been missing in our schools. The new Timken Technical High School just announced for Canton is a local answer. In every other part of the country technical education in the trades will have to be promoted. At the moment we are told that a building boom would find us short of carpenters, bricklayers, and other building artisans. We must meet that situation by proper extension of our educational system.

Some men there are who have made their own way into economic security, and who look out on the world and say it is a pretty good world. They don't like the doctrine that we are our brother's keeper. Eventually, however, those who take this attitude will find that unemployment, sooner or later, will imperil their financial security. The less buying power, whether it be among farmers or laboring men, will soon topple down the whole economic structure.

This census, if it does nothing more, will arouse public sentiment as to the depth and breadth of the problem and provoke, I hope, a desire to so plan that we may reach the goal where every man who wants to work can find a job. Nothing short of such a condition will satisfy my idea of a successful democracy.

The American Navy

EXTENSION OF REMARKS

OF

HON. BRENT SPENCE

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Monday, November 22, 1937

RADIO ADDRESS BY HON. BRENT SPENCE, OF KENTUCKY, ON OCTOBER 27, 1937

Mr. SPENCE. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address which I delivered over the radio on Navy Day, October 27, 1937:

Today we celebrate Navy Day of the United States. It is appropriate upon this occasion to not only recall with pride the great achievements of our Navy in the past and the illustrious names with which it has illumined the pages of the history of our country, but we should also give earnest thought to the purposes for which our Navy was established and its future maintenance, and the national policy that should prevail in regard to it.

The Navy contributed in no small degree to the success of our arms in the war by which we obtained our independence and became a nation. The glorious achievements of John Paul Jones in that conflict is an inspiration to every schoolboy and schoolgirl in America. The account of the battle between the *Bonhomme Richard* and the *Serapis* will always be one of the brightest pages in American history. We contemplate with pride that Jones, when asked by the commander of the *Serapis* if he surrendered his sinking ship replied, "I have not begun to fight"; and how when the battle was going against him, he lashed his badly damaged ship to the *Serapis* and boarded and captured her. How, on the way to France, as the *Bonhomme Richard* sank, Jones transferred his prisoners and crew from the sinking ship to the *Serapis* and came into port in the ship of the enemy. This is said to be the only incident in history where the victor lost his ship and was forced to return to port with the vessel which he captured. Jones spent his last years in France, where he died in 1792. It is said Napoleon remarked after the French defeat at Trafalgar, "Had Jones lived to this day France might have had an admiral."

The history of the War of 1812 was made illustrious by the names of Stephen Decatur, Isaac Hull, and James Lawrence and others, and the heroism of the American sailors. Lawrence, mortally wounded, when in command of the American ship *Chesapeake*, in the engagement with the British ship *Shannon*, and being carried below, gave voice to that immortal phrase, "Don't give up the ship."

During the Civil War that high daring and splendid seamanship which has distinguished the sailors of the American Navy throughout history was again demonstrated by both sides. Amongst the illustrious names of that conflict are Admiral Farragut, Captain Winslow, and Captain Semmes.

In the War with Spain the victory of the American fleet under Admiral Dewey at Manila Bay on May 1, 1898, is one of the most splendid and inspiring in all history. We recall the coolness of the commander, who held his fire for almost half an hour after he had passed through the narrow entrance of the bay, when the Spanish ships opened fire at long range, and until he had gotten his ships in the formation he desired, when he turned to the captain of the *Olympia* and uttered the phrase which has sounded around the world, "You may fire when ready, Gridley."

We recall with pride the Battle of Santiago, in which the American fleet commanded by Admiral Sampson destroyed the Spanish fleet, and the sinking of the *Merrimac* under command of Captain Hobson for the purpose of bottling up the Spanish fleet of Admiral Cervera in the harbor of Santiago, which all add to the glory of the courage and achievements of the Navy. The accomplishments of the American Navy in the World War

were most remarkable. The transporting of our immense Army to foreign shores over an ocean infested with mines and submarines was a marvelous achievement and was the deciding factor in the Allies winning the war.

These are but a few of the high lights in the glorious history of our Navy. Time does not permit me to continue the recital of the annals of our ships and our sailors, officers, and men.

The Constitution of the United States wisely provides that Congress shall have the power to provide for and maintain a navy and make rules for the government of the naval forces; that the President shall be the Commander in Chief of the Navy of the United States; and that no State, without the consent of Congress, shall keep troops or ships of war in times of peace or declare war unless actually invaded or in such imminent danger as will not admit of delay. The wise founders of our Government saw the immediate necessity for a navy if our rights were to be regarded and our future made secure.

America built her first fleet following the Revolutionary War. She has engaged in the following foreign wars: The French in 1798, the Barbary Pirates from 1801 to 1806, the British from 1812 to 1815, the Spanish-American War in 1898, and the World War in 1917–18. In all the engagements those in command of the American ships displayed a high order of ability, seamanship, and courage, which has proclaimed to the world the American sailor has no superior.

Every nation in every age, unless it was satisfied to live in isolation and within itself, has seen the necessity of maintaining a navy. In the Old Testament we are told "King Solomon made a navy of ships on the shore of the Red Sea, and Hiram sent in the navy his servants, shipmen that had knowledge of the sea, with the servants of Solomon, and they came to Ophir and fetched from thence gold 420 talents and brought it to King Solomon." King Solomon, the wisest of men, knew he could have no domestic peace or foreign commerce without a navy. Time forbids me to pursue this thought, but sea power has always brought prosperity and world influence to the nation that possessed it; and when the sea power of a nation has declined, the nation has commenced to decay.

"The fundamental naval policy of the United States is to maintain the Navy in sufficient strength to support the national policies, commerce, and to guard the continental and overseas possessions." The hope of the American people that since our experience in the World War has become an obsession is that we may have peace. That we may maintain our neutrality in the disputes of other nations and in which we have no interest and out of which no possible benefits could come to us. Unless we have the power to protect our commerce, which we may place under reasonable regulations and restraints to effectuate this purpose when a state of war exists between foreign nations, and unless it is apparent to the nations of the world that we have the power to guard our commerce and our continental and overseas possessions, we cannot maintain our neutrality or make secure that peace which we so earnestly desire.

If we are so weak that we cannot preserve to ourselves the possessions we cherish when they are in danger, it is obvious we must make common cause with others to protect them. This will involve entangling alliances. We can only maintain our independence by strength. It has been said "rights of neutrality will only be respected when they are defended by an adequate power. A nation despicable by its weakness, forfeits even the privilege of being neutral." And when we cannot be assured of our neutrality being respected in this day of national envies and of racial and religious hates, when wars are raging in Europe and the Far East and when there is no stability anywhere in government or human relationships we can have no confidence that we will not be drawn into those awful conflicts.

Peace is not the offspring of weakness, peace is the offspring of power. When Washington urged the creation of a permanent Navy in 1796 he said "To secure respect to a neutral flag requires a naval force organized and ready to vindicate it from insults and aggressions. This may even prevent the necessity of going to war by discouraging belligerent powers from committing such violations of the rights of the neutral party as may first or last leave no other option."

The maintenance of an adequate Navy by the United States cannot endanger the possessions or the peace and happiness of any other nation. No nation has anything we desire and we can say with truth that the peace, prosperity, and happiness of the other nations of the world will inure to our lasting benefit and is one of our cherished objects. As a nation we have no interest in waging war and we must through legislation see that no American citizen shall have any interest in our waging war. We should make it possible not only to conscript men but the material resources of our people. The United States desires to be in the position of the strong and just man who says to his quarrelsome neighbors. "I want to stay out of your fights and I propose to stay out of them. If you persist in drawing me into them it will be to your own ill fortune and disaster."

The Navy not only exemplifies and teaches the art of naval warfare, it not only wields a power that if it is sufficiently strong will insure peace, it also cultivates those qualities in the individual which make for good citizenship, the qualities of fidelity, discipline, and obedience. They are not less necessary to make a good sailor and a good soldier than they are important in making good citizens. For we cannot have any stable government without discipline and obedience, for government is based upon obedience.

The inculcating into the youth of our land these qualities which are often neglected in the home and the stimulation of the stern virtues which are cultivated and enjoined in our land and naval forces make for a self-sacrificing patriotism which is as necessary in times of peace as in war.

While it is necessary that our Navy have adequate ships, officers, and men maintained in a high order of efficiency, we must not overlook the importance of creating and training an adequate Naval Reserve. When it is realized that more than twice as many officers and men of the Reserve are required upon mobilization as Regular officers and men, some idea of the importance of this problem may be realized. The mission of the Naval Reserve is "to procure, organize, and train the officers and men necessary in the event of war for the expansion and operation of the United States Fleet and naval transportation service."

Time allotted forbids me from describing, even in general terms, the various functions of the Navy, its great accomplishments in time of peace no less than in time of war. Its accomplishments in the field of science, navigation, hydrography, aviation, and radio. The moral force of our Government will always be exerted for the peace of the world. We have joined with the other nations to encourage the peaceful settlement of international disputes. We have declared and reaffirmed our opposition to war as an instrument of national policy. We have observed a true neutrality in the disputes of others, but we must be prepared not only to resist aggression but to securely guard our commerce and our possessions. The high seas belong to no nation, and no nation can, with self-respect, submit to be driven from them if its commerce is legitimate and its purposes peaceful and honorable. To make our position secure, we must not only take the profits out of war but guard against being drawn into war by international banking or political commitments or any personal interest of our own people.

We must be scrupulously just in our dealings with other nations but firm in the assertion of our just rights. Above all, we must realize that in our dealings with the nations their commitments are obligations of honor. There is no international police force. Treaties and international agreements are but scraps of paper so far as their enforcement is concerned, if the parties in interest are not prepared to compel their faithful execution. Let us not be misled by some of those who from the best of motives tell us we must disarm, and there are many who conscientiously believe this and think that peace will come when we beat our swords into plowshares and our spears into pruning hooks. They fail to see the obvious. Mankind has not yet reached that state of perfection that will permit us to disarm. They have not learned any lesson from the terrible conditions that prevail in the world today, of the destruction of defenseless cities, of the murder of noncombatants, and the ruthless killing of helpless women and children.

We have celebrated Flag Day to inspire in the hearts of our citizens respect and love for our flag. We have celebrated Constitution Day in order that our people may have a renewed appreciation of the inestimable privilege of living under that charter of individual rights and of self-government, and it is singularly appropriate that we should now celebrate Navy Day—for the power of the Navy will assure that our flag will fly over a people free from invasion or oppression by foreign foe, secure in their constitutional rights won by their forefathers on the field of battle, and preserved by the wisdom and the courage of the succeeding generations of our citizens.

Legislation Before the Special Session

EXTENSION OF REMARKS

OF

HON. JOHN TABER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, November 22, 1937

RADIO ADDRESS BY HON. JOHN TABER, OF NEW YORK, ON NOVEMBER 19, 1937

Mr. TABER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address which I delivered over the radio on November 19:

This Congress has met in special session called by the President to consider a type of legislation designed to carry out the policies which he enunciated in April and May 1933—the policies of regimentation of American labor; of regimentation of agriculture; policies leading to the destruction of small business and manufacturing; to the socialization of industry; to the destruction of the labor unions; to the end of the right of the employee to bargain with his employer for his wages; to the destruction of the auditing set-up in the Comptroller General's Office which protects the rights of the Congress over the appropriations of funds.

Let us consider the major bills that he proposes. Let us take the demoralized situation into which he has brought industry and farming and labor by use of improper governmental interference with business. Let us take the so-called wage and hour bill. Let us see some of the things it will do.

It is proposed to set up a board which shall determine the minimum wage that shall be paid to employees and the maximum hours

they shall work. This applies to every industry with the exception of agriculture and perhaps domestic servants. It applies to the small manufacturer. It applies to the large manufacturer. A large manufacturer employing thousands and thousands of men and women can and will be able to come to Washington and maintain representation before a wage board on the fixing of wages and hours, but the small manufacturer or the small merchant could not afford to keep such representation here. The working men and women of this country, numbering perhaps three-quarters of our working population, are not members of any organization which would represent them in this respect. Therefore, this wage board would fix the majority of the peoples' wages and hours without adequate representation on the part of the employer or the employee. Many a small merchant simply has a schoolboy in for Saturdays to help him. Many a small manufacturer or repair shop has a part-time employee whom it provides with a livelihood because of the opportunity it has to give employment to someone. Many a small employer provides work for those who are older in years or who are perhaps mentally not as alert as some of the others or who are perhaps physically defective at a wage differential. Every one of these employments are special instances requiring for their proper consideration a proper understanding of the personal relations between the employer and the employee. Throughout all the history of this country this type of employment has been general, especially in the smaller plants. Most of the employees who are so employed are able to earn their own living. Those who are not able to earn enough for their entire support earn the major part of their support.

The result of the passage of this bill means the dumping of this entire block of thousands and thousands of employees in the aggregate on the permanent relief rolls with no possibility of their maintaining their self-respect or earning a part of their livelihood themselves. Is it fair to these people, the so-called underprivileged, to deprive them entirely of their right to earn a living and their self-respect by creating a situation where without representation or without possibility of a hearing on the part of either themselves or their employer that they are placed permanently on the relief rolls of this country? Is it fair to the fittest that they be permanently burdened with the support of those who are underprivileged when the underprivileged are much better off doing something to earn at least part of their own living?

That is one aspect of this bill. A second aspect is this: If we are going to fix the minimum wages and the maximum hours, it is only one more step to fixing all hours of labor and all wages. To my mind private industry and private employment of labor from the standpoint of either the employer or the employee is impossible with either the minimum wage or the maximum hours fixed by a board in Washington or by that board going further and having absolute control over wages and hours. It means, first, the end of all liberties on the part of the workingman; the end of his right to get along; it means the end of the labor union because there can be no labor union in the situation that is created by such a board; it means the end of all private industry and the establishment of a dictatorship and socialism; it means the fixing of all wages and salaries and hours by a decree from a dictator because no other form of government is possible that can control that sort of thing.

This bill is not in the interests of labor but is being brought forward by those who are deceiving labor, who are trying to destroy private employment and make conditions such in this country that we must go backward instead of forward.

In 1933 under the N. R. A., we tried this kind of monkey work. It was rapidly destroying the small-business man, the small manufacturer. It was rapidly placing a burden upon the workingman and the employer which he was unable to bear. The Supreme Court came to the rescue of the people and wiped out the N. R. A., wiped out the governmental overlordship of industry and labor which the N. R. A. created, and then business and industry began to go ahead until there was set up the National Labor Relations Board with authority to muddle in and create antagonism between labor and capital.

In 1933, on the demand of the President, the A. A. A. was passed, giving the Secretary of Agriculture absolute control over major agricultural products. This control intensified the agricultural depression and made the situation of the farmer much worse than it had ever been, and this continued until about 1935 when the Supreme Court wiped out the A. A. A., and there then began a revival of prosperity for farming and business, which the operations of the National Labor Board, the threat of the so-called wage and hour bill, the reduction in tariff on agricultural products, and the threat of a new agricultural dictatorship has destroyed.

Only last winter at Houston, Tex., I saw five foreign ships, each loaded with at least 175,000 bushels of Argentine corn, a total of 875,000 bushels, which was being imported in to the great corn-growing State of Texas as a result of the reciprocal-trade policies of the Roosevelt administration. This is just a small sample of the manner in which we have seen the Roosevelt administration move to destroy agricultural prosperity. And now, when a surplus results largely because of the cumulative effect of the unnecessary foreign imports, we are asked to give the President dictatorial powers so that he can make the emergency permanent.

If you will take stock of those that you know and of their situation now and their situation 4 years ago back in your own home communities, you will realize that the workingman who works for a living is worse off than he ever was before. It is true that large funds have been handed out to those who never worked and never would work, but the real workingman who is the backbone of America and the real farmer who tries to make a success of his business by honest and fair planning are much worse off than they have ever been in their history.

Crazy schemes to destroy the liberty of the people and to establish a dictatorship will not help the situation but will make more acute the unemployment problem, destroy business and credit generally, and give us nothing with which to build.

In 4 years' time we have had $16,000,000,000 added to the national debt. I can say this to you: There is no evidence of any honest attempt yet to reduce expenses and balance the Federal Budget. It is rumored, although we do not know about it, that $208,000,000 has been impounded by the President out of this year's appropriations available for expenditure in 1938. What does that amount to out of $9,000,000,000 of funds available to the President for expenditure in the fiscal year 1938? What does that amount to with a deficit already existing in a little over 4 months of this fiscal year amounting to over $600,000,000, indicating a net deficit for the year of approximately $2,000,000,000, and this, we must consider, comes at a time when the Government income taxes and internal-revenue taxes as a result of this administration's created depression are bound to be lower on March 15 and June 15 next?

But these things that I have talked about are not the worst situation that the Government faces. There is the proposed reorganization plan. There is the bill to destroy the power of the Comptroller General to audit claims and fix the balances of the executive departments and independent agencies. In other words, an absolute power to see that funds are not expended for any purpose other than that authorized by law. The Comptroller General, under the bill that is pending before the House—H. R. 8276—would have no power except to report to Congress. The functions that are now exercised by the Comptroller General would be exercised by an auditor general, who would be a subordinate officer of the Treasury Department and who would be subject to every whim of the Executive. In the first battles for Anglo-Saxon liberty the Magna Charta was wrested from King John in England. One of the major principles set forth in that document was the right of Parliament, or the legislative body, to have control over appropriations. That same right was delegated to the Congress under the Constitution of the United States. Ever since the formation of our Government there has been an auditing officer of absolute independence. Since 1921 this official has been the Comptroller General. To destroy the power of the Comptroller General to audit and fix balances and vest that authority in a subordinate official of the Treasury Department simply destroys any control that Congress ever had over appropriations and their expenditure and all safeguards as to the proper expenditure of funds. Such an operation is cumulative. It is along the lines of the establishment in this country of a dictatorship and an autocracy, of the destruction of the liberty of the American people, of the destruction of any possible relief for labor, or farming, or industry.

This special session and the regular session that is to come in January are amongst the most important in American history, for if we give up our liberties under the Constitution now, and the passage of these bills means giving up our liberties and American freedom, under which we have established the greatest opportunity for the common man in the history of the world, they will have gone forever.

Let us stand up now and fight for the liberties of the American people, for the rights of labor, of farming, and of industry, and against those who would destroy them.

Making Pure Food and Drug Legislation Effective

EXTENSION OF REMARKS

OF

HON. JOHN M. COFFEE

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Monday, November 22, 1937

RADIO ADDRESS BY HON. JOHN M. COFFEE OF WASHINGTON ON JULY 21, 1937

Mr. COFFEE of Washington. Mr. Speaker, under leave to extend my remarks, I include a coast-to-coast radio address delivered by me over the Nation-wide network of 84 stations of the Columbia Broadcasting System, as follows:

WE ARE TOO EASILY IMPRESSED BY MISREPRESENTATION

One of the anomalies of our times is the inability or the unwillingness of the American people, through their Congress, to pass effective national pure food and drug legislation—to enact laws with teeth in them. As a Nation we love to be hoodwinked. We delight in mirages. We are dreamers of rosy dreams. We are gluttons for punishment. We repudiate the spothegm "the burned child fears the fire." After the tannic acid assuages the agony of the burn we return to the fire with carefree gayety. If a novel runs to 1,000 pages and we are told with sufficient frequency by fashionably well-placed people that it is a masterpiece we hypnotize ourselves into believing it also, and vie with each

other in praise of the volume. If, by persistent repetition, we are told that a certain movie is super-super ultra-ultra and the adjectives of the English language are exhausted in its encomiums, there are few of us who are willing to disagree. We join in the hallelujahs of approbation. Since it is fashionable to effect to have a musical appreciation, many of our neighbors whom we know don't know one note from another compete with each other in protesting their thrilling delight at certain discordant performances some of which we unhumorously call grand opera. We are color conscious and are intrigued by the exquisite lithography of certain stocks and bonds and seldom exercise sufficient caution to inquire into the bona fides of the sponsors. We believe what we read in the newspapers. We are a credulous and gullible Nation. Even the late P. T. Barnum arrived at that conclusion a half a century ago.

So it is with pure food and drug legislation. The patent-medicine racket continues with seemingly unabated vigor. Daily we purchase with naive faith patent cure-alls in our drug stores and canned foodstuffs, childishly confident that the product is what it purports to be.

THE CURRENT PURE FOOD AND DRUGS LAW IS OUTMODED

The Federal Pure Food and Drugs Law was enacted in 1906 after a 27-year fight led by Dr. Harvey Wiley. That law has now outgrown its usefulness. Its chief defects are that it applies neither to advertising nor to cosmetics, although it does forbid false claims on labels and prohibits adulteration of food or drugs. But that law contains a fatal joker. The law interdicts false or misleading claims on labels. By "misleading" is meant a statement, which, although technically true, in fact is misleading. The United States Supreme Court some years ago had before it an important test case. The Government contended that Dr. Johnson's combination treatment for cancer was falsely labeled. We would hardly assume today that there could be much difference of opinion as to whether a "combination treatment for cancer" was misbranded or not, but the Supreme Court thought differently. It decided that the prohibition against false or misleading claims applied only to the ingredients of a package and not to claims about its curative powers, and so it dismissed the prosecution. This decision shocked the country. Within a month President Taft sent a message to Congress asking it to undo the evil the Supreme Court decision had created. A bill was introduced to amend the law to make it apply to therapeutic claims on the labels of drugs. That bill became a law, but only after the lobbyists had inserted a joker which made the amendment worthless. The amendment as finally adopted forbade false and fraudulent therapeutic claims on the labels of patent medicines.

Therefore, when the Government started an action based on false therapeutic claims against the seller of patent medicines it had to prove not only that such claims were false but also that the person who made them knew they were false.

In other words, the more ignorant a drug vendor was and the less he knew of medicine the less likely he was to be convicted. The lobbyist most active in getting this joke enacted in the 1912 amendment was an executive of one of the largest so-called ethical drug manufacturers in America.

BANBAR

Here is an illustration of the difficulties of prosecuting under this provision: A former shirt salesman was selling a so-called diabetes cure known as Banbar and getting $12 a pint for it. The Food and Drug Administration of the Department of Agriculture analyzed Banbar and found it was essentially an extract of a common weed, "horse tail", frequently found growing along railroad tracks. A criminal prosecution was started. Experts testified Banbar was worthless. The manufacturer then introduced in evidence hundreds of testimonials praising Banbar and swearing it had cured their diabetes. The Government then proved that scores of these persons had actually died of diabetes. Yet a jury of 12 good men and true acquitted the manufacturer and the Government did not appeal, for the excellent reason that it could not. The Constitution forbids putting a person in double jeopardy for the same offense in a criminal action.

MARMOLA

Did you ever hear of Marmola, the well known antifat preparation? Its manufacturer previously had been selling lost-manhood cures by means of Police Gazette advertisements. This preparation depends for its effectiveness on thyroid extracts, which can, and do, seriously harm many persons. The Post Office has the power to deny the use of the mails to those using them to defraud. Under this power it issued an order against one of the drug firms connected with Marmola. The manufacturer blithely changed the name of his firm and continued doing business under another name. He was able to dodge the postal inspectors until 1914, when the Post Office prosecuted criminally, and he pleaded guilty, paying a $5,000 fine. Eventually he gave up his mail-order business but continued to sell Marmola to retail druggists and to advertise it nationally. The Post Office then had no jurisdiction and so it dropped the fight.

MARMOLA STILL PROSPERS DESPITE ITS EXPOSURE

The Food and Drug Administration was without power to proceed against Marmola, as it is technically not a drug, since obesity is not a disease. It is just a condition. This agency had jurisdiction over food and drugs only, and hence could do nothing. The Federal Trade Commission took up the battle. That body has the power to issue an order directing a manufacturer to cease false advertising, and did so in 1928, charging that Marmola was being advertised as safe, when in fact it was dangerous. The manufacturer promptly appealed to the United States Supreme Court, continuing to sell Marmola during the appeal, doing $600,000 worth of business a year. The Court decided that the Federal Trade Commission had jurisdiction only when a manufacturer's false advertising "injured its competitors", and ruled that the Commission had not proved that Marmola's practices were harmful to its competitors. Today Marmola, which the United States Supreme Court admitted was dangerous to use except under a doctor's care, continues to menace the health of uninformed women, and the manufacturer continues to corral the profit thereof.

PRESIDENT ROOSEVELT WANTS MERITORIOUS LEGISLATION

Many dangerous drugs are commonly used in patent medicines. Under the present law the presence of most of these drugs does not even have to be stated on the label. The consumer has no way of knowing when he is subjecting himself to the perils inherent in their use. President Roosevelt, in a message to Congress on March 22, 1935, said: "A measure is needed which will extend the control, formerly applicable only to labels, to advertising also; which will extend protection to the trade in cosmetics; which will provide for a cooperative system and method of setting standards and for a system of inspection and enforcement to reassure consumers, grown hesitant and doubtful. * * *"

DINITROPHENOL

Recently there has been an increasing list of persons killed by dinitrophenol. Countless people have sustained cataracts of the eyes as a result of its use. Complete blindness has frequently ensued. Last year the American Medical Association reported that there were 23 reducing preparations on the market which contained dinitrophenol. In many places these preparations can be purchased at the corner drug store and the purchaser can embark on a course of self-medication with a drug which, even when taken under expert medical supervision, has often caused death.

STRYCHNINE

Under the present law strychnine, a highly toxic drug, does not have to be declared as an ingredient. Scores of children have died because of strychnine poisoning, due to laxative and tonic pills. Parents assume such preparations to be innocuous. They have no way of knowing that the chocolate or sugar coating of these pills, so attractive to children, covers sufficient strychnine that six or eight tablets accidentally eaten may constitute a lethal dose of poison for a small child.

THE TUGWELL BILL

Under the Tugwell bill, proposed by the Roosevelt administration, an important provision was won which listed many incurable diseases, or those which can be safely treated only by a doctor. Among these were cancer, diabetes, diphtheria, appendicitis, tuberculosis, and venereal diseases. This section forbade outright any advertisement of medicines for such diseases. Half-way measures are not enough for quacks, who profit by raising false hopes in those suffering from incurable ailments. But the list of diseases was too long for the medicine industry, and the diseases were cut from 42 to 9. The present Copeland bill, now pending, does not even prohibit advertising of drugs for diabetes, although science knows of no cure. Even insulin will only keep the patient alive; it will not cure him.

The Tugwell bill required each patent medicine and cosmetic to list on its label all of its ingredients and their proportions. It might be difficult to sell cold cream at $5 a jar if the label showed merely a few inexpensive everyday ingredients in the jar. Sellers of hair tonic guaranteed to grow hair on billiard balls would be unable to operate this racket if the label disclosed that the preparation contained nothing but colored water and red pepper. The canners were up in arms about the grade-labeling proposal. Today the housewife, when buying canned foods, is buying a surprise package. The gaudy label on the outside of the can is about as descriptive of the contents as a circus-sideshow poster is of the freaks inside.

CANNERS FAVOR GAUDY ADJECTIVES

Canners protested that grade labels would confuse the ignorant housewife, that the poor would be ashamed to ask for the lower grade, that it was impossible to grade accurately. Isn't the housewife today confused by a canner's adjectives? If you are in any doubt just listen to those used in listing sizes, not quality, of olives: Small, medium, large, extra large, mammoth, giant, jumbo, colossal, and super colossal. Even Cecil B. DeMille, in his palmiest days, couldn't do better than a "super colossal olive."

But the committee in Congress refused to report the Tugwell bill. Its provisions have been emasculated. Its incisive teeth have been replaced by false molars. Substitute legislation is now pending, the principal one known as the Copeland bill. I contend that this act is a law weaker in some respects than the existing act. As it has passed the Senate the power to make multiple seizures has been seriously impaired, because under it the accused may demand trial in his home jurisdiction, whereas consumers are more likely to receive the kind of court action to which they are entitled in the districts where they lived and have been harmed than in that of a distant manufacturer who may have transgressed the law.

CRAZY CRYSTALS

Did you ever hear of Crazy Crystals? They have swept the West in popularity. In American Chamber of Horrors, by Ruth DeForest Lamb, the author declares these crystals are essentially Glauber's salt, a horse physic. Yet a package of these crystals retails for $1. The same amount of Glauber's salt can be purchased for a quarter. In elaborate business offices on the main streets of American cities these crystals have been advertised as a panacea for diseases ranging from constipation to Bright's disease.

H. R. 5286

Because I feel strongly about this matter, and because I believe pending bills do not meet the issue, as a Member of Congress I have introduced a bill, H. R. 5286, which I believe affords the protection so urgently demanded and needed by the public. This bill is sponsored by Consumers' Union of the United States, Inc., by housewives' groups, and by liberal organizations generally. The main features of the measure are the establishment of a consumers' bureau in the Public Health Service; the registration of proprietary products; informative labeling; prevention of false or misleading advertising; an adequate budget for enforcement; health education, publicity, and scientific research. If you want real and unafraid food and drug legislation, advise your Representatives in Congress to support actively and work for the enactment of my bill, H. R. 5286, the Consumers' Union measure.

Under my bill every manufacturer of a proprietary product must register his formula, file a statement of all claims to be made for it, and the name of the licensed pharmacist or chemist under whose supervision the product is manufactured. Thus a product harmful to health would be prevented from ever reaching the market, since a certificate of registration would be denied if the product contained dangerous ingredients. The preventive feature of my bill would benefit everybody. Money would be saved for Government and business alike. Long and expensive court cases would be eliminated. The soundness of preventing offenses rather than punishing them after they have been perpetrated is so obvious as to be incontrovertible.

FRAUDULENT NOSTRUMS ARE PREVALENT

An example of the cogent need of registering the name of the licensed chemist who actually makes the product can be cited. One gentleman with only a graduate and scales for equipment puts up in his own home a preparation for hay fever and asthma, the principal ingredient of the nostrum being potassium iodide, a drug which converts latent tuberculosis into an active form of the disease. This man has no scientific training, having left school at the eighth grade. This picture of an ignoramus dispensing medicine to the public detriment but for his private profit is an incongruous one in our country, where scientific training and skill are supposedly held in high esteem. It is a picture which would be blotted out were H. R. 5286 to become a law. A feature of my bill is the requirement that labels of food, drugs, and cosmetics shall tell what ingredients are present and in what proportion, only spices, flavorings, and perfuming agents being excepted. Such informative labeling has been demanded by consumer groups for years. The imperative need for it is patent. If a consumer is to use medicines intelligently, he must know what is in them. If he is to spend his food dollar wisely, he must know what he is purchasing. Under the Copeland Act this need is only partially met, because it requires that the label of preparations containing two or more drugs list the active ingredients, but it does not require that the proportions in which they are present be named, with a few rare exceptions.

ALKA-SELTZER

Of what help would that be to a consumer who buys, say, Alka-Seltzer? Under the Copeland Act he will learn that it is essentially a mixture of aspirin, baking soda, and citric acid. Since he has read advertising about the alkalizing effect of Alka-Seltzer, he would probably decide that an Alka-Seltzer tablet consists mainly of a dose of baking soda with a little aspirin thrown in, whereas it is actually just the reverse. Under my bill this fact could be readily ascertained by every purchaser. Every Alka-Seltzer tablet contains 5½ grains of aspirin—more than the amount in the usual aspirin tablet.

IT IS TIME TO DEMAND ACTION

How long, O Lord, how long will we gullible ones continue to be defrauded, duped, misled, and exploited without rebelling? How long will we meekly turn the other cheek? Shall we sacrifice life for private profit indefinitely? Let us awaken to our peril; rise up and act. The record of Congress the past 4 years in respect to food and drug legislation is one of which none of us can be proud. It will be a betrayal of our constituents' interests if we Members of Congress fail to pass a new law in the near future. It will be no less a betrayal if that new law is one which is little better, if any, than existing legislation, and even weaker in some respects—I mean the Copeland bill. For that reason, friends, I urge support of H. R. 5286, the Consumers' Union pure food and drug bill, a measure with a purpose, with real teeth in it, and which means what it says.

The Antilynching Bill

EXTENSION OF REMARKS

OF

HON. MARTIN DIES

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, November 22, 1937

Mr. DIES. Mr. Speaker, ladies and gentlemen of the House, one of the finest speeches ever delivered in the Senate was recently delivered by our distinguished Senator, TOM CONNALLY, on the antilynching bill. It was my pleasure to hear this masterful address and I was so deeply impressed with its convincing logic, its sparkling humor, and deep sincerity, that I decided to print a number of copies and send them to my friends in Texas. The speech contains valuable information that our citizenship needs, and I can think of no greater service that I can render to the cause of democracy and the preservation of State rights than to place this speech in the hands of as many people as I can.

It is seldom that we are able to appreciate a great man during his lifetime. It is usually after death that we are able to appreciate the qualities of truly great men. I fear that there are some in my State who lack a full appreciation of the sterling character, the undaunted courage, the deep sincerity, and the brilliant ability of Senator CONNALLY. Some Members of Congress and of the Senate are able to fool their constituents. Some of them, through cheap publicity, are able to deceive their constituents into believing that they occupy an important role in national affairs when, as a matter of fact, their influence is nil, and they neither have nor deserve the respect of their colleagues. But few Members of Congress have ever been able to fool their colleagues. We see them here at close quarters and are able to appraise their true worth.

The overwhelming majority of both Houses regard Senator CONNALLY as one of the outstanding Members of Congress and as a truly great man. When he speaks, Members of the House and of the Senate who seldom listen to speeches except delivered by themselves flock to the Senate floor to hear him.

We appreciate the fact that he is absolutely sincere and possesses a degree of courage which is rarely shown in modern politics.

Senator CONNALLY could have chosen the easy road and gone along with what appeared to be the popular tide, but he preferred to tread the rougher path of duty and honor. Like others, he could have trimmed his sails to catch the passing breeze, and "bowed the pregnant hinges of the knee that thrift might follow fawning," but he chose to follow the example of other great Senators that Texas has produced in the past—men who did not sacrifice their honest convictions to secure political preferment.

The thinking people of Texas are justly proud of Senator CONNALLY, and many of us believe that he will be reelected without opposition. He is fighting valiantly and courageously for the people of our State; and, while some may not agree with him upon some of his views, nevertheless we respect him for his courage in expressing those views. Of course, we cannot agree with anyone 100 percent, but it is better to have in the Halls of Congress a man who is courageous and sincere, even though we do not entirely agree with him, than to have a pussyfooting, weak-kneed, trembling, shaking politician who will barter away our liberties to secure an easy reelection. The people are today demanding that their Representatives and Senators exercise courage and do what they think is right. It is because Senator CONNALLY has done this that his friends are increasing rapidly throughout the Lone Star State.

As one who has closely watched his public career, not from a distance and not from newspapers but from first-hand observation, I express to him, in the name of my constituents, gratitude for the wonderful service he is rendering our State; and I hope that everyone will read this great speech, which I happen to know was delivered extemporaneously and came from the heart of a great man.

Wage and Hour Legislation as Viewed by New York State Industrial Commissioner

EXTENSION OF REMARKS

OF

HON. ALFRED F. BEITER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, November 22, 1937

Mr. BEITER. Mr. Speaker, I am submitting herewith for the information of the House a letter I have received from

Hon. Elmer F. Andrews, industrial commissioner of the State of New York, outlining certain recommendations with reference to the Black-Connery wage and hour bill. It will be noted that Commissioner Andrews, representing the Department of Labor of the State of New York, called a conference of labor and civic leaders in the State for the purpose of discussing the bill, and that the conference thus called went on record as favoring the bill with certain amendments. These suggested amendments are contained in the report of the conference meeting also submitted herewith:

STATE OF NEW YORK,
DEPARTMENT OF LABOR,
New York, November 20, 1937.

Representative ALFRED F. BEITER,
House of Representatives, Washington, D. C.

MY DEAR MR. BEITER: Because New York State's widespread industrialization makes it so extensively subject to the legal provisions which the Black-Connery bill would set up if it became law, I wish to present for your consideration certain conclusions and recommendations adopted by a conference of labor and civic organizations which met in my office on Wednesday, November 10, to consider its effects on our industrial welfare.

All of those present favor the establishment of decent minimum wage and hour standards as a matter of national policy. It was generally agreed that certain provisions of the bill providing for fact finding and for the machinery of administration are carefully thought out and, in our opinion, administratively workable. The bill should provide that the workers of the United States be paid at least enough wages to live on.

Our reservations and disapproval begin when we consider the effect on New York State's industries of freezing into law, as we believe the House version would, existing geographic, sectional, local, and racial differences. Instead of tending to draw the States and localities together in a more perfect union industrially, economically, and socially, it would split the United States industrially into many segments. It would mean the industrial Balkanization of the United States, due to the multiple standards on which a minimum must be based and the many exemptions, administrative circumlocutions, and restrictions set up.

We are deeply disturbed also by the apparent possibility of its again establishing a dual administrative system for the enforcement of legal labor standards. We urge that the administration of the wage and hour minima to be set up be in the hands of State labor departments which meet minimum standards of administration prescribed in the bill. Thus there would be a single source of authority to which employers subject to wage and hour standards would be responsible. Those most requiring supervision could not evade by quoting one administrator against the other. The knowledge of conditions, of people, and methods which the State labor departments have would be available for the enforcement of the new law. The cost of duplication would be avoided.

The effective and economical organization would be to make the State departments of labor responsible directly to the Federal Labor Department, the latter to coordinate the work of the State agencies and to be responsible for the machinery through which the national wage and hour standards are set up and enforced.

Specific recommendations and objectives are detailed in the enclosed memorandum together with a list of organization representatives who adopted them. May we urge you to give active support to the movement to get the bill onto the floor of the House for consideration and to support the amendments proposed herewith when it comes up.

Yours very truly,

ELMER F. ANDREWS,
Industrial Commissioner.

PERSONS WHO ATTENDED CONFERENCE ON FEDERAL WAGE AND HOUR BILL, NOVEMBER 10, 1937

Commissioner Elmer F. Andrews, industrial commissioner, New York State Department of Labor.

Miss Frieda S. Miller, director, Division of Women in Industry and Minimum Wage.

Paul Sifton, deputy industrial commissioner.

Miss Rose Schneiderman, secretary, New York State Department of Labor.

Mrs. George Backer, Women's Trade Union League.

Mrs. W. Russell Bowie, president, New York Consumers' League.

Rabbi Sidney Goldstein, Central Conference of American Rabbis.

Mrs. Allan K. Chalmers, Young Women's Christian Association.

Miss Josephine Goldmark.

George A. Hall, New York Child Labor Committee.

James H. Hubert, executive director, Urban League.

Mrs. Henry W. Louria, executive secretary, Consumers' League of New York.

Mrs. Emily S. Marconnier, Women's City Club.

Mrs. Ralph Morris, League of Women Voters.

Mrs. Anya Smith, Women's Trade Union League.

Arthur Suffern, Federal Council of the Churches of Christ in America.

Frederick F. Umhey, International Ladies' Garment Workers Union.

Miss Laura Rappaport, National Council of Jewish Women.

Mrs. Dorothy Bellanca, Amalgamated Clothing Workers of America.

Courtenay Dinwiddie, general secretary, National Child Labor Committee.

Miss Alice Disbrow, secretary to Representative CAROLINE O'DAY.

Rev. Wallace T. McAfee, associate general secretary, Greater New York Federation of Churches.

ACTION OF CONFERENCE OF LABOR AND CIVIC ORGANIZATIONS CALLED ON NOVEMBER 10, 1937, BY THE INDUSTRIAL COMMISSIONER OF NEW YORK STATE FOR THE PURPOSE OF CONSIDERING NEW YORK STATE'S INTEREST IN THE TERMS OF THE FEDERAL WAGE AND HOUR BILL, KNOWN AS THE BLACK-CONNERY FAIR LABOR-STANDARDS BILL, IN THE FORM REPORTED WITH AMENDMENTS AND COMMITTED TO THE COMMITTEE OF THE WHOLE HOUSE ON AUGUST 6, 1937. S. 2475 (REPT. NO. 1452)

I. This conference goes on record as opposed to the complex, cumbersome, and unworkable administrative machinery set up in the present form of the bill. Hoping, as we do, that decent national minimum standards of hours and wages will be developed as the result of this legislation, we urgently recommend that the machinery of the act be brought closely in line with the experience of State departments of labor in the effective administration of State minimum-wage laws. This can be done most effectively by delegating to State labor departments which meet the standards for administration set up in the bill, the authority for enforcement within their respective areas. Thus, there would be no setting up of duplicate organizations within the States which are costly, confusing, and irritating to employers.

We urgently recommend that for enforcement, for the coordination of the work of the State agencies, and for the setting up of the Federal standards administrative authority be placed directly within the Federal Department of Labor. In making this recommendation we should like to point out in this place that such assignment of duties would not give the Secretary of Labor the power to set wages. The bill would provide that minimum wages are to be set by wage boards; the Secretary may accept, reject, or return the recommended wage scales to the wage boards with a request for further study and new recommendations, but he may never amend the recommended wage scales on his own motion.

II. We regard as hampering to the purposes of the act and as quite unworkable in practice the long list of considerations which the board is required to give attention to in setting standards under section 4. They appear unduly time taking and severely separatist. We favor a policy that will minimize differentials between sections and racial or such other distinctions.

We believe that the minimum wage to be set should be considered on the basis of cost of living, of fair return for services rendered, and of wages established by collective agreements. It is administratively impossible and undesirable to consider the other "relevant circumstances" required in the present version of the bill, namely:

"(2) The relative cost of transporting goods.

"(3) Local economic conditions.

"(6) Wages paid for work of like or comparable character by employers who voluntarily maintain minimum-wage standards.

"(7) Differences in unit costs of manufacturing occasioned by varying local natural resources, operating conditions, or other factors entering into the cost of production."

The wage earners of this country have been promised and now expect the enactment of a law which will assure them at least enough wages to live on. The standards for determining minimum wages should be kept as close to this single measurement as is practicable, and certainly should not be modified by more than the two considerations recommended above.

III. Child labor: We would prefer to see the general child-labor provisions, which have been incorporated in the House version of the bill, maintained and brought together in one single section where child labor can be dealt with by itself. This position is based on our vigorous opposition to the plan set up in the original form of the bill resting the control of child labor upon the technique employed for the control of interstate shipment of prison-made goods. Such procedure could never be effectively applied to the much more widespread and shifting child-labor problem, and we, would, therefore, stubbornly resist any effort to return to that basis.

We want to see maintained in a child-labor section the definition of oppressive child labor which is now section 2, subdivision 10, except that this definition should be amended so that parents are not excluded as the employers of their children, since such an exception opens the way to easy evasion of the prohibitions intended to be set up. A separate definition of the industries and occupations for which oppressive child-labor standards may be set up should appear here in order to prevent, for example, the consequences of applying to child-labor sections such general provisions of the bill as the inclusion of forestry in the exemption set up for agriculture. This would allow children to go on working in turpentine camps despite the repugnances of all those familiar with them to that situation.

The section should further be amended to strike out the authority now given the Chief of the Children's Bureau to set up any exemption deemed by her not to constitute oppressive child labor. Into the section on child labor there should also go the provisions of section 15, subdivision (b), strengthened so as to make it mandatory that investigations and inspections relating to oppressive child labor shall be carried on through the Chief of the Children's Bureau, with authority to enter and inspect all places affected, and in conjunction with the State enforcement agencies to whom such power should be delegated under proper conditions and standards.

IV. We regard the provision in section 23, subdivisions a, b, and c, that penalties be only for willful error or omission or discharge of employees, as thoroughly vitiating the effectiveness of the proposed act. Enforcement of State labor legislation has long demonstrated the need for holding the employer responsible for acts which he permits in his factory or workshop. It is for this reason that State labor laws generally define "employed" as "permitted or suffered to work," and in interpreting that definition make the employer responsible for conditions of employment which he permits or suffers to exist in his place of business. If such responsibility is not put upon the employer labor standards cannot be maintained by way of effective law enforcement.

V. Section 10, "Hearings," as it now stands with the amendment that a hearing "shall be at a point as near the principal place of business of the employer involved as is practicable" and that "reasonable notice must be given to those involved by registered mail or by personal service" is unworkable and destructive of the purpose of the act and must be amended to stand in its original form. The requirement for hearings should be limited to notice by publication and in a place designated by the Board. The above provision, if it means that a board would be required to hold a hearing in the immediate vicinity of each and every manufacturing establishment in the United States, both large and small, urban and rural in location, is one of the weirdest, three-headed calves ever to come out of a legislative drafting chamber. We assume that its appearance was an oversight; it should be decently removed unless someone can guarantee a practical method of operation.

VI (sec. 8, subdivisions (c) and (d)). It is the belief of this conference that the provision in the sections dealing with the functions of the United States Tariff Commission in connection with this bill, include a burdensome and unworkable requirement when they call upon that Commission to investigate costs of living in foreign countries. We urge that this provision be stricken out.

VII. We urge that there be a clear, unmistakable provision incorporated in the bill that wage orders are intended to be set up and to become effective by industry and not by occupation. This recommendation is made because there appears to be, among well-informed and interested persons, a belief that the word "occupation" is used throughout the act in order to clear the way for setting wage rates for occupations rather than by industries, which we regard as an unworkable and undesirable alternative. We urge that a provision be inserted directing the administrator to set up a standard incorporating the items required for adequate maintenance and the protection of health of workers throughout the United States.

VIII. This conference believes that the present provision of the bill for setting hours standards as the result of investigation and the promulgation of orders is time taking, cumbersome, and costly beyond the benefits which would result from the flexibility of such a plan. We believe that much prompter and at the same time effective relief would be secured by setting a statutory limit of 40 hours and permitting variations with extra pay for overtime as the result of appeals and findings by a board, as now provided in the bill. We urge that careful consideration be given to the possibility of such an amendment.

IX. Because fair labor standards labels have proved to be among the most effective devices for assuring satisfactory conditions of work and pay, we urge the reinsertion of the section which was in the original bill, and that there be added provision for adequate means of putting this section into effect.

Let's Save the Infant Agricultural Industries!

EXTENSION OF REMARKS

OF

HON. JOHN R. MURDOCK

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 22, 1937

Mr. MURDOCK of Arizona. Mr. Speaker, the keynote in proposed farm legislation seems now to be crop control and the cutting down of production. I am as anxious as any Member of this House to legislate so as to cause the farmer to prosper, and I should like to see him get fair prices for his produce and not be subjected to such common ruinous prices as in former years when he was required to sell his crops for less than the cost of production. If limitation of supply is the only way, or the best way, to give the American farmer a square deal, then I am for that policy, but I should like to say a word concerning the administration of that policy.

Obviously it would seem that in the production of those things which are not grown in sufficient quantity to meet the American demand and of which there is a considerable importation, there should not be any limitation of domestic supply nor any penalties imposed. I would have such farm products entirely exempt from restrictions. Take for instance a very long fiber cotton grown in Arizona known as Pima cotton or as American-Egyptian cotton. This particular variety is not grown any place else in the United States. The Arizona production is not at present sufficient for the American demand. The extra supply needed by our mills is obtained in Egypt. Certainly this long-fiber cotton should suffer no restrictions and no penalties and should be given every protection from foreign competition.

In all of our restrictive farm policy we should take into account the newer communities that are right now in a state of expansion. If it is just "to temper the wind to the shorn lamb," surely it is fair to those new communities that are now in the process of development to temper our restrictive measures to what they are able to bear. Some of the newly irrigated regions of the Southwest, for instance, during the past decade have been expanding in their agricultural production of cotton, and if restricted in their output as some of the older farming States are to be restricted, they will be absolutely strangled by such restrictions. In my State there are new communities springing up farmed by men from the Dust Bowl portions of the Middle West, and it is for these new communities that I plead today. I might add that the total amount of cotton they are now producing is negligible compared to the grand total of the entire country. However, the producing of it means life to them.

No doubt the Congress will feel that the best way to reduce production is to reduce it. That logic cannot be answered, but my contention is that reducing it uniformly all over the country will work a much greater hardship upon the newer communities of the West than upon the older communities. As illustration, I would cite the cotton farmer of the Southwest. In my own State of Arizona during the past decade a considerable advance has been made in the growing of short-staple cotton. A former law passed by this body placed a restriction upon the cotton farmer, basing its provisions upon the 5 years including and following 1928. That was the period during which this industry was getting started. All recognize that a base including those 5 years worked a hardship on these southwestern communities.

If I could have my way, which I cannot, I would have the crop year of 1937 serve now as the base. If an average is taken over the last 5 years, it will be slightly less satisfactory, as there has been a continuous development since 1933. If we must average 3, 4, or 5 years in establishing a base for our control, let it be not a specified period, such as 1933 to 1937, inclusive, but let it be a moving period including the last year's crop with each estimate. I am asking for a plan that will allow for some expansion for our communities.

An adult might wear a tight-fitting garment without pain; an adult foot accustomed to it might even wear a Chinese shoe; but a growing child would be agonized by the same sort of treatment. Cotton growing in Arizona is an infant development in a youthful community, and I am asking lawmakers to consider well the effects of all restrictive measures, so as not to make such restrictions as will be destructive in effects.

The Future of Free Enterprise

EXTENSION OF REMARKS

OF

HON. SAMUEL B. PETTENGILL

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 22, 1937

ADDRESS OF HON. SAMUEL B. PETTENGILL, OF INDIANA, BEFORE THE AMERICAN PETROLEUM INSTITUTE, NOVEMBER 11, 1936

Mr. PETTENGILL. Mr. Speaker, a year ago this month I spoke before the American Petroleum Institute on the subject The Future of Free Enterprise. After a year's reflection

I find that I have little to add to or subtract from that address. I attach it herewith as delivered November 11, 1936, at Chicago, Ill.

The evils of remote control over American life from the financial Capital of the Nation have been made obvious to all. It was the revolt against those evils that accounts in large part for the elections of 1932, 1934, and 1936.

There is, however, the law of the pendulum in public affairs. We are now swinging too far toward control of American life from the political Capitol of the Nation and toward the evils inherent and inescapable in a vast bureaucracy under partisan management.

The life of our people is stifled by remote control, whether financial or political. That stifling is apparent today. The country is suffering from legislative indigestion.

Big government is as great an evil as big business. In time they become one and the same.

Granting that the advance of science requires new controls, e. g., radio, I am nevertheless convinced that Jefferson is still right in all cases except where Hamilton is inevitable.

Responding to the pressures of the emergency, the Democratic Party shows signs of abandoning Thomas Jefferson for Alexander Hamilton. It will be a sad exchange of leaders.

The concentration of political power is as bad as the concentration of financial power. In fact, it is almost certain to be worse, as political control is not likely to long tolerate free speech, a free press, a free radio, or free courts in opposition to its program. Note Brazil today.

When government assumes the responsibility of economic guardianship, it also assumes censorship over the opinions of its wards. All history, past and present, proves the point. The monarchies of the past and the fascisms of the present have no room for an opposition, none for human freedom, and little for human progress.

All history proves, if it proves anything, that nations become prosperous only as a result of being free.

Remote control from either Wall Street or Washington is equally to be avoided, however much the second is made inevitable by the first. Concentration of power has never long contributed to the happiness of mankind. Concentrated political power is a poor exchange for concentrated financial power. The holding company in finance and the holding company in politics hold little promise for our children.

Where the meat hangs, there the wolves gather.

Abraham Lincoln once said of the spoilsman in politics:

There you see something which in the course of time will become a greater danger to the Republic than the war.

The address, The Future of Free Enterprise, suggests a middle course which I hope will be of interest to those who oppose the "old deal" as well as those who oppose the New Deal. It is as follows:

THE FUTURE OF FREE ENTERPRISE

(By SAMUEL B. PETTENGILL)

Let me say at once that I do not know the future of free enterprise, nor that it will have a future. This may well be the last generation of Americans to receive and cherish the legacy of liberty. This coming decade may bring the twilight of democracy right here in America. Another collapse such as we had in 1929, and who of you will give bond for the survival of freedom?

WHERE IS LIBERTY?

Before rejecting these forebodings as too pessimistic, let us make a brief but candid appraisal of the forces now loose in the world. In Asia you see China, the oldest of civilizations and a republic, slowly disintegrating before the concentrated power of Nippon. In Mexico, once a republic like ours, you have communism pure and simple, separated from us by the width of a river only.

In the United States state socialism is advancing rapidly, as witness the political platforms upon which parties have gone on to actual victory in Minnesota, Washington, and elsewhere. In addition you have Federal infiltration on a wide scale into fields once exclusively occupied by free enterprise—the latter taxed to support its governmental competitor.

Across the Atlantic the lamp of liberty has gone out in three-fourths of Europe. The swing toward the center daily gathers momentum. New barbarians march on ancient Romes and, in the name of "security," place Caesar's blood-rusted crown upon the fevered heads of those who call themselves the "saviors of the people."

Within a short distance of the place where the Prisoner of Chillon once appealed "from tyranny to God," machine guns and concentration camps do the debating when political arguments arise. And while the blood purge of June 1934 was on, a new messiah shouts, "During these 24 hours I am the supreme court."

Idealism is chained to Caesar's chariot, and the long thoughts of youth are poured and crystallized in the patterns of power, the idolatry of authority. Freedom to choose one's occupation, to move from country to city, or the reverse, is at an end. Government by debate, by discussion, by conciliation and toleration is trodden under the iron hoofs of the man on horseback.

Even England, the "mother of democracies," sees her authority challenged and her prestige weakened in the Mediterranean, in India, and hence throughout the world. And in that "tight little island" it was only 14 years ago when powerful groups appealed not to the franchise of free government, but to the brute force of a Nation-wide strike as their method to obtain a redress of grievances, a method repeated successfully this year in France.

Democracy is proclaimed a "rotton corpse," liberalism is spat upon, the authority of religion is spurned, the sanctity of private contract and public treaty is held for naught; the temple of international law, painfully built during five centuries of time, is overthrown, and all those immemorial decencies between man and the State—trial by jury, the independence of the courts, habeas corpus, the civil above the military power, freedom of petition, of election, of speech, of assembly, of worship, of the education of one's children, government by law and not by men, government which derives its "just powers" from the "consent of the governed," the restraint against spoliation and confiscation, the assurance that if a man sow he may also reap, the one driving force (other than the lash of the slave) which makes wealth to accumulate and the arts and sciences to flourish—all these precious things are tossed into the sewer as the synthetic parade follows the modern imperator who rattles his crimsoned sword and scans dark horizons for more worlds to conquer.

Here in America worshipers of the State (not the "States") grow in number. Bearing a banner with that strange device "special privileges for all" they come to Washington seeking alms. Members of church, labor, youth, and women's organizations are sponsoring the surrender of human destiny to politicians idealized as demigods.

I am not at all certain that the swing toward the center has not gathered momentum that nothing can check until a disillusioned people have once more had their fill of Caesar. It may be that we are fighting a rear-guard action. But if we must yield, we do so reluctantly and with a presumption in favor of freedom.

RISE OF DEMOCRACY

There is a long flow and ebb in the tides of human destiny. Consider the following facts: The Constitution of the United States was written in 1787. When signed, Gouverneur Morris said: "The whole human race will be affected by the proceedings of this convention." Never was prophecy better justified by time. For down to 1917, when Russians established the "dictatorship of the proletariat" in place of the dictatorship of the Romanoffs, a period of 130 years, there was scarcely a movement on this planet that was not toward democracy and freedom from concentrated authority. Our Constitution became the model of the world. In the States of our Union, in the countries of Latin America, in the Provinces of Canada, in New Zealand, in Australia, in South Africa, and elsewhere, not less than 400 constitutions were patterned by freedom-loving men upon the basic concepts of our own Magna Carta—1, the distribution rather than the concentration of power; and, 2, that the individual, because created by God, and in His image, has dignities and rights as a human soul which are beyond the powers of princes or the might of majorities.

DECLINE OF DEMOCRACY

But in 1917 the tide turned. From that time to this hour, except for the short-lived German republic, there has scarcely been a movement on this planet that has not been away from democracy toward the concentration of power and in favor of the doctrine that the individual has no rights which the state is bound to respect. Wearied and wasted by war, but with old loyalties dissolved by the disillusionment of mass murder, the house of want invades the house of have and demands bread even at the price of liberty.

Perhaps this swirling tide will break and turn before it reaches America. God grant it! But if in the perhaps not distant future free enterprise—and with it free government—should vanish from American life, an inquest is certain to be held. On that day, one of the saddest in history, many witnesses will be called. The question, Who killed Cock Robin? or permitted him to die will receive many answers. Some will blame Moscow; others, Tugwell; others, the failure to require the teacher's oath in the public schools; others, the failure to deport the Communists or to shout loudly enough "down with the reds;" still others, the vain but reckless pretensions of pulpit politicians "most ignorant of what they are most assured."

INDUSTRIAL STATESMANSHIP

All these may influence the verdict, but I believe the final judgment of the impartial historian will be that free enterprise died in the house of its friends, its death wound given by its beneficiaries, not by its foes.

In my little book, Hot Oil, I said:

"Can businessmen run business in the interest of the whole people? Can profits be harmonized with the needs of the Nation for today and for tomorrow? Must the States surrender their historic jurisdiction to the Nation? In a word, can we secure social objectives without regimentation, prosperity without paternalism?

Or, turning the question around, will paternalism produce prosperity? How much of liberty can we afford to pay for the promise of security? Or will bureaucracy, in destroying liberty, also destroy the efficiency in the production and distribution of wealth which alone makes security possible?

"If democracy fails, as so many in these difficult days seem even anxious to predict, it will be because it fails to meet the new problems of a new industrial world in which economic structures transcend State lines.

"What, then, is the true boundary between business and government, the States and the Nation, individual responsibility and public control, the line 'which shall combine that degree of liberty without which law is tyranny, with that degree of law without which liberty becomes license'?

"What are the proper limits of the functions and agencies of government? Those limits will be extended only as the failures of industry make the extension seem imperative. If business proves incapable of self-discipline in the interest of the millions, Government will occupy new ground. The millions will demand it, and they have the votes. They will fly 'to ills they know not of' rather than continue to embrace conditions that have become intolerable. No constitution, however revered and hallowed with the blood of the fathers, will long check their course.

"The fate of America is still in the hands of those who have the greatest stake in America—the leaders of enterprise and their shareholders. Will they, who have the most to lose, do most to serve?"

It is only because I know there are men in this audience who are keenly aware of the pressing need of industrial statesmanship of the highest order, it is only because I know that this and other trade organizations are hard at work to improve the standards of conduct of their numbers toward each other and the public, and thus to save free enterprise and free government to America, that I venture to speak today.

I am none the less your friend, even though I am unable to accept the easy alibi, so commonly held in business circles, that the push toward collectivism comes from without rather than from within those circles. The thought I have principally to offer for your consideration is that businessmen are largely, if not chiefly, responsible for the very trends they fulminate against.

INDUSTRIAL SELF-DISCIPLINE

If we are to save free enterprise, I am convinced that it will be done chiefly by industrial self-discipline placing limits on greed, recognizing the trusteeship of management—not for stockholders only, but for labor and the consumer—thus eradicating the evils of capitalism by self-surgery and making it function in the interest of the masses, without whose support it cannot function at all.

I recognize the difficulty, as did Edmund Burke, of indicting a nation or a system; but I do not see how we can approach this problem effectively without pitiless self-appraisal. I take courage because I see so many businessmen who are willing to face the facts and take their share of the responsibility and the blame. But I sometimes lose heart when I see others "passing the buck," looking for a "goat" and, blinded by partisanship and self-interest, charge the trend toward regimentation and collectivism to a "brain trust," a "rubber-stamp" Congress, and Rexford Guy Tugwell.

WHENCE COMES REGIMENTATION

Gentlemen, let us be honest with ourselves and with the truth. Without entering now upon the merits or demerits of N. R. A. or A. A. A., or the potato bill or other similar legislation, where did these bills find their origin? First, in the break-down of capitalism and, second, at the urging of capitalists.

Take N. R. A. I was present at its birth. I was in the Ways and Means Committee room when a representative, not of Karl Marx, but of American business, the president of the United States Chamber of Commerce, urged that legislation upon the Congress of the United States in behalf of the business interests of the country—a fact eloquently corroborated by Mr. W. T. Holliday in his testimony before the Cole committee.

Take A. A. A. Whence came the demand for and ready acquiescence in "regimentation" by the most individualistic and sturdy of all members of the capitalist class—the American farmer? What apparent necessity induced him to reverse the habits of centuries, to kill pigs before they matured, and to plow under cotton and wheat before it was ripe for the harvest? It was because the loss of foreign markets has caused unsalable surpluses to accumulate. And why did farm markets disappear? It was, in part at least, due to tariffs lobbied for by American capitalists which in turn provoked reprisals abroad, and thus farm surpluses and crop control and "regimentation" at home. For a decade American industry, in power at Washington, saw the free enterprise of farming slowly starve to the point of desperation.

If in the future there shall be a struggle for power in this country between the classes, industry would do well to have on its side the 30,000,000 Americans who live on the farms and in the county-seat towns and villages of America. The "farm problem" is your problem.

HAVE WE A FREE ECONOMY?

When it is said that free enterprise has failed, my answer is that we have not permitted it to work. We have impeded it with a tanglefoot of our own making.

Despite all this sudden talk of a "planned economy," the fact is that we have never had a wholly free economy in this country. A policy of protective tariffs, for example, is in itself a repeal of the law of supply and demand.

Everywhere we see businessmen seeking to sustain themselves and their prices by "controlling the market," by monopoly, by subsidies, by franchises, by licenses, by certificates of public interest and necessity, by patents, by trade-marks, by "pegging the dollar" to sustain credits, by devaluation to obtain advantages in international trade, by cheapening the dollar to pay debts through rising prices, by shifting the tax load to their competitors, by statutory price fixing, by retail-sales control; in other words, by "regimentation"—for the other fellow.

The protest against this sort of thing was, in my judgment, the highlight of the recent campaign.

In a notable paper 2 years ago Gustav Cassel, of Sweden, pointed out that the pressure of business interests upon government for special privileges for themselves or legislative handcuffs for their competitors leads inevitably to "planned economy" and, hence, to dictatorship.

No government can write tariffs, license importers and exporters, pay subsidies, impose quotas, increase production, restrict production, regulate rates of foreign exchange, secretly manipulate huge stabilization funds, enter upon competitive undervaluation of national currencies, extend or restrict credit, raise and lower interest rates, fix prices, issue embargoes, regulate division of earnings between spending and investment, etc., without making mistakes which require corrections leading to more mistakes, without calling forth claims for compensating measures, in the same way that tariffs for manufacturers led to the demand for a "farmer's tariff" or its equivalent; or, more recently, when the control of cotton production led to tobacco control, and from tobacco to peanuts to potatoes. Similarly, government-financed hydroelectric power plants, which compete with coal, increase the demand for subsidies for coal mines and for restriction of production.

Because government grants favors to capitalists it is appealed to to grant equalizing favors to workers.

Because it creates agencies to benefit producers it perforce must create other agencies to protect consumers—the consumers' bureau and the producers' bureau, each begging Congress for more money to checkmate the other!

BUREAUCRACY NOURISHED

And so government goes about grasping for more and more power to cope with the abuse of the privileges it has itself created.

If it be said: "Upon what meat doth this, our Cæsar, feed that he hath grown so great," the answer must be that the pressure of business interests forced the meat down the great man's throat.

Meantime, the invisible government is constantly at work behind the scenes to hog the cake and distribute the crusts of governmental favor. And all of this, let me repeat, is initiated not by pink young professors but by business interests seeking statutory refuges from the competitive struggle they praise so highly—on paper.

Meantime, members of legislative bodies are overworked with problems beyond their time, strength, and experience, and outside their proper jurisdiction. The inevitable tendency is to delegate their powers to a vast bureaucracy. What they themselves do is done poorly, and the resulting loss of confidence in the ability as well as the disinterestedness of parliamentary government calls for louder cries for stronger men, and hence for the strong man himself, who in turn makes his mistakes—of which Napoleon and the Kaiser are only two of many that sent whole nations to disaster.

Out of this tanglefoot that is throttling and discrediting free enterprise, there is an opportunity for an economic Abraham Lincoln, who will free businessmen from the shackles wrought by themselves.

DANGERS IN PATERNALISM

Whatever may be said in justification of any one of these governmental favors to a particular group, considered by itself, yet in their total aspect it is almost certain that the pocket of some American is impoverished by the exact amount by which another pocket is legislatively enriched; that the total wealth and purchasing power of the Nation as a whole is not increased a nickel. On the contrary, it is almost equally certain that our people have been denied the almost limitless potentialities of our science and technology by these policies which hold the umbrella of paternalism over inefficiency and senility. In proof of this, is it not true that the enterprises which are in the van of recovery today—notably automobiles and petroleum—are those which are the farthest from bureaucratic control, the freest of the favors and subsidies and protection of government, and the most subject to the competitive stresses of free enterprise?

I would listen long and attentively to an argument that the future of free enterprise requires the abandonment, step by step, of all these immunities and privileges and the gradual restoration of competition in all things save theft, fraud, and the exploitation of human beings.

It cannot be denied that the same government that fixes prices for commodities, rents, and interest can with equal logic fix wages, either up or down, and shorten or lengthen hours of work. It all depends on who controls the government. In Germany and other countries today industrial workers are reported to be required to carry a "work card", which easily becomes the European equivalent of the hated black list. Take it or leave it. Is this to be the reward of the American workman for rushing to Washington for the solution of his troubles? If so, "planned economy" will have a sour taste for his children.

INTERNATIONAL THREATS

In their international aspect this Chinese maze of trade restrictions might as well be recognized for what it is—the economic and monetary equivalent of war, with Armageddon only a step away.

The future of free enterprise goes far deeper than "is dreamed of in our philosophy." It not only involves the future of free government, but the future of civilization—any kind of civilization.

It is one thing when business competes on its own hook for international markets. But when government itself becomes the active partner of businessmen in throttling their international competitors, the latter rush to their governments to make political and military answers to economic arguments.

Thus the struggle is broadened and intensified. Is not the whole effort for national security rapidly increasing national insecurity? And is not every supposed trade gain offset a thousand times by the weight of armament and the cost of war—actual and potential? The world, it seems, can have trade and peace—or trade stoppage and war.

LEGISLATION SOLICITED

Coming nearer home, what bill in recent years had more of the essence of collectivism, the destruction of States' rights, the regimentation of enterprise, than the Thomas-Disney bill which would, if enacted, give an official at Washington the power to fix the daily production of petroleum from every well in America and therefore, indirectly, the income of the owner and the price paid by the buyer.

Again, without discussing the merits or necessity of the bill, it is the simple truth that it was the representatives of the industry itself who rushed to Washington crying, "O, beneficient bureaucrats, uncontaminated as you are with any knowledge of the problem of petroleum, and with that high detachment and objective viewpoint—resulting from never having seen an oil well—save us ere we perish, save us from ourselves!"

CAUSE-AND-EFFECT LEGISLATION

From my conning tower at Washington I saw another great industry, not rushing to the Capitol, but dragged there to stand trial for its own misdeeds. I heard the astonishing story of a dark jungle of holding companies pyramided 10 stories high upon each other—the hiding place of financial freebooters. I saw the leaders of that industry, with ashen faces, unable to defend themselves. Some were personally vulnerable, and those who were not felt forced by a spurious fraternalism to keep the door shut upon the skeletons in the closets of their industry rather than clean house. I said to some of these men that it passed my understanding how they could do such a marvelous job on their physical plants and equipment—a miracle of science—and be so utterly dumb and deaf and blind on their public relations. I said to them: "What you need is a Kenesaw Mountain Landis, a czar of your own choosing, whose sole function shall be to call foul balls, and whose contract shall expire the instant he ever says 'strike one.'"

Industrial self-discipline. I saw the stock exchanges and banks finance the bubble of speculation until it finally burst in ruin in 1929 with a shrinkage in values of stocks and bonds alone—to say nothing of commodities and real estate, rural and urban—of $91,729,000,000, or three times the amount of the World War debt. And then, with little help and much opposition, my committee wrote the Stock Exchange Act of 1934.

I heard the story of stock split-ups, the watering of capital structures, the sale in interstate commerce of worthless Peruvian and European bonds and domestic stocks in which $25,000,000,000 of the savings of thrift and toil were lost beyond recall, and my committee wrote the Securities Act of 1933.

Industrial self-discipline. In times called prosperous I saw 11,000 banks, nearly a third of the Nation's total, close their doors with $5,000,000,000 of hard-won savings dissipated to the four winds of heaven, and under the very dome of the Nation's Capitol I heard an old man say: "To hell with the Constitution. It did not save my savings."

Industrial self-discipline. A few years earlier I saw the legitimate wine, beer, and liquor industry—through illegitimate practices winked at by themselves—write their own ticket to exile and heard them pronounce the death sentence on their own hundreds of millions of investment.

I pick up the Statistical Abstract of the United States, and read that, in 1928, 511 men had net taxable realized incomes of a million dollars or more, averaging $2,270,000 each, or $7,000 a day apiece, and totalling altogether $1,108,862,000—only 2 percent of which, let it be noted, represented compensation for services actually rendered—a total net income to 511 men greater than the gross income of all the wheat and cotton farmers of the Nation, aggregating, with wives and children, some 10,000,000 Americans.

"Ill fares the land, to hastening ills a prey
"Where wealth accumulates, and men decay."

And then, a little later, I saw this capitalistic system collapse, stabbed in the house of its friends, its blood sucked by its beneficiaries, and 15,000,000 idle men dependent upon private charity or public dole—an army which, placed in single column 2 feet apart, would reach across the continent and back—America's question mark to free enterprise.

INDUSTRIAL INERTIA

In 1933 I spent a year as a member of a committee on Government competition with private enterprise. We developed the facts. We showed socialism coming through the back door, but except their own ox was gored, we got practically no support from either businessmen or political leaders.

This year I saw Members of Congress—so often referred to as cowards or rubber stamps—risk their political lives to defeat a bill that would have opened the floodgates of inflation to the destruction of $108,000,000,000 of life insurance, and then in the election this fall go up against the radio guns of a Fascist in cloth, all without a word of thanks or an ounce of support from the presidents of the great life-insurance companies, who are, if they are anything, the trustees of the helpless aged, the future widows and orphans on 64,000,000 policies.

Gentlemen, I ask one intensely serious question: If the leaders and owners of the American system are too lazy to wash their dirty dishes, too selfish to be intelligent, and too timid to stick their necks out in defense of free enterprise and constitutional government, who will defend it?

I see businessmen economize down to the last 2 inches of the lead pencils of their clerks, and themselves sweat and slave for 20 or 30 years to achieve a competency for the evening of life, and then, when the periodic crash comes, but with youth behind them and the old push and drive no longer theirs, I see them with sublime courage start to weave anew the pattern of their hopes, but apparently with no thought whatever to softening the downward curve of the next collapse or to the survival of the system itself to which they have given all their strength.

ORGANIZED PUBLIC RELATIONS

I have no thought to be unjust. The average businessman is so engrossed with the daily task, so harassed with making out reports to Government bureaucrats, that he has to keep his nose to the grindstone from dawn to dark. As an individual, he is practically helpless. But it does seem to me that trade associations generally, as well as many of the larger companies, could well afford to have on their boards a man whose sole responsibility is public relations in the broadest sense, a man of unimpeachable integrity, to act as a tribune for the people, whose constant care it shall be that the priceless ingredient of character and fair dealing with worker and customer and people and government shall be woven into the fabric of free enterprise. Such a man would not alone sell his industry to the public but would be equally diligent to sell the public to his industry. And then, to pursue the idea further, suppose the public-relations members of each of the 500 and more existing trade associations (and you are to imagine them as containing men of the standing and character of former President Eliot of Harvard, or Justice Hughes of the United States Supreme Court) were to organize, informally, a Supreme Council of American Enterprise, endowed with sufficient funds to conduct inquiries and report from time to time on "the state of the Union." Let me italicize the word *"Union."*

Certainly, it is becoming plain that the profession of public relations requires experience and training as specialized as that of sales manager or of laboratory technician.

Perhaps this suggestion is wholly impracticable; but, as I reconnoiter the field, it seems desirable, if not imperative, that some means be found to mobilize the conscience and enlightened self-interest—not of one division alone but of the entire army of American industry, business, agriculture, and finance. Such a mobilization would be for both offense and defense. It would be the sharp critic and ruthless surgeon of evil practices on the one hand and on the other the stout champion of the American system, minus its crooks and its hogs.

I know there are those who will sneer at what they would call my naive assumption that there is a conscience in American business and will use against me the articles of indictment which I myself drew a few minutes ago.

Gentlemen, I know better. I know the average businessman is just as anxious to deal justly with his men and with the public as the average politician. I would rather have the judgment and conscience of the man who is close to his men and the public than the ipse dixit of the intelligentsia who would rule the universe from their garrets or their thrones.

The fault, or rather failure, of business executives, as I see it, is not that they are soulless and selfish but rather that they are, or have been, too preoccupied with the daily problems of their business. It may be due also in part to the fact (as one of the executives of your industry informs me) that so many of the top men and members of executive committees have spent their previous years as specialists in a single branch of their industries and have never been under the necessity "to see life steadily and to see it whole."

But all this only explains, yet does not refute, my contention that industry's greatest weakness today is public relations.

Let me return to what I was saying about conscience in business.

INDUSTRIAL HEROISM

On Constitution Day in September I addressed the Daughters of the American Revolution. I told them this story, and it is a true story. The editor of a fine little newspaper in Indiana told me how he went through the depression. When advertising and subscribers fell off, he called in his men—60 in number—from the oldest pressman to the youngest cub reporter. He said to them, "Boys, we have got to retrench to keep this paper alive. But we will all go up or down together. This paper is in the red, but I do not intend any one of you to see red. I will show my good faith by taking the biggest cut, both in dollars and percent." They faced the music together. Not a man deserted the paper, and the paper did not desert a man. The editor said to me, "If St. Peter ever pins any medal on my bosom, it will be because all through the depression every man in my employ found something in his pay envelope every Saturday."

And I said to the D. A. R.'s, "That man did more to save the Constitution than all the editorials he might have written in its honor and glory after he had fired half his men."

There are thousands of such men who made similar sacrifices to keep their men employed, and who equally "deserve well of the Republic." Others had the desire to do so, but were forced to shut down by circumstances beyond their control. I am ready to go to bat for that kind of businessman.

But, unfortunately, there are many others who retrenched only in pay rolls, dumping their workers out on the streets to be taken care of by relief agencies—and now beef about the public debt incurred in keeping their former workers from starving.

It is a harsh thing to say—as harsh and as kind and as kindly meant as the surgeon who tells you an operation is imperative—but it is not the cold fact that businessmen generally have lost the confidence of their own workers? Is it not the fact that the businessman and the politician have been competing for the good-will of the worker, and the businessman has lost? Maybe it is not his fault. Maybe it is due to forces beyond his control—the war, the depression—but I think we would be more sure of the survival of free enterprise if we stopped looking for alibies and said: "Well, some of it is my fault, and all of it is my job."

INDUSTRIAL SHORTSIGHTEDNESS

Where did businessmen get within the past month with their attack on the Social Security Act? They got the Bronx cheer! That attack was the supreme blunder of the Republican campaign. The workers refused to believe that their employers wanted to improve an admittedly imperfect law. They were convinced that the attack was on the principle of the law itself.

How wrong were they? No answer, perhaps, can be given. But certainly the principle of "avoiding the appearance of evil" was so clearly indicated that I am surprised that persons who call themselves astute began throwing boomerangs so viciously—at themselves.

To wait until a law has been on the statute books for 14 months before suddenly notifying workers how terrible it is, was in itself an open advertisement that shoddy goods were being sold.

An objective viewpoint would have avoided a blunder like that. That is why free enterprise needs a lot of Judge Landises of public relations. Many sincere businessmen, busy as they are in the squirrel cage where losses constantly chase profits, had never even heard of the Social Security Act until a few weeks ago. But that again proves the very point I am trying to make—the need for a division of enterprise marked "industrial statesmanship."

FREE ENTERPRISE VERSUS FREE GOVERNMENT

Consider, as one among many, the problem of old age in this machine civilization of modern city life. The most amazing change in population trends is going on before our very eyes. There were 34 percent more people over 65 in 1930 than in 1910—only 20 years earlier. That proportion in the upper-age levels is almost certain to increase. In fact, actuaries for great life-insurance companies predict that by 1970—only 34 years from now—there will be more people over 50 than under 20; in other words, that the problem of the average man only a few years hence will be to take care of his parents rather than his children—the greatest shift in age groupings, probably, since the world began. It is due, of course, to two main factors: Fewer babies born per 1,000 of population; but of those which are born, because of the marvelous conquests of medicine—principally in the diseases of childhood, youth, and young manhood—more live into the upper-age levels.

But, as your average-age line moves up, the industrial deadline moves down. The two lines cross, and the point of their crossing marks one of the battlefields where free enterprise and free government is to be saved—if it is saved. For when the age line passes the industrial deadline, there is little point left in the old slogans of "rugged individualism" or "initiative" or "courage." These old virtues have then lost their meaning. The door to the "land of opportunity" in which these virtues can alone live and thrive has then been closed.

Combine all this with the passing of the free land of the West, the recurrence of "boom and bust," of depressions which wipe out banks and other institutions where the savings of thrift and toil are invested and, last, that other great shift to city life from rural life where, as in the "good old days" there were always useful chores for grandma and grandpa to do, and you have the challenge of Dr. Townsend, a challenge that cannot be laughed off.

When I speak of industrial statesmanship it is problems like this I have in mind. What are the leaders of our enterprise going to do about them?

If they do nothing—or little that is effective—free enterprise in the years just ahead is going to be subjected to a constantly increasing and irresistible pressure from these opportunityless groups to have the politicians take over the management, if not the ownership, of your business for their benefit.

HUMAN OBSOLESCENCE

Take unemployment. In terms of social ethics, where does the dollar derive a claim to being paid dividends during periods of depression superior to the claims of the laid-off worker to being paid unemployment reserves? Why are reserves justified for depreciation, depletion, and amortization of machinery and plant and reserves not justified for "human obsolescence"?

These are not the questions of a long-haired radical or soapbox orator. I quote the exact language of Charles Evans Hughes, Chief Justice of the United States Supreme Court, who wrote the minority opinion in the recent railroad pension case:

"What sound distinction from a constitutional viewpoint is there between compelling reasonable compensation for those injured without any fault of the employer (as in workmen's compensation acts) and requiring a fair allowance for those who practically gave their lives to the service and are incapacitated by the wear and tear of time, the attrition of the years? I can perceive no constitutional ground upon which the one can be upheld and the other condemned. The fundamental consideration which supports this type of legislation is that industry should take care of its human wastage, whether that is due to accident or age."

UNREGIMENTED SOCIAL SECURITY

If the Social Security Act is declared unconstitutional or is generally overhauled, I should like to see, first, permission to employers to set up their own retirement systems under the auspices of Government, so that the fund for workers will not be lost to creditors in event of bankruptcy; and, second, actual encouragement to set up these reserves by granting them special tax treatment such as we grant to contributions to charities under existing income and estate-tax law. I hate desperately to see the moral sense of responsibility between management and men diluted by transferring all functions to Washington.

On some other occasion I should like to discuss ways and means for securing "social objectives without regimentation, prosperity without paternalism." Some of the indicated avenues for exploration are: 1 further strengthening of trade organizations to conduct a constant warfare on those practices like price fixing, which are the very negation of free enterprise; 2, developing departments of public relations as already discussed; 3, interstate compacts; 4, uniform State legislation; 5, further powers to the Federal Trade Commission to approve voluntary arrangements in industry, such as those approved by the Supreme Court in the cases of *Appalachian Coals, Inc.*, and *Window Glass Manufacturers* v. *United States;* 6, the application of the principle stated in the recent opinion of the United States Supreme Court in *Whitfield* v. *State of Ohio* (56 Sup. Ct. Rep. 532), upholding the Hawes-Cooper Act of 1929, which took the protection of the interstate-commerce clause from prison-made goods offered for sale in violation of State law; 7, a similar principle as set forth in section 2 of the twenty-first amendment to the Constitution with reference to intoxicating liquors. All of these points could be widely extended to the strengthening of social legislation by the States and by informal rules self-imposed on industry, without the necessity of transferring all power to Washington—where it is bound to be an immense prize to be striven for by pressure groups, led by demagogues who compete in auctioning off the Treasury for votes, and in despoiling the worker to enrich the drone.

THE STATES SHOULD FUNCTION

There is no need for destroying the States and erecting a bureaucratic empire in America. Elihu Root pointed the way, as far back as 1908, when he said at a conference on the conservation of natural resources:

"The Nation cannot perform the functions of the State sovereignties. If it were to undertake to perform these functions, it would break down. The machinery would not be able to perform the duty. The pressure is already very heavy upon national machinery to do its present work.

"I feel deeply impressed, however, with the idea that the 46 sovereign States, in the performance of their duties of government, are lagging behind the stage of development which the other sovereignties of the earth have reached. As the population of our States increases, as the relations between the people of each State and other States grow more frequent, more complicated, more important, more intricate, what every State does become more important to the people of every other State. * * *

"Now the States in the exercise of their sovereignty, in the exercise of the powers reserved to them, rest under the same kind of duty, a duty that forbids any State to live unto itself alone.

"The Constitution of the United States prohibits the States from making any agreements with each other without the consent of Congress, but you can make any number of agreements with the consent of Congress. Why should not the powers that are reserved to the State sovereignties be exercised by those sovereignties with wise regard for the common interest, under a firm resolve to make it wholly unnecessary that this continued pressure to force the National Government into the performance of the duties that the States ought to perform should continue? It is high time that the sovereign States of the Union should begin to perform their duties with reference not only to their own local individual interests, but with reference to the common good."

And then, above all, we must recognize that our "need is not to emphasize our differences but, rather, to understand our interdependence," to quote Louis Taber, master of the National Grange. What is desperately needed in America right now is an era of good feeling and fair dealing between capital and labor, industry and government. With that—plus our technology, invention, and power—nothing is impossible. Without it anything is possible.

CAPITALISM AT ITS BEST

American industry has been built on the struggle for the consumer's dollar by offering most and best for least. That is competitive capitalism at its best. It becomes destructive when it is a competition of who will pay the least wages. The responsibility of industrial management to build a floor below which wages are not to go is tremendous. American industries must cooperate with each other and with government to find ways and means by which the masses who wish to work may live in decent comfort and security. The choice, as I see it, is between wages and taxes; between self-disciplined capitalism and state socialism; between

free government based on the consent of the governed and ancient tyrannies under modern masks.

Although I cannot demonstrate it on a blackboard, I have a feeling—as compelling as a religious conviction—that if industry will constantly pass on to the worker and the customer the savings of labor-saving machinery and invention, rather than siphon them off into the pools of watered securities, it will by that process keep distribution and production in balance and go as far toward Utopia as our poor human natures will go or be driven.

OUR HERITAGE

Gentlemen, what is this legacy of free enterprise which we received from our fathers? Even with its failures and shortcomings, it is the best in the world. We have 6 percent of the world's land area and 7 percent of its people. But that 7 percent has 32 percent of the world's railway mileage, 58 percent of its telephones, 36 percent of its developed water power, 76 percent of the world's automobiles—enough so that every man, woman, and child under the flag, 130,000,000 Americans, could climb into these cars and all ride on rubber at the same instant of time, a nation on wheels, a miracle of achievement in which bureaucrats played no part. The rubber that goes into the annual production of tires would make a tire that would go around the world and 6,000 miles to spare—a rubber-tired planet, if you please! When Stalin or Hitler or Mussolini do half so much, it will be twice as much as they have done.

This little 7 percent of the world's population has 44 percent of its radios; produces 60 percent of the world's petroleum, 48 percent of its copper, 43 percent of its pig iron, 47 percent of its steel, 58 percent of its corn, 56 percent of its cotton, 25 percent of its sugar, 33 percent of its coal. Of the commodities it does not produce, this little 7 percent of the world's population goes out into the world's markets and buys 50 percent of its rubber, 50 percent of its coffee, 75 percent of its silk.

This 7 percent of the world's population has 45 percent of the world's total wealth; and far more than half of all the wheels that turn on this planet, from locomotive drivers to the wheels in milady's wrist watch, turn on American soil. In the worst year of the worst depression of our history 30,000,000 out of 32,000,000 American boys and girls of school age stayed in public schools. And on the point of security for old age this little 7 percent has $108,000,000,000 of protection on the lives of 64,000,000 Americans, more security than all the rest of the world put together.

Gentlemen, I am a friend of the system which has done these things. With all its faults, follies, and crimes, it has produced and distributed more of the goods and comforts of living to more people over a greater territory and for a longer period of time than any other system in any other country since Adam walked out of the Garden of Eden. Neither of the princes of Babylon, the Pharaohs of Egypt, the emperors of Rome, the lords of feudalism, or the dictators of today ever served the common man one-half so well.

It is worth saving, gentlemen! But praise of its virtues alone will not save it. We must cure its defects, remedy its abuses. If we resolutely set our hands to this great task, we can be confident in the prophecy of Robert Burns that:

"A virtuous populace will rise the while,
And stand, a wall of fire, around their much loved isle."

Our Foreign Policy

EXTENSION OF REMARKS

OF

HON. WILLIAM B. BARRY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, November 22, 1937

Mr. BARRY. Mr. Speaker, there seems to be at the present time a feeling among some people in the United States and I have recently heard it expressed on the floor of the House of Representatives that we should do something to stop the spread of fascism, nazi-ism, and communism in other parts of the world. The advocates of this idea just take it for granted that sooner or later one of these political doctrines will be imposed upon us from without by force, if we just sit back and do nothing about the situation.

There is a persistent propaganda being spread to convince Americans that their only hope of salvation is to form a united front with other so-called democracies, like Great Britain and France, to fight the threatened shackles of foreign dictatorship. The writers and others who advocate the idea of a democratic alliance nearly always ridicule the idea of our remaining aloof from the rest of the world and remaining at peace. They point out, without going into detail, the dependence of the United States on the rest of the world and predict that we will inevitably be drawn into war if any good-sized fight in Europe or Asia gets under way.

I fear that widespread belief in this doctrine of inevitable war unless we make alliances with the powerful countries whose governments are more nearly like ours is a dangerous thing for our country, particularly when it seems to be shared by men in high places.

The argument that because other countries have assumed some form of dictatorship that we will eventually do likewise has never greatly impressed me. It is nothing more than a conclusion without any supporting proof. About 150 years ago we were the only republic in the world. We then had no fear of the monarchies gobbling us up if we could defend ourselves.

It is my contention that these countries who are trying to acquire or recover colonial possessions will have enough trouble at home and abroad without seeking conflict with us. All of them, however, will be anxious to be our friends or allies, and therein lies our real danger.

It is quite obvious from most correspondents' reports from Brussels that France and Great Britain are trying their best to have us get out in front in the Japanese-Chinese situation. When one compares the stakes that Great Britain has in China with those of the United States, it is ridiculous for us to even become involved, much less take the lead.

Aside from the sympathy that most Americans have for China in the present struggle, it seems quite absurd to me that France, with its colonial possessions, and England, with its vast empire, should assume a holier-than-thou attitude when Japan does the same thing that they have done many times in their history.

And when they talk about the sacredness of obligations and treaties I cannot help but think of the war debts, and ask myself if it is not the pot calling the kettle black.

I feel that we should continue our policy of isolation and should beware of being sucked into any kind of "united front" to preserve democracy. We have nothing to gain and everything to lose. We should not forget the costly lesson of the last war.

In the event of a great war in Europe or Asia, I believe that we should acquire now from abroad, and store up, those raw materials that we lack in the United States. In that way we can be self-sufficient for a number of years without depending on any other nation for help.

Let us concentrate our fight on the enemies of democracy at home and let the rest of the world settle its own problems which they in most cases created themselves.

Keep Us Out of War

EXTENSION OF REMARKS

OF

HON. JOHN R. MURDOCK

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 22, 1937

Mr. MURDOCK of Arizona. Mr. Speaker, on leaving my home town recently, to come to Washington, a very earnest Christian woman said to me, "Whatever else you may do in Washington, Mr. MURDOCK, see to it that you always vote for and support any and all measures which will tend to keep us out of war." My reply was, "You may depend upon it that I shall endeavor to do as you say. However, I shall be greatly puzzled in many cases to know what will be the right action to keep this Nation out of war." No doubt, every Member of this House has the same inclination as I have to keep out of war and also the same bewilderment as to what is the correct step to be taken in each case, to minimize the chances of war.

I listened today to the very pleading voice of my friend and colleague, Mr. LUDLOW, of Ohio, as he begged us to sign his petition No. 11 to bring before this body a resolution to

submit a constitutional amendment to the States requiring a referendum before our participation in a foreign war. Several months ago I signed the Ludlow petition after giving it serious thought. I am almost as sincere as Congressman LUDLOW himself in my desire to save this Nation from the experience of 20 years ago.

Later this afternoon I also listened to the earnest presentation of my colleague from Maryland [Mr. LEWIS] in opposition to the Ludlow amendment. Perhaps he feels that in wise counsel of our leaders there is safety. Should we forget isolation and play a leading part in world affairs? Personally, I feel that in a matter so important as sending our boys abroad to fight and die, it ought to be left to those who have to "pay the price" for its ultimate determination.

It may seem that I am "blowing hot and cold" in the same breath, but I believe a way for us to keep out of foreign war and at the same time make it extremely unlikely that we shall ever be invaded is to see to it that we are always in that "defensive posture," of which George Washington spoke. In a war-torn world, such as this at present, we cannot afford to present a show of weakness. Therefore, while I am talking peace, hoping for peace, praying for peace, I want to see my country so thoroughly prepared for defensive war that nobody will want to pick a quarrel with us.

Although I recognize the force of the remark that "Europe exploded because she was loaded" in 1914, I do feel that it depends somewhat upon how a given nation is "loaded." I would have this Nation defensively loaded. I believe that if something like the Ludlow amendment should be adopted, and at the same time we spent funds adequately on all the modern effective means of defense, that those two things, apparently contradictory, would serve notice upon the world that we really mean peace, and that our motives could not be misunderstood. In my opinion, such a course would tend to keep us securely in peace.

Enfranchisement of District of Columbia Citizens

EXTENSION OF REMARKS

OF

HON. ARTHUR CAPPER

OF KANSAS

IN THE SENATE OF THE UNITED STATES

Tuesday, November 23 (legislative day of Tuesday, November 16), 1937

ADDRESS OF WILBUR S. FINCH, PRESIDENT OF THE DISTRICT OF COLUMBIA SUFFRAGE ASSOCIATION, AT A MEETING HELD ON NOVEMBER 20, 1937, IN THE AUDITORIUM OF THE DISTRICT OF COLUMBIA BUILDING

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD an able address delivered by Mr. Wilbur S. Finch, president of the District of Columbia Suffrage Association, at the meeting held on November 20, 1937, in the auditorium of the District of Columbia Building. The address has to do with the proposal to extend the right of suffrage to the citizens of the District of Columbia.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

During the past few years numerous plans have been suggested as a solution to the problem of enfranchising the voteless citizens of the District. There is not time to detail them here, but it is safe to say that all of them have merit and contain, as a whole, suggestions which, if legally adopted, would perhaps give full suffrage to all Americans resident in the District of Columbia who are now disfranchised. And that is the ultimate objective of this association.

But the District of Columbia stands in a peculiar position, both in relation to the Federal Government and to the separate States composing the Union. It is the seat of the National Government by constitutional mandate and therefore the interests of the National Government are and must remain of superior importance here. It is not a State by judicial interpretation of the Constitution and therefore its citizens cannot claim under the Constitution the same political privileges now enjoyed by citizens of the States by virtue of that instrument. Therefore, to seek the complete enfranchisement of District citizens at one stroke, while no doubt desirable and justified from every point of view, nevertheless, for the reasons stated, would bring us face to face with obstacles, both of a practical and constitutional nature, which would require years of labor and great expense to overcome. We would gladly welcome a Moses to lead us in one march out of the Egypt of complete political helplessness to the Sinai where full political liberty could be given us. But no such Moses has as yet appeared.

One type of suffrage for District citizens, an important element in any campaign for full suffrage, is that which has as its sole objective the securing of national representation for them, or the privilege of voting for President and Vice President of the United States, and for representation in the Senate and House. A campaign for putting this type of suffrage into effect in the District has received considerable support from many sources over a period of years and has, so far as we know, been the one type of suffrage receiving any considerable degree of prolonged and insistent support. Another revival of this campaign is now on foot, as has been evidenced by newspaper accounts of the past few weeks. Those who have been actively engaged in this campaign for national representation these many years have made great contributions and sacrifices to the cause of District suffrage and for that they have our sincere admiration and respect. And while extending them our appreciation for past performances, we should, at the same time, offer them our best wishes for success in the difficult tasks which still lie ahead of them to make their campaign successful. They must first secure the approval of two-thirds of both Houses of Congress of their proposed joint resolution to amend the United States Constitution; when that has been done, ratification of the amendment will have to be obtained from three-fourths, or 36, of the States of the Union; and, finally, when that has been done, Congress will have to be approached again to pass the necessary legislation granting national representation to District citizens which the proposed amendment empowers it to do. These are the tasks which present the most formidable obstacles to the granting of full suffrage to District citizens, and those persons who are willing to assume them as a first approach to the solution of the problem of District suffrage are certainly entitled to all the admiration and respect we can give them.

But the District of Columbia Suffrage Association has chosen to approach this problem through a method which seems to it to be not only more easy but perhaps more logical, and that is by first securing from Congress, in the exercise of its power of exclusive legislation over the District of Columbia, an enabling act by which District citizens will be given an official voice in the conduct of their local affairs. And it is not difficult to explain our reasons for this.

The right of local self-government was and is as much a part of the heritage which our English forebears brought with them to America as the right of trial by jury, the right to a writ of habeas corpus, and even the English language itself.

It was the cardinal principle of their colonial governments, as was affirmed by them in a resolution passed by their very first Continental Congress in 1774.

Interference by the British Crown with this right of local self-government by the colonists was one of the outstanding causes of the Revolutionary War, which made us an independent Nation, as will be perceived by a review of the Declaration of Independence.

The framers of the Constitution knew all of this, and the terrible sacrifices of blood and treasure which had been made to preserve this right of local self-government were fresh in their memory, when they met to draft a plan for a national government. And when they prescribed as the qualifications for voters in national elections the same qualifications prescribed by the individual States for voters in their respective local elections, they must have assumed that the right of local self-government would remain a cardinal principle of the local jurisdictions within the boundaries of the National Government. But they went still further than this assumption. They guaranteed that local self-government would not perish in America by inserting in the Constitution a provision whereby the Federal Government must guarantee to every State a republican form of government, described by the United States Supreme Court to be one in which the citizen has a share in the making of the laws to which he is subject and in the choice of the officers of the community in which he resides.

And the fact that the Constitution does give Congress the power of exclusive legislation over the seat of government does not mean that the residents here were to be arbitrarily cut off from this part of their inheritance. No evidence has or can be produced to show that such was the intention of the framers of the Constitution. Their sole purpose in giving Congress this power over the District was very clearly stated by James Madison, who explained the reasons therefor as follows:

"The indispensable necessity of complete authority at the seat of government carries its own evidence with it. It is a power exercised by every legislature of the Union—I might say of the world—by virtue of its general supremacy. Without it, not only the public authority might be insulted and its proceedings interrupted with impunity, but a dependence of the members of the general government on the State comprehending the seat of the government for protection in the exercise of their duty might bring on the national councils an imputation of awe or influence, equally dishonorable to the Government and dissatisfactory to the other members of the Confederacy. This consideration has the more weight, as the gradual accumulation of public improvements at the stationary residence of the Government would be both too great a public pledge to be left in the hands of a single

State, and would create so many obstacles to a removal of the Government as still further to abridge its necessary independence."

There you have the complete explanation of the congressional power of exclusive legislation over the seat of government. It was to be independent of any State jurisdiction as a protection for the members of the Federal Government and its property. Not a single word indicating even the slightest intention of depriving any of the American citizens residing at the seat of government of their inherited right of local self-government. On the contrary, Madison goes still further and states that a municipal legislature for local purposes, derived from their own suffrages, will, of course, be allowed the residents at the seat of government.

This opinion of Madison that the people here would be allowed municipal suffrage has since been substantiated by the opinions of Presidents of the United States who have had occasion to address Congress on the subject, by opinions of the Supreme Court of the United States in which that august tribunal has had occasion to pass upon the subject, and by the actions of Congress itself, which for almost three-quarters of a century did permit the exercise of the right of local suffrage in the District of Columbia.

We thus have ample authority and precedent in support of our effort to secure local suffrage first.

Furthermore, great States of our Union, which were once either colonies of the British Crown and territories under the exclusive control of Congress, had to go through a period of apprenticeship in local self-government before being permitted the full privileges of participation in the councils of the Nation. Our method of approach to the problem of enfranchising District citizens is consonant with the established policy of Congress in dealing with citizens in territories coming under its exclusive control.

And, finally, it must be remembered, that it is only through the casting of a ballot in local affairs that the individual citizen and taxpayer in the District can have that intimate relation which he should have to the problems immediately affecting him and can exercise that control over local executive officers which is necessary to make them truly representative of the community they are chosen to serve.

We do not wish to take away from Congress any of its prerogatives as the supreme authority of those things in the District which appertain to the maintenance and development of the city as the National Capital. But we do believe that there are many problems in the District of a purely local nature which are without the province of the general government and within the province of the American citizens here to control. Once we have shown our capabilities in handling our own affairs, we will then be in a position to branch out into participation in affairs of a national character.

Since, however, there is and can be no conflict between local suffrage and national representation, no one can raise any legitimate objection to campaigns for both being carried on simultaneously.

This is the case of the District of Columbia Suffrage Association. On it we stand. And we are ready to listen at any time to anyone who can show us that we are wrong in choosing our method of solving the problems of enfranchising ourselves as American citizens.

Where Do We Go From Here?

EXTENSION OF REMARKS

OF

HON. CHARLES L. McNARY

OF OREGON

IN THE SENATE OF THE UNITED STATES

Tuesday, November 23 (legislative day of Tuesday, November 16), 1937

RADIO ADDRESS BY HON. ARTHUR H. VANDENBERG, OF MICHIGAN, ON NOVEMBER 22, 1937

Mr. McNARY. Mr. President, last evening over the National Broadcasting Co. network the able Senator from Michigan [Mr. VANDENBERG] delivered an impressive and thoughtful address on the subject, Where Do We Go From Here? I ask unanimous consent that his address may be printed in the CONGRESSIONAL RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

I discuss the subject, Where Do We Go From Here? from an unpartisan standpoint, although obviously I cannot detach myself from classification with the opposition to the present administration. But I am prepared to go forward with any party—old, new, or fused—which promises liberalism with sanity, social-mindedness without socialism, and a restoration of those equitable economic fundamentals which shall give honest business a chance to create stable prosperity for 130,000,000 people. It is in this spirit that I proceed.

Business must not be permitted to run the Government; but unless it is permitted reasonable latitude to run itself—free from an ambitious collectivism, which creates more problems than it solves—prosperity will die on the vine. We must regulate business for the sake of the common welfare, but we must not kill the thing we regulate. If legitimate business does not have a chance to profitably survive, none of us has a chance to survive. There are no jobs in shut factories and no wage benefits in suspended pay rolls. Money must work before men can work. Wealth must be created before it can be shared. A life of abundance cannot be achieved by legislating for scarcity. You cannot get golden eggs from a dead goose. We must lift up the lower third. But we cannot do it by pulling the other two-thirds down.

The President stated last Monday that "there has been a marked recession in industry" and that this decline "is a matter of national concern." I agree.

The President also said that the new recovery depends more upon the policies of business than upon the policies of government. I disagree. The policies of government are responsible for what has happened, and only a change in the policies of government can correct the dangerous drift. On October 23, 1935, at Charleston, S. C., the President said:

"We are on the way back—not by mere chance. We are coming back more soundly than ever before because we planned it that way, and don't let anybody tell you differently."

I am not telling you "differently." I am still saying, as the President said at Charleston, that policies of government are responsible. Therefore, our immediate obligation is to examine into the governmental causes of this presidentially acknowledged depression.

First. The chief trouble with business today is a jittery state of mind. It is fear induced by a long series of governmental attacks by statutes and by epithets, which have aroused class hatreds heretofore unknown in our heretofore united country. You cannot call harsh names for 5 years and expect all to be forgotten because you suddenly sober and plead for "a contented society of good will." That's what we need, and we need it like a baby needs its mother. But the same week that this temperate appeal was made others, speaking for the administration, were still yelling about "crusted reactionaries" and "business buccaneers" and "pirate privileges." This is the same old crucifying hymn of hate which has riddled the national morale. Until the tune is convincingly changed, business cannot be expected to stop wondering which is "Jacob's voice" and which are "the hands of Esau." It is time to stop this bitterness—not to resume old abuses which have been properly corrected—but to acknowledge that 98 percent of business is honest and patriotic; to confess mistakes in a forthright manner; and to do actually what Secretary of the Treasury Morgenthau proposed in his recent speech when he said:

"The basic need today is to foster the full application of the driving force of private capital."

This sound objective has been frustrated for 5 years. We have been trying to do what Walter Lippmann describes as follows:

"We are trying to operate a capitalistic system under a government that dislikes the system and would, if it had the courage and the power, replace it with the collectivist system."

The first necessity, then, is to break this deadlock and to start going consistently in one sound direction. The first necessity is to reestablish wholehearted American confidence that the good-neighbor policy is now domestic as well as foreign.

Second. The prime legislative necessity is to proceed as rapidly as possible toward balancing the Federal Budget. Serial promises, on high authority, during recent years, in behalf of Budget balancing have so consistently failed that nothing will suffice to build national assurance until precept becomes performance. The private citizen faces bankruptcy when he lives beyond his means. The only difference with the Government is that the Government can stave off the evil day by such familiar devices as devaluing money and by printing its own bonds and virtually forcing them into its necessarily responsive banks. But this merely prolongs the agony. In the meantime, all citizens—whether they know it or not—pay in increased taxes, direct and indirect. They pay in higher living costs and in other repercussions from doubts of the soundness of the public credit when it is thus bled white. And let not this basic truth be overlooked: No persons in this country have so great a stake in a sound public credit as those who are on relief, because nothing but the public credit stands between them and disaster.

The Budget can be balanced—not at the expense of human suffering, but through sharp curtailment in needless spending. Even relief itself can save hundreds of millions of dollars if Federal management, with its duplicated overhead and its inevitably attendant wastes, is eliminated in favor of restored State responsibility for management and discipline on a matching basis with Federal funds. But it cannot be done if regular Federal pay rolls continue to go up, as they have to the tune of 300,000 in the last 5 years. It cannot be done if the Government persists in a lot of interesting but prodigal experiments in applied socialism which produce, for example, Government homesteads at $16,000 of tax money per unit, and 40-acre Government farms at $25,000 of tax money per farm. It cannot be done with Quoddys and Florida ship canals and multiple T. V. A.'s. It cannot be done by launching vast capital expenditures upon new Government projects which can well await a more solvent day. It cannot be done by more of what the Secretary of the Treasury has described as deliberate-

deficit spending. It certainly cannot be done by making a campaign chest out of the Public Treasury. But it can be done within a reasonable time if all concerned will tighten their belts and highly resolve that it shall be done, and Congress can presently make no greater contribution to America's mass welfare than to see that it is done. So-called "pump priming" will be a melancholy memory indeed if we run out of "priming" and the "pump" itself refuses longer to respond. I venture this further observation. Instead of passing a dozen different appropriation bills each session, Congress would do better to face its entire annual Budget in one single appropriation bill carrying the grand total of all the billions which the people must pay. I think that even some of our political philanthropists who are so liberal with other peoples' money might be sobered in the presence of such figures. One Budget appropriation—with an item veto in the hands of the President—would be of surpassing benefit to an American which wants to be rescued from wandering in fiscal chaos like Alice in Wonderland.

Third. This leads to a discussion of taxes. The paradox about taxes is that sometimes the bigger the collection, the greater the damage to the national welfare. That is precisely the verdict that has been earned, for example, by the new and vicious surplus-profits tax. Why? Because it kills thrift and prudence in industrial management. Because it makes plant improvement and plant expansion, out of earnings, impossible. Because it thus penalizes more business and more jobs. Because it deliberately defeats the accumulation of reserves which cushioned the last depression to the tune of $30,000,000,000. As for tax revenue, you kill off the larger revenue which would flow from these developments. It would be far more stimulating if the Government were to swing away from "punitive taxation" and proceed with "incentive taxation"—rewarding private capital with new exemptions when it is social-minded and courageously progressive. Meanwhile, if this Congress will amend or repeal the surplus-profits tax and the capital-gains tax, it will make a far more tangible contribution to a new business confidence than can possibly be made by all the pious platitudes which the most eloquent of lips may utter.

Fourth. The Social Security Act can be amended, to save the needless burden of an ultimate $47,000,000,000 reserve, every penny of which is wrung from industrial sweat and toil, half of it in a direct income tax on labor. Seventy of the leading life-insurance presidents of the country join me in saying that the "full reserve" is unnecessary in a government pension system. This change will leave social security just as solvent. But the change will permit larger and quicker benefit payments and still it will postpone the contemplated increase in pay-roll taxes. It will do still more. It will demonstrate that the Federal Government will not consciously go on with a potential fraud upon 30,000,000 workers whose pay-roll taxes are now actually being used to help pay the general operating deficits of the Government. It is an indefensible vice perpetrated upon industry and directly upon its workers. If a private corporation resorted to any such process, it would be put out of business overnight by the Securities and Exchange Commission. It is a needless drain upon the resources of commerce and labor. It depletes America's mass buying power by every unnecessary dollar which it wrings from its victims. In the long run, it is $47,000,000,000 worth of sheer jeopardy. The immediate effect of a realistic change in the law would be to encourage the essential belief that the administration will not persist in error when error is unmistakably demonstrated. This would be a refreshing phenomenon which the times sadly need.

Fifth. The Wagner Act can be amended consonant with labor's own best welfare. Labor wants to reduce work interruptions to the last minimum, because a lost pay day is gone forever. Strikes in violation of collective bargaining contracts not only damage labor's pocketbook; what is worse, they damage the dignity and permanence of collective bargaining as an institution. Intelligent labor leaders themselves readily accept this axiom and constantly strive to constrain this hazard. If the Wagner Act can be amended to encourage mutual responsibility and to punish mutual irresponsibility, it will put collective bargaining on yet more solid ground. This can be done without any impairment of labor's right to organize and bargain collectively. I would not consciously impair that right in any degree. Labor is entitled to a constantly broadening share of the fruits of its own production—and my personal conviction is that capitalism ultimately survives only on the basis of direct profit sharing, encouraged by Federal tax rewards for such portions of commercial income as are diverted to this purpose. But it does labor no good to achieve new benefits if a stable and profitable commerce—through which to enjoy the benefits—is destroyed. Certainly there must be law and order to begin with. Certainly there must be no violence or intimidation or coercion by either party to a labor dispute. The right to strike must be protected. But so, too, must the right to work. Fair play must be established as between rival unions. The Government has no business playing favorites. But so, too, there must be fair play for the employer who wants to be honest with the collective-bargaining law. The crux of the Wagner Act is "free elections" to determine industrial majorities. The process of "free elections" should be facilitated, so that strikes do not needlessly precede them. In a word, the legitimate spirit of the Wagner Act should be accepted by employers, and then the legitimate and essential mutuality of responsibility under it should be accepted by employees. There is too much doubt and too much duress in today's process. It is one of the factors which make for fateful uncertainty in long-range industrial planning to produce more and better jobs.

Sixth. At a time of admitted industrial uncertainty I frankly doubt the wisdom of tossing new Federal hour and wage regulation, no matter how nobly mediated, into the industrial equation. The bill which passed the Senate virtually confessed that Congress couldn't solve the riddle, because it essentially proposed only to set up five national autocrats to settle it as they might ultimately decide. Any such bill would multiply confusion and intensify the national dilemma. The truth of the matter is that we have not yet sufficiently explored this subject as to know how to apply the laudable ideal of uniform maximum hours and minimum wages in a country so big and so complex as ours. Proponents of the ideal insist that it would force greater "sharing of work" and thus reduce unemployment. But the probabilities are that it would force greater confusion and thus actually reduce the sum total of employment available. On the other hand, there is no reason why we should not make immediate progress in these humane directions by taking available steps which are free from the larger hazard. I refer to Federal law to protect each State against interstate commerce in commodities created under working conditions less advantageous than the State itself prescribes. I refer to the Wheeler-Johnson bill, which would apply this principle to child labor. I particularly refer to the new child-labor amendment to the Constitution, which I have had the honor to prepare and present. It is now on the Senate calendar with a unanimous report from the Judiciary Committee. It can stop the commercial exploitation of children in industry without using ambiguous language inviting a multitude of other implications, and it has the promise of support from most of those forces that have prevented the ratification of the old child-labor amendment for the past 13 years.

Seventh. There is another service which this Congress could render if it wants a private enterprise to accept the assignment to save a new emergency. If the old emergency is over—and it probably was 6 months ago—Congress should repeal many of the emergency powers that were granted to the President in the name of emergency. Their retention is calculated chiefly to create another emergency. Why? Because private enterprise cannot make essential long-range plans when, in respect to essential factors, it is wholly at the mercy of transient political judgments. The President has frankly stated that he runs the country on a 24-hour basis, calling each new play—to borrow his football analogy—to fit whatever circumstances result from the last play. Private enterprise cannot be so facile. It has to be consecutive in its plans. But how can it be anything but punch drunk and hanging on the ropes, when it does not know the value of the money in which its commitments will come due, because the President can change the value overnight; when it can make no rational guess as to the price index, because the President can artificially shift prices as he pleases with his inflationary and deflationary powers; when it cannot tell what moment its Government will enter into fatal competition with it, because the President can launch any kind of a collectivist scheme out of his blanket authority over relief projects; when, if it depends upon protective tariffs, it cannot know what moment it will lose its indispensable protection, because the President can manipulate tariffs without regard to differences in costs of production at home and abroad. It is simply impossible to maintain all these floating executive powers and expect that private enterprise and private initiative will forge ahead. Business, however essential, is not entitled to rule the roost. Indeed, business which builds itself into monopoly must yield definitely to the public interest in the maintenance of the competitive system. But legitimate business must have its legitimate chance to succeed. It must be freed from executive despotism, which is at war with every tenet of the American system. It must be emancipated from the reckless interference of meddlesome bureaucracy. It must be rescued from the seas of uncertainty in which it fears to sink. Congress can reorganize the Government in this direction more helpfully than in any other.

Eighth. Congress can pass a reasonable and practical farm relief bill without arbitrary, compulsory, bureaucratic controls which reduce every American farmer to the status of a regimented peasant, and without a renewed attempt to cheat the Constitution with so-called processing taxes. It can continue reasonable soil-erosion benefit payments where they actually serve to stop soil depletion, because it is a sound investment at any time to preserve this greatest of our natural resources. It can assist in financing and marketing that portion of each basic crop which represents an exportable surplus. It can reclaim the full domestic market for the domestic producer. Most important of all, it can encourage the development of new industrial uses for farm products. But it cannot peg prices without duplicating repeatedly proven tragedy. It cannot rely on the empty wisdom of overlords at Washington. It cannot play politics with the Public Treasury. A sound farm program will tend greatly to stabilize the present situation, because, on the one hand, farm prosperity is at the base of all prosperity, and because, on the other hand, unsound farm programs can be the most futile of all white rabbits-out-of-hats.

Ninth. We can make it clear that our foreign policies shall not involve us in other people's wars; that we shall pursue an insulating neutrality despite the President's refusal thus far to follow the mandate of the last Congress; that our recent flirtations with sanctions, and with the punishment of aggressors, and with international alliances, shall stop short of putting America's feet upon even the first steps that lead to war. The alarms of war are

wracking the nerves of the world. They are not helping our own. An American sedative is clearly prescribed by contemporary necessities. It is prayerfully wished for by 99 Americans out of 100.

Tenth. We need a frank abandonment of all anticonstitutional activities and intrigues which shatter democratic faith. Candid Communists or Fascists in a democracy are bad enough; but wolves in sheep's clothing are worse. There can be no hope for an era of happy confidence in the United States unless, at the base of everything, there is sanctity for the American constitutional system.

My fellow countrymen, I agree with the President that there is no necessary reason why today's recession should not stop and why private business and initiative and investment should not meet the situation. I simply plead that these recuperative forces shall have a reasonably decent chance.

Economic Freedom—The Essential Basis of Prosperity

EXTENSION OF REMARKS

OF

HON. GEORGE W. NORRIS

OF NEBRASKA

IN THE SENATE OF THE UNITED STATES

Tuesday, November 23 (legislative day of Tuesday, November 16), 1937

RADIO ADDRESS OF HON. JOSEPH C. O'MAHONEY, OF WYOMING, ON NOVEMBER 19, 1937

Mr. NORRIS. Mr. President, I ask unanimous consent to have printed in the RECORD a radio address delivered on November 19, 1937, by the Senator from Wyoming [Mr. O'MAHONEY] on "Economic Freedom—the Essential Basis of Prosperity."

There being no objection, the address was ordered to be printed in the RECORD, as follows:

For more than 4 years now we have been exerting all powers of government to put men back to work. We have spent billions of borrowed money. We have made huge loans for industry and agriculture. We have erected huge public works in every corner of the land. We have aided States, counties, and cities. We have put millions of men to work, at relief wages, in the hope that such an impetus would be given to private industry that every American citizen who wants to work would speedily find a job. But November 1937 finds us still confronted by the old problem of unemployment, and as this session of Congress opens—this special session—no one seems to be quite certain what should be done.

Our dilemma, it seems to me, is the result of our failure, individually and collectively, as citizens and as a government, to recognize the simple fact that we have lost our economic freedom. Isn't it an absurdity that when a few men in the financial circles of New York City get the jitters, hundreds of thousands of men all across the country lose their jobs and the whole economic system threatens to go into a tailspin? Why is it that merchants all across the country are asking themselves, "What is going on in New York?" Why is it that uncertainty in the stock market is almost instantly reflected at every crossroads?

TOO MUCH CONCENTRATION

The answer is simple—economic concentration. Too much power over the economic destinies of the people has been concentrated in too few hands. It takes no prophet to predict that until economic freedom is reestablished there will be no possibility of permanent prosperity. Indeed, we have only to look around us in the world to realize that political liberty itself will be overthrown unless we restore economic freedom. Russia, Germany, Italy, Spain, and now, even in the New World, Brazil, teach us that concentrated political power follows inevitably when economic freedom is lost.

The situation in which we find ourselves is the direct result of our amazing failure to prevent the undue concentration of wealth and economic power. For more than 50 years the problem has been with us. During all that time there has not been a major statesman in America who has not recognized it. Practically every president from Grover Cleveland to Franklin D. Roosevelt has pointed to the necessity for action—yet with the exception of a single act of Congress passed as long ago as 1890, we have taken no effective step to stop the disastrous spread of the economic disease that is destroying us.

There is nothing difficult to understand about that act—the Sherman antitrust law. It is at once, one of the most important and one of the simplest laws Congress has ever enacted. It is a restatement of the common sense of mankind that it is against the public interest to allow any man or group of men to monopolize commerce and industry.

THE ANTITRUST LAW

Let me read the essential provisions of this 47-year-old law. Listen!

"SECTION 1. Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce, among the several States or with foreign nations is hereby declared to be illegal. • • •

"SEC. 2. Every person who shall monopolize or attempt to monopolize or combine or conspire with any other person or persons to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a misdemeanor."

As explained by William Howard Taft, the only man in the history of our Government who has served both as President and Chief Justice: "It was a step taken by Congress to meet what the public had found to be a growing and intolerable evil in combinations between many who had capital employed in a branch of trade, industry, or transportation, to obtain control of it, regulate prices, and make unlimited profit."

The evil was clear. The law was plain. Its objective was publicly supported by every political party and every political leader. There never was greater unity of opinion on any public question than that monopoly should be suppressed, but there never has been a failure in public law greater than the failure of the antitrust law.

This failure cannot be ascribed to any lack of good faith on the part of the Government or of the men who administer it. The failure has been due almost solely to the fact that neither as a people nor as a government have we made any attempt to control the nature of the artificial agency—the private corporation—by which national commerce is carried on. It has been by the artful use of the corporation that monopolists have defeated the antitrust law, and we may be sure that as long as we permit the creation of corporations with unlimited powers the antitrust law will remain a dead letter.

CORPORATIONS HAVE ONLY PRIVILEGES

Let us get one point clear—a point on which neither judges nor legislators disagree: A corporation has no rights; it has only privileges. A corporation exists only by virtue of a grant from some government, and it has only those powers and functions which the people, through their government, give it.

To put it in another way, a corporation comes into existence only by means of a contract, which we call a charter, between the people, through their government, and the natural persons who want to engage in business as a corporation.

Our trouble has been that although the Constitution of the United States gives the Federal Government the power to regulate commerce among the States and with foreign nations, Congress has never seen fit to pass a law defining the powers and functions of interstate corporations. As a result corporate charters are issued not by the National Government, which has both the power and the duty to regulate interstate commerce, but by State governments, which are absolutely without authority in that field.

A few States, more interested in collecting the fees which arise from the issuance of corporate charters than they are in national welfare, have adopted such loose corporation laws that financial freebooters have been able, behind the corporate veil, to do exactly as they pleased with the commerce of the Nation, the savings of investors, the labor of their employees, and the rights of consumers.

That is the reason why the antitrust law is not being and cannot be enforced. Combinations and mergers to restrain trade, conspiracies to effect a monopoly, condemned by the letter and the spirit of the Sherman Act, can always be effected by the simple expedient of taking out a new charter from some complaisant State.

The small business on which the prosperity of this Nation depends cannot develop its possibilities, cannot compete with the concentrated power of monopoly so long as the National Government continues stupidly to neglect the corporate loophole through which the violators of the antitrust laws escape.

Let me not be misunderstood. The corporation laws of most of the States are satisfactory enough and the charters of most corporations are unobjectionable—but monopolists do not patronize such States nor use such unobjectionable charters. They get their charters in the States that let them write their own ticket.

NATIONAL CORPORATION LAW NECESSARY

To me it seems perfectly clear that so long as the Federal Government fails to exert its constitutional power to regulate interstate commerce by depriving every corporation engaged in such commerce of the corporate power to exploit the public through the dishonest corporate devices permitted by a few States, we cannot hope for permanent recovery.

Every observer agrees that the trade and commerce which must be restored if we are to have prosperity is that which is carried on among the States and with foreign nations.

Every observer agrees that the problem of restoring it requires national action and that the States as States are powerless.

Every observer agrees that the bulk of this commerce is carried on by corporations.

Since the problem is national and the authority is national, does it not follow with inescapable logic that national law, not State law, should define the powers and functions of the corporations through which our national economic life is carried on?

The suggestion was made many times before I introduced the bill now pending before the Judiciary Committee of the Senate,

but was not adopted, largely because of the fear that it would mean too great a concentration of government and too much regulation of business.

That fear was altogether unfounded. Indeed, the absence of a national incorporation law has been the principal cause of the expansion of the Federal Government. Because the antitrust laws could be easily evaded through the use of State charters, corporations became bigger and bigger, concentration of wealth became greater and greater. There was no agency big enough to protect the public except the Federal Government, and, in response to a steady public demand, the Federal establishment began to grow. In other words, big business has produced big government and we have achieved exactly the result it was sought to avoid.

We don't need more regulation of business. We need only to prevent abuses which everyone recognizes and everyone condemns by a Federal law depriving corporations of the charter power to commit them. Such a law would not require an army of agents to enforce it. On the contrary, it would be almost self-enforcing. The unlimited corporate power allowed by a few States is the central evil. If corporate power were sanely limited as it ought to be, no discretionary authority would have to be conferred on any official and thus, instead of more regulation, we should have less. Above all, monopolistic practices would be ended by the withdrawal from monopolists of the corporate power to engage in them.

A CHARTER IS A CONTRACT

Bearing in mind the simple fact already stated, that a corporation charter is a contract between the people's Government and those who wish to incorporate, I would have Congress write the contract by which corporations are authorized to carry on interstate and foreign commerce, I would not give Government a single new or unusual power, but I would go to the source of the evils from which we suffer and prevent the creation of the kind of corporation which causes our troubles.

No honest business would be impeded by such a law. On the contrary, every honest business would be aided by it, because it would remove the greatest handicap under which honest business operates—the necessity of competing with concentrated wealth. This is the only way in which we can set business free. It is the essential first step to complete recovery.

We must have a system of national charters for national corporations.

National Wheat Program

EXTENSION OF REMARKS

OF

HON. GEORGE McGILL

OF KANSAS

IN THE SENATE OF THE UNITED STATES

Tuesday, November 23 (legislative day of Tuesday, November 16), 1937

ADDRESS OF HENRY A. WALLACE, SECRETARY OF AGRICULTURE, BEFORE A WHEAT MEETING AT WICHITA, KANS., NOVEMBER 23, 1937, BROADCAST TO THE NATION OVER FARM AND HOME HOUR

Mr. McGILL. Mr. President, I ask unanimous consent to have inserted in the Appendix of the RECORD an address delivered today by Hon. Henry A. Wallace, Secretary of Agriculture, at Wichita, Kans., on the subject A National Program for Wheat. The address was broadcast in a Nation-wide hookup.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

You and I have come here to Wichita to talk about wheat. This is the very heart of the winter wheat belt, and one of the best places to talk about a national policy for wheat. Today we want to consider the elements of a sound long-time wheat policy.

Throughout the centuries wheat has meant bread and bread has meant life. Wheat production and wheat marketing stand out among the most dramatic phases of our national activity. Wheat is produced in 2,600 of the 3,000 counties in the United States. From the Atlantic to the Pacific, from the Canadian border to Texas, wheat fields ripple in the winds of early summer. While the crop is grown in widely scattered parts of the country, it is almost the all-in-all of large areas in the West. On the rolling uplands of the Columbia River Basin, on the broad prairies of the Dakotas and Montana, and on the sweeping plains of Kansas and the Southwest, wheat fields are spread in vast expanse. These great producing areas of the West are the bread basket of the Nation.

The story of wheat extends to the wheat milling centers, the Chicago wheat pit, the kitchens and dining rooms of our homes, and out over the world. It is a dramatic story all the way. In the United States, the wheat industry is one of the main cogs in our economic machine. Go back and read the story of the Nation-wide depression of 1931 and 1932 and of the recovery that began in 1933. You will find plainly written there the story of the fall and rise of wheat prices and wheat income. The latest news about the production and price of wheat headlines the market pages. It is scanned carefully by businessmen, investors, and farmers. Today, when American businessmen are wondering about the future, they are asking themselves: What about wheat in the years just ahead? Wheat is a barometer of business.

It is so everywhere. Each month wheat is being harvested somewhere in the world. Wheat is the commodity most widely produced and consumed. One might say that wheat, more than any other commodity, binds the economic system of our world together.

Nevertheless, the wheat industry has had many ups and downs. From the early days of the Colonies to the settling of this vast western country, the fortunes of the wheat industry were mostly up. New and adapted varieties were brought in from far countries; railroads for transporting the wheat were built. Reapers, binders, and combines were introduced, one after the other, to make the American wheat grower the envy of the world. But for all the tremendous volume of wheat that we grew, there was a market—either in this country or overseas. We were in debt to Europe for much of the capital that had built the railroads and developed the mills and the mines. The wheat sold to Europe helped to pay that debt.

After the grain areas of Canada and Argentina had been opened up, our exports fell from around 200,000,000 bushels in the 1890's to less than 100,000,000 bushels by 1910.

Then came the World War. Bread was the first need of all the armies. Our slogan was "Food will win the war." Wheat growing expanded beyond anything this country had yet seen. Section after section of prairie sod, that had been in grass since long before the days of Coronado, was broken for wheat.

But after the war things were different. We had changed from a debtor to a creditor nation. Europe had acquired a war fear that drove her peoples to raise much of their own wheat. Our growers were left with an overexpended plant, which could be used to the full only while American loans kept a prop under foreign buying. I well remember how in Kansas in the early summer of 1920, when wheat was $2.50 a bushel, a movement was started to hold for $3. And you perhaps remember even more vividly that the farm price by August 1923 had fallen to 86 cents.

For 10 years the problem of wheat bedeviled growers and men in public life. Producers first tried to solve it by cooperative marketing through farmers' elevators, terminal sales agencies, and wheat pools. Many important benefits came from cooperative marketing, but farmers decided the problem was too big to be solved without Government help. They worked out the McNary-Haugen plan, which received its first big push from western wheat growers and in its first draft was designed to help wheat more than any other crop. This plan was to make the tariff effective on wheat by segregating exports from the domestically consumed portion of the crop. After the McNary-Haugen bill had twice met with Presidential veto, wheat farmers had to be content with the Farm Board, set up under the Agricultural Marketing Act of 1929. You remember how the Farm Board's attempts to support prices of wheat failed as production and supplies mounted year by year, how the price of wheat in 1932 fell to the lowest level since the time of Queen Elizabeth. Wheat producers were almost completely out of the market for industrial goods. Thousands of wheat growers lost their farms. Some people said that we would have to forget about the world market for our wheat. They said that enough wheat producers would have to be starved out to shrink the industry back to a domestic basis.

This heartless doctrine was rejected by the overwhelming mass of farmers. They did not believe and I do not believe there is the slightest excuse in this day of social progress to subject any great group of our people to such barbarism. Yet the same heartless doctrine is being advocated today by some who would deny to farmers the same chance they accord to other groups to shield themselves against the worst effects of competition unrestrained. The Nation rejected that doctrine 5 years ago and the Nation will reject it now.

Out of the suffering of the depression years, the Agricultural Adjustment Act of 1933 was born. I do not need to recall to you the programs under that act affecting wheat—the county associations and committees of wheat producers, the processing tax on wheat, and the benefit payments made to those growers taking part in the acreage-adjustment program. I do not need to recall how the wheat program in the United States was linked up with the world wheat agreement, signed by 9 producing and 17 consuming countries. These measures gave promise, for the first time since the war, of dealing with the chronic problem of the wheat surplus.

But about the time that they were adopted, the wheat picture changed once more. During the 15 years ending in 1932 the production of wheat in the United States had fallen below 800,000,000 bushels only three times. It had gone above 900,000,000 bushels four times. But beginning with 1933, there were 4 successive years of short crops. Drought and rust did their work. If the yields and abandonment on the planted acreage had been normal, these four crops would have averaged 889,000,000 bushels. Actually they averaged 582,000,000 bushels, or 300,000,000 bushels less each year than we might have expected from the acreage planted. For the first time since 1837 and for the second time since the signing of the Constitution, the United States became a net importer of wheat. World wheat supplies gradually grew smaller and world prices improved. With small supplies in this country, Chicago prices rose

above Liverpool. Devaluation of the dollar also played a part. As a result of all these things the price of No. 2 Hard Winter wheat at Chicago advanced from an average of 47 cents in November 1932 to $1.46 in April 1937.

With nature, temporarily at least, doing away with the surplus, the situation of wheat producers was much different. Instead of having a lot of wheat to sell at a low price, farmers in the drought and rust areas had little or no wheat to sell and could not take advantage of the greatly improved price.

Also, with the advent of drought, wheat farmers in the Great Plains found they had a terrible new problem to contend with—dust storms. Suddenly, there was crying need not only to stabilize the production of wheat and incomes of growers, but to stabilize the soil itself. There was need to keep it from blowing away, across the Mississippi River and on to the Atlantic Ocean. The mistake of overplowing the plains country had brought a disastrous result.

The short crops and scant supplies of wheat prevented wheat producers from feeling the full effects of the Hoosac Mills decision of the Supreme Court when it came in January 1936. And the Soil Conservation and Domestic Allotment Act, quickly passed by Congress to replace the broken parts of the old Triple A, helped wheat farmers to adopt farming methods that would hold their soil in place.

The season of 1937 was the first in 5 years with wheat weather even moderately favorable. Wheat yields per acre came up to somewhere near average. That yield on a record-breaking acreage brought a big crop of wheat—nearly 900,000,000 bushels. The big crop started to market at high prices because of unusual situations outside of the United States. From January to April of this year the farm price of wheat was above $1.20 a bushel or slightly above parity.

But no sooner had you reached this point than you began to find yourselves slipping down again. This year's big crop was 250,000,000 bushels more than we need for domestic consumption. That put American growers back on the export market. The Chicago December future, which had been quoted at $1.31 last July 16, was down to 84 cents on November 8.

Now, as you wheat growers look ahead, you are wondering what is going to happen to you. During the next few years, which end of the seesaw of weather and price are you going to find yourselves on?

In 1932, judging by the experience of the preceding 100 years, no one would have dreamed that there would be four short wheat crops in a row, averaging less than 600,000,000 bushels. The four short crops in a row did happen and therefore some day might happen again. But, since the present year has brought us back nearly to the 900,000,000-bushel level, we have strong reason to think that perhaps the surplus wheat problem of the twenties and early thirties will return in full force.

As I have said, the ups and downs of the wheat industry have been dramatic. But they have been painful for the growers of wheat. They have been painful, too, for the millers and handlers of wheat, for the businessmen and workers depending on wheat growers' purchasing power, and for the consumers buying wheat flour and bread.

This variable character of the wheat industry can be put down as No. 1 in listing the main aspects of the wheat problem.

There are others.

No. 2 is the fact that human stomachs don't change in size. When people have more money to spend, most of them buy less wheat rather than more. They spend a bigger part of their money for livestock products, fruits, and vegetables. This is why economists say the demand for wheat is inelastic. For some years the per capita consumption of wheat has been slowly decreasing, as people's food habits have changed, though at the same time the increase in the population has partly offset the decline in per capita consumption. The point I am making is that we cannot assume that no matter how much wheat is grown, it will all get eaten by the American people if the price is only low enough. Experience has shown that, instead, an excess supply simply piles up and demoralizes the price. That low price for wheat doesn't help either the producer or the middleman or the consumer of bread. Actually it harms them all.

Factor No. 3 in the wheat problem is that present export markets will not take all the surplus wheat our farmers can produce in years of ordinary weather.

Our export markets dwindled after 1929 as our foreign loans ceased. Only one thing could have saved our export trade, once we had stopped lending other countries the money to buy our wheat, and that was a change to a more liberal tariff policy. But instead of lower tariffs to encourage world trade, we were given higher tariffs that strangled world trade. The Smoot-Hawley Tariff Act of 1930 was the worst blow ever struck at the wheat farmers of the United States.

During the last 4 years, of course, weather has reduced our supply available for export. This year, with an exportable surplus on hand and with the Canadian and Argentine crops heavily damaged, we are again shipping wheat abroad. From the first of July up to November 6, we have exported about 22,000,000 bushels. At this rate exports for the year would total about 60,000,000 bushels. But it is possible that exports from this year's crop may total as much as 100,000,000 bushels.

Remember that wheat exports this year are based on shortage in Canada and Argentina and on increased world demand resulting from the race to prepare for war. These conditions are abnormal and cannot be expected to continue long. If the United States is to have a dependable foreign outlet for wheat, this outlet must be assured through a revival of international trade that flows both ways. A start in this direction has been made through the reciprocal trade agreement program. If that program can be expanded, a part of our former markets abroad may be regained.

No. 4 in the list of things we must think about is the need to avoid soil destruction. If growers fail to balance up the wheat acres with acres of cover crops, and fail to follow proper conservation practices, the soil will be permanently damaged.

No. 5 is the fact that considerable areas now planted to wheat are really submarginal, and should be retired from cultivation altogether. The Government has already acquired some of this submarginal wheat land, but much still is being used.

No. 6 is the fact that five different kinds of wheat are grown in different areas of the United States. These are hard red winter wheat, grown in Kansas, Nebraska, Texas, Oklahoma, and Colorado; hard red spring wheat and durum wheat grown in the Dakotas, Minnesota, and Montana; white wheat, grown chiefly in the Pacific Northwest; and soft red winter wheat, grown throughout the areas east of the hard wheat belts. The regions producing these five kinds of wheat have some problems in common, but there are important differences between them which must be recognized in mapping out a national policy for wheat.

No. 7 on the list of things we must face is the great expansion in wheat acreage that has taken place. In 1937 the farmers seeded 81,000,000 acres, whereas with average yields only about 60,000,000 acres would be needed to fill our domestic requirements and present export outlets. The prospect now is that, including the wheat already in the ground, the acreage to be seeded to wheat for harvest in 1938 will be as great as it was in 1937. With average yields this would mean a crop of close to a billion bushels, or 350,000,000 bushels more than enough to fill our domestic needs.

The agricultural conservation program of the last 2 years has included wheat among the list of 15 soil-depleting crops from which acreage might be diverted for payment. But no special base or goal has been included for wheat, and none is included in the 1938 program.

The current wheat acreage—the largest in the history of the country—seems to be a response to the favorable wheat price. Further recession in the price might be expected to cause the wheat acreage to shrink somewhat. But experience during the depression showed that even 30-cent wheat did not squeeze out very many of the marginal producers. Lacking other opportunities, they kept on producing wheat and the wheat situation steadily got worse. There is no reason to believe that, if those conditions were repeated in the future, anything different would happen.

The important point is that wheat acreage is at a level that with ordinary weather will give us crops far above what we need for use at home and what we have been selling abroad.

That completes my brief summary of the wheat problem. We have seen how the problems of soil depletion and submarginal land farming are linked to wheat, how wheat production varies although the demand is uniform, and how our export markets have dwindled while acreage has grown. Now what should be our aims in working out a future policy for wheat? I think everyone will agree that our main objectives ought to be, first, to conserve the soil; second, to maintain growers' income; and third, to assure adequate supplies for consumers.

It is easy to agree on those fundamental aims. But there may be difference of opinion as to the path to be followed to reach them.

As with cotton, there are two schools of thought about wheat. They stand at opposite extremes. One school of thought would lay emphasis on price regardless of how small production would have to be to get that price. People holding this view would say goodbye to exports and definitely aim to produce only enough wheat for the domestic market. Following such a course would involve severe acreage adjustment and perhaps high loans. Drastic marketing quotas universally applied in the main wheat-growing areas would be necessary year after year.

Another school of thought, at the opposite extreme, would encourage unlimited production of wheat, through an export bounty or through unconditional payments to producers.

On a purely theoretical basis, a plausible case for either one of these extreme courses might be made. Going to an extreme nationalistic basis might, on paper, seem to yield as much gross income for wheat as could be realized in any other way. So far, the wheat growers have not shown any inclination to do this. Regardless of the theoretical advantages of reducing wheat production to domestic needs, the wheat growers this year by planting 80,000,000 acres to wheat have in actual fact put their industry on an export basis with a vengeance.

I recognize that hard red spring wheat usually is nearly all milled in this country. But if wheat went on a domestic basis, farmers in that region would be affected, too. The two hard-wheat regions are closely related. Hard winter wheat is the kind that is usually exported, it is true. But the export of hard winter wheat affects the price of spring wheat as well. The producers of hard spring wheat cannot expand their production without increasing the pressure from all the western wheat regions for larger outlets abroad. Wheat is wheat, and the fortunes of the different groups of wheat farmers rise and fall together. No region can hope to share in the benefits of any wheat program without sharing its burdens, too.

The control that would be needed to cut acreage from 80,000,000 down to 55,000,000 acres or less would be far more rigid than anything wheat producers have ever thought about. Unless wheat

growers should drastically change their whole point of view, I doubt if such control as that could be made to work.

The case for the subsidy of unlimited production is also superficially plausible. But, with world trade conditions what they are, if American wheat were dumped on the world market other countries would simply raise trade barriers to the point where we could not scale them. It is true that in 1933 the Triple A made an exception of Northwest Pacific wheat and used an export subsidy to take care of the very large part of that wheat that needed export markets. But if put into general use for all wheats, the export subsidy plan would prove in the end to be a severe handicap to our efforts to reopen this country's foreign markets for wheat. Supplies in this country would pile up and prices would collapse. Under such circumstances prices might even go lower than they did in 1932.

I do not believe that the majority of wheat producers want to choose either one of these extremes. As they think things through, I believe they will choose a middle course somewhat similar to the one I have already recommended for the Nation's other great export crop—cotton.

The middle-course program I have in mind for wheat would consist of six main parts:

First. Planning for that share in the world wheat market which will bring wheat farmers their maximum prosperity.

Second. The setting of acreage goals in line with needs of the soil and of the market here and abroad.

Third. Protection against drought through an ever-normal granary, with reserve supplies of wheat stored on the farm or in elevators.

Fourth. Crop insurance.

Fifth. Retirement of submarginal land.

Sixth. Price-adjustment payments, to be financed from tariff-equalizing taxes.

Let me discuss each of these briefly.

As to the first point—keeping our share of the world trade in wheat—I would like to remind all farmers once more that if the producers of the great export crops, especially wheat and cotton, lose their remaining markets abroad, agriculture will have to prepare itself for a degree of control and adjustment far greater than farmers have thought about thus far.

As this country prepares to ask for its share of the world wheat trade, so it is willing to share with other countries the burden of any necessary adjustment of production. The United States alone cannot and should not bear the entire burden of readjusting world wheat production to world wheat demands. When the Triple A wheat program was first started, all the other important wheat-producing and wheat-consuming countries agreed to work with us, through the world wheat agreement, to adjust world acreage and exports to the needs of the market. The succession of disastrously short crops after 1932 made such action unnecessary for the time being. While the principal wheat nations have continued to talk over the wheat situation from time to time at meetings of the International Wheat Advisory Committee, the action phases of the agreement were not continued. Now we seem to be moving into a period when, with normal weather and yields, world wheat supplies may again become excessive. Should such conditions develop, other wheat-growing nations will, I believe, again recognize the need for concerted action to deal with the problem. Meanwhile, with our present acreage and normal weather, the United States will very definitely be a substantial exporter of wheat.

The second part of the program, acreage goals for wheat, could be carried out under the present Soil Conservation Act, but additional legislation is needed to make them fully effective.

The goals probably should be varied in the different wheat regions, according to the needs of the soil and of the market. Fairness would require that amounts paid to farmers would vary according to the extent of the sacrifice involved.

We should, if possible, continue the provisions included in the 1938 conservation program for assistance to farmers of the Great Plains in diverting wheat acres to uses which prevent the soil from blowing.

Any adjustments in wheat acreage beyond the needs of soil conservation should not be construed as an effort to control the world price of wheat. The United States production of wheat is only one-fourth of that of the world, and naturally we cannot hope to control the world price. But, since the price of wheat in the United States is responsive not only to the world market but to conditions at home, it is important to guard against the piling up of supplies so great as to cause a price collapse. Hence the provision for wheat acreage goals.

The third part of the program would be the creation of an ever-normal granary for at least the hard wheats. Such a granary would not be needed for the white wheat of the Northwest, of which there is practically always an exportable surplus, or for the soft red winter wheat, which is always available in plentiful quantities.

But a granary for the hard wheats of the Great Plains would be very useful. The hard red wheats are in demand by the mills of this and foreign countries for mixing with the soft red wheat. But the hard red wheats are raised in areas where the weather is most uncertain and the crop is subject to damage from drought and rust. For this reason the supplies and prices of these wheats fluctuate widely. In years of short crops, our customers abroad have had to turn elsewhere.

From every point of view, it would seem to be wise national policy, therefore, to plan on having an average carry-over of these wheats perhaps twice as great as the 90-million-bushel carry-over of these wheats that we have averaged over the last 3 years.

One possible way of building up the ever-normal granary for wheat would be through commodity loans, as I have recommended for corn. But a serious draw-back to reliance on this method of building up the granary would be the fact that any loan above the market price might interfere with the free flow of wheat into export. Furthermore, loans made on one or two kinds of wheat would naturally result in demands for loans on other wheat, and the total effect of wheat loans at high rates might easily be disastrous.

For wheat as for cotton, we want to be able to offer stop-loss loans which would not seriously interfere with exports, but which would prevent utter demoralization of the market.

Probably a sounder and better way to build up the granary would be through the proposed plan for crop insurance, which I am suggesting as the fourth part of a wheat program. Such a plan is embodied in the Pope bill, which passed the Senate last spring and is now pending before the House. Under this plan, farmers taking out the insurance would pay their premiums and collect their indemnities in wheat or its cash equivalent. Whenever a farmer's yield fell below some specified percentage of his normal yield—say 75 percent—he would be paid an amount of wheat or its cash equivalent that would equal the difference between his actual yield and the 75 percent.

Since the wheat representing the total of premiums paid in would be stored, it would be kept off the market in years of good crops and would be made available in the form of indemnities in years when crops were short.

If enough farmers took part to make such a crop-insurance plan work satisfactorily, it would be enormously useful to the wheat farmers themselves. But it would be of great value also to the millers of wheat and their employees and to the consuming public. It would keep a more uniform supply available for export. It would help to level off some of the peaks and valleys in wheat supplies and prices resulting from weather changes from year to year. Like the proposed ever-normal granary for corn, it would help to stabilize the Nation's business.

The fifth part of the wheat plan would be to continue and expand the present program of retiring submarginal land, especially in the Great Plains area. Lands that Nature intended never to be plowed should be taken out of wheat and returned to grass. Families that have been engaged in a bitter struggle to earn a living from such land ought to be, and are being, assisted to find a better opportunity. This program is bound to move slowly, but it will yield big dividends in human values.

The sixth part of the program, the price-adjustment payments, would be needed to offset the effects of price declines which are already felt and help wheat farmers to share in the progressive rise of the American standard of living. Where would these funds come from? Over a period of years, neither wheat farmers nor cotton farmers could depend upon subsidies from the General Treasury—subsidies which might be cut off any time Congress failed to appropriate the money. Therefore it would seem that with both cotton and wheat, the sensible thing would be to let the commodities themselves bear the load in the form of tariff-equalizing taxes levied at the point of first processing. As under the old Triple A, these taxes would be levied only on that portion of the commodity consumed in the United States, while the portion of the crop going into export would be sold at the world price.

Any such tax would, of course, have to be surrounded with consumer safeguards. We would want to be sure that the sum of the market price for wheat plus the tax would not cause any greater portion of the consumer's dollar to be paid out for wheat than was the case before the war. As long as safeguards like this are in force, consumers would have nothing to fear from such a tariff-equalizing tax.

To a consumer, what difference does it make whether he buys his bread on the basis of wheat in the market place, or on the basis of 80 cents a bushel plus 20 cents tax? And right here I would like to call attention to the fact that, with wheat at $1 a bushel, the cost of the amount of wheat needed for a pound loaf of bread is less than 2 cents. A 20-cent tax means only a third of a cent on the consumer's loaf of bread. And yet, to the wheat grower, receiving a corresponding amount may make the difference between bankruptcy and at least a minimum chance to make a living. Which would the consumer choose—to pay a third of a cent more on a loaf of bread and a few cents more on shirts and sheets, or to run the risk of the loss of employment and property values that eventually might flow out again from unstable farm income and farm purchasing power?

As I have recommended for cotton, the price-adjustment payments might well be made on an allotted production goal and should be conditioned upon participation in the conservation program.

If payments were large enough, the incentive for cooperation in the program would be very strong. Marketing quotas for wheat probably would not be necessary unless through a series of years of good weather, supplies piled up to an unmanageable level. But in such an emergency the use of quotas might prove very useful.

This six-part plan for wheat, if carried into effect, would not take the wheat growers of the Nation to some golden El Dorado. Even with its help, I believe their future is not too rosy. But at least it would help them make an orderly retreat to an acreage in line with the needs of available markets.

Lacking such a plan, the only thing I can see ahead for the wheat industry in case we have a series of years of ordinary weather, is a disorderly retreat through the harsh application of "natural economic law." This would mean that thousands of farmers would have to be starved off from their farms. It would mean hundreds of farming communities would be ruined. It would mean another cycle of closed country banks, diminished farm buying, and loss of jobs for city workers. The Nation cannot afford to ask the wheat farmers, wheat consumers, and industries dependent on wheat to pay such a price.

Now, as I see it, the key to the plan I have outlined would be the tariff-equalizing tax to provide the needed revenue. President Roosevelt, in his message to Congress a week ago, emphasized the need for a balanced Budget, and insisted that any expenditures for the farm program over those provided in the regular Budget should be balanced by an equal amount of new tax income. In other words, the farm program should be self-financing so far as possible. I am confident that the farmers appreciate the necessity of keeping the Nation's money affairs well ordered.

But let no one think that such a tax can be enacted into law without a fight. The tax would be ultimately paid by consumers, but some of the big processors from whom it would be collected will do all they can to block it. Already they are organizing.

I have here a yellow circular and a pink handbill put out by the Miller's National Federation of Chicago. Both urge millers to arouse consumers against the tax. The circular says: "Processing taxes can be stopped cold if the various interests adversely affected will do their part. By this we mean arousing consumers to the fact that they will carry the burden of any processing taxes levied and then for consumers to protest to Washington. Petitions are of absolutely no value in carrying this sentiment to Washington and the time and energy they require should be spent usefully. Practically the only thing that will count are individual letters from consumers—and these letters in great numbers."

The Miller's Federation states that it is prepared to supply members with "dodgers" in any quantity, the only condition being that these "dodgers" be put to use immediately.

Now what are the facts? A year ago consumers were paying farmers $1.06 for each bushel of wheat that was milled. Today, the farm price of wheat averages about 80 cents. If a processing tax of say 20 cents a bushel were added, the combined cost of wheat and tax would be $1 a bushel—or 6 cents less than the farm price a year ago. These facts are completely missing from both the handbill and the circular.

It is a splendid thing for flour millers like all other free and independent citizens to express their convictions. But as a matter of fact the legitimate interests of flour millers are promoted by stability of price for both farmers and consumers. It is high time for the processors to join together with the farmers and the consumers in fighting for stability instead of following the short-sighted policy of fighting against the best interests of all three groups.

I hope the millers, along with all other businessmen, will come to see that a long-range farm plan that will keep agriculture on an even keel will help them to stay on an even keel, too.

The all-weather-wheat program here proposed is designed above everything else to serve the interests of wheat producers and wheat consumers. To my mind, the ups and downs of wheat lie very close to current problems which are giving the whole Nation concern. How can the people hope to make a successful attack upon the business cycle unless they have a chance to iron out the extreme swings in prices of basic farm commodities?

As I said a few days ago at Indianapolis, if we can stabilize farm prices and farm income, we will go a long way toward giving the Nation the economic-balance wheel that it so greatly needs.

From the standpoint of the vital interests of the consumer, the wheat program must not be considered by itself. It should be considered along with the ever-normal-granary plan to build up storage reserves of corn, and sound plans for the cotton growers, dairy and livestock producers, and other farmers. These plans are interdependent and the success of any one would contribute to the success of the others. An essential purpose of these plans must be to iron out extreme fluctuations in farm price and in farm income. If that purpose can be accomplished, it will have benefits for the consumer which will far offset any disadvantages. It will launch an attack on the cycles of boom and collapse that again and again threaten our civilization. It will help make our American system work.

But there are those who want no attempt like this made. Every farmer knows that a few powerful financial interests are and always have been opposed to any real farm program. These interests are active now. They want to go back to the do-nothing farm policy of the twenties.

Opponents of the tariff-equalizing tax have already claimed that it is unconstitutional. But, as President Roosevelt pointed out last week in his message to Congress, "the courts themselves are coming to have increasing regard for the true nature of the Constitution as a broad charter of democratic government which can function under the conditions of today." Since the Triple A decision of the Supreme Court nearly 2 years ago, acts of Congress to improve labor relations and assure workers' security have been upheld.

"In these later decisions," the President said, "the powers of the Federal Government to regulate commerce between the States and to tax and to spend for the general welfare have been clearly recognized."

The President expressed his confidence that Congress can "constitutionally write an adequate farm act that will be well within the broad meaning and purpose of the Constitution."

And he said, "I hope and believe that the Supreme Court will not again deny to farmers the protection which it now accords to others."

I agree with President Roosevelt. Farmers and those who would serve the farmers' welfare should go ahead and work out plans that are, first of all, equitable and sound. In the long run, public opinion will prevail and it will support good laws, not half-baked measures written with one eye on the processors and the other eye on what the courts did before they saw the light.

From the standpoint of the farmer, the battle that is now opening is really the old battle of "equality for agriculture." I do not know how long it will last. But I do know that if farmers cannot win back to "equal justice under law," then the future of our Nation is indeed dark.

This is the real issue: Is agriculture to have a fair chance, or is it to become once more the Nation's forgotten industry?

Temporarily, perhaps, the Nation can get along with farmers like serfs or peons supplying cheap food and cheap fiber for cheaply paid labor in the cities. But such a policy never has led and in the end never will lead to anything except disaster.

To adopt such a policy now would be to invite another smashup.

I am not a defeatist. I do not believe that such a smashup is inevitable. I am confident that the more farsighted men and women of this Nation will prevail and that agriculture, along with labor and business, will get fair play.

But there is no question in my mind that farmers face a crisis. Either the gains of the last few years will be consolidated as enduring progress, or else agriculture will go down hill.

Farmers will not attain to "equal justice under law" unless they fight for it.

There is only one way to win and that is to keep an unbroken front in the fight. The wheat farmers of the West can never get a good wheat program, backed by the tax needed to make it a success, unless and until they have the wholehearted support of the southern cotton farmers.

The cotton farmers can never get the kind of cotton program they want without the loyal help of the wheat farmers. And if the new farm bill should fail to give the protection of income that is so vital to farmers of the West and South, then the increased pressure upon available funds will surely weaken the program for the corn farmers, the dairy farmers, and other producers. So today with renewed earnestness I urge the wheat growers, cotton growers, corn growers, dairy farmers, tobacco farmers, rice growers, and all the other great producing groups to forget their minor differences and to unite in a solid farm front.

From the standpoint of both consumer and farmer, the stake in this fight neither begins nor ends with the farm. All of society stands to lose if the farm program fails, and to gain if it succeeds. The grain gambler alone profits when wheat prices soar and crash, and then soar and crash again. No one profits when the wheat farmers and consumers are made the victims of scarcity due to drought. No one profits when a tremendous surplus wrecks wheat prices. It is true that shocks like these fall upon the farmer first. But ultimately they hurt everyone. The housewife wants a steady supply of food at fair prices. The business man, the manufacturer, the city worker depend on farm buying power for trade, for customers, for employment. Their interests and the farmers' interests are really one. The farmer must never forget his duty to the consumer, just as the consumer must always remember his debt to the farmer. The life of our democracy depends upon the unity of the groups in service of the general welfare. That unity and that service must be the foundation for the farm program of the future.

Reciprocal Trade Agreement

EXTENSION OF REMARKS

OF

HON. CARL A. HATCH

OF NEW MEXICO

IN THE SENATE OF THE UNITED STATES

Tuesday, November 23 (legislative day of Tuesday, November 16), 1937

ARTICLE BY FRANKLYN WALTMAN

Mr. HATCH. Mr. President, we are about to proceed to the consideration of the agricultural or farm bill. Frequently throughout the country there has been discussion of the administration program concerning reciprocal trade agreements, especially with reference to imports from foreign countries. In the Washington Post of this morning appears an article written by Mr. Franklyn Waltman discussing the question, which I believe Senators will find of

interest. I ask permission to have the article printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post of November 23, 1937]

POLITICS AND PEOPLE—REPUBLICANS STILL REFUSE TO TAKE A LESSON FROM THEIR ILL-ADVISED 1936 ATTACK ON TARIFF POLICY

(By Franklyn Waltman)

Few people, perhaps, will find any news in the statement that the Republicans never seem to learn. Yet their adherence to shibboleths and false issues is truly amazing. Because many years ago the Republicans managed to remain in power for a long period by thumping the full dinner pail, they apparently feel that they can make a winning issue of the present Democratic tariff policies.

After the country's reaction in last year's Presidential campaign to Governor Landon's babassu nuts and Cheddar cheese speech, one would imagine that Capitol Republicans would shoot on sight anyone who suggested raising again the question of the New Deal's reciprocal-tariff program. Instead, however, they rush in where the economists fear to tread—and they rush into a buzz saw in the person of Secretary of State Cordell Hull.

Since memories are short, it might be well to recall what happened in the 1936 campaign regarding the Hull reciprocal tariff program. Governor Landon at heart was favorably inclined toward the program. It was one of the New Deal measures of which he could approve, because it fitted into his philosophy of keeping America a competitive society for free enterprise. But the old-line, standpat Republicans overwhelmed him.

Former Senator George H. Moses went among Republican groups contending the reciprocal trade agreement with Canada, if properly exploited, would be the undoing of President Roosevelt. Governor Landon's efforts to strike a liberal tone gave George Moses a big pain. He contended repeatedly that Governor Landon only need swing into the Canadian pact with both fists to get the vote of every cowman in an area 100 miles south from the Canadian border and from coast to coast.

The pressure on Governor Landon became so great that he weakened and welcomed into his camp the disgruntled George N. Peek, who tried for months to sabotage the reciprocal trade program from the inside. It was thought he might be able to do in a frontal attack what was an ignominious failure when he was in the administration.

The remainder of the story is fairly well known. Governor Landon, coached by Mr. Peek, made his attack on the trade program. Immediately, it was shown that the statistics he quoted to prove that the tariff cut on Cheddar cheese was ruining the country were incomplete and gave only half the picture. His contention about babassu nuts served chiefly to provide an amusing caption for editorials.

Some of Governor Landon's strongest well-wishers shuddered, especially since his speech indicated a confusion of thought on his part regarding competitive free enterprise. The cowmen voted for President Roosevelt—or at least most of them did, as the election returns along the Canadian border indicated.

But the Republicans seemingly never learn. They are quietly organizing a new campaign on Capitol Hill against the reciprocal trade program. They plan to lay down their attack on the pending negotiations with Czechoslovakia, Great Britain, and Canada. Although the country's foreign trade has doubled from the days of the Hawley-Smoot Act in 1932, they profess to see the country headed for ruin because a few high tariffs have been reduced.

The New England Republicans—really inspired by fears of the owners of shoe and textile factories—contend that the workingman is being hurt, that they suspect foreign entanglements and other bogeys as a result of pending trade agreements. The Corn Belt Republicans reverse the argument. They contend the administration has sold out the farmer for the benefit of eastern manufacturers. With their allies in the National Grange they scream that the American market is being taken away from the American farmer. They pass over in silence the fact that farm income this year will be about twice what it was in 1932 under the protective Hawley-Smoot Act.

The falsity of this argument about the reciprocal trade agreements hurting the American farmer is obvious to anyone who takes the time to skim through the agreements already concluded. Reductions in the American tariff on farm products are few and have been made with the greatest caution. Except on commodities of which this country does not produce a sufficiency, they affect only a fraction of the domestic consumption. On the other hand, substantial tariff concessions on farm products have been made by other nations in these agreements.

It is said that in the year ended last June 30 agricultural imports had a value $699,000,000 greater than in the corresponding 1933–34 period. This is true. But it does not follow that this has resulted from the trade agreements. Indeed, of this increase $252,000,000 is accounted for by increased imports of totally noncompetitive commodities, such as coffee, tea, cocoa beans, rubber, silk, bananas, and spices.

A further $141,000,000 comprised items affected by the droughts of 1934 and 1936. Their importation does not depress prices, since they come in only when prices here are high. Another $45,000,000 of the increase was in sugar—subject to quotas which protect local producers. A large part of the remainder of the increase results from increased purchasing power and higher prices in this country.

When the Republicans start talking about the American farmer being ruined, why do they not squarely face the issue of what is being done to him by crop-control schemes and by industrial monopoly, in which tariffs play an important part? Why do they not admit that, though farm imports in the last fiscal year had a value of $1,539,000,000, such imports had a value in excess of $2,000,000,000 annually in the years from 1925 to 1929 (years without serious droughts), when Republican high protection was the order of the day?

Politics and Agriculture

EXTENSION OF REMARKS

OF

HON. CLYDE L. HERRING

OF IOWA

IN THE SENATE OF THE UNITED STATES

Tuesday, November 23 (legislative day of Tuesday, November 16), 1937

ADDRESS OF HON. JAMES A. FARLEY, CHAIRMAN OF THE DEMOCRATIC NATIONAL COMMITTEE, AT A MEETING OF THE DEMOCRATIC STATE CENTRAL COMMITTEE OF IOWA, IN DES MOINES ON SEPTEMBER 9, 1937

Mr. HERRING. Mr. President, I ask unanimous consent to have printed in the RECORD an address on the subject of Politics and Agriculture, delivered by Hon. James A. Farley, chairman of the Democratic National Committee, at a meeting of the Democratic State Central Committee of Iowa in Des Moines, Iowa, September 9, 1937.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Almost all of you have a deep interest in two subjects—politics and agriculture. The two are often looked upon as unrelated. I think to most people the word politics suggests lively rallies and stirring conventions, fervid oratory, and the exciting feel of important events about to happen. On the other hand, agriculture brings to mind the soothing picture of broad fields, growing crops, and full bins—all the associations of the farm and farming. Yet, politics and agriculture are closely related and will continue to be more closely related in the future than in the past.

So long as there was ample room for expansion in the United States, a good many citizens could afford the luxury of indifference toward politics. Virgin land remained to be occupied; nations abroad were eager for the wheat they grew, or the pork produced from their corn. Virgin forests remained to be exploited; all the resources of an expanding industry were needed to supply the wants of a rapidly growing nation. We were like children, greedy and thoughtless, gay and impulsive. I do not need to tell you that conditions have changed. A grim realist, the depression, taught us that and taught many of us the importance of politics, the right kind of politics.

Politics and government are synonymous. Good politics is good government. Bad politics is bad government, and bad government destroys parties and administrations. After the war, Republican leaders failed to recognize the fundamental changes in our economic structure. They did not see or did not heed our transformation from a debtor to a creditor nation. This failure was a political mistake more costly than any series of inept speeches or ill-advised appointments possibly could be. The Republican Party allowed itself to be dominated by a few powerful corporate groups. This constituted another major political blunder. Lacking responsibility, the individuals dominating these corporations followed a short-sighted and selfish course, a course that culminated in the depression of 1932.

Had the Republican Party made the adjustment necessary after the World War it might have remained indefinitely in power. Had it recognized the needs of agriculture, the farmers and businessmen of this area would have supported it just as loyally as they did in the years following the Civil War. The Republicans of the Middle West did not desert the Republican Party. The Republican Party deserted them.

All of you are more familiar than I am with the decline of agriculture during the 1920's and the conditions which followed the crash in 1932. Wheat was lower than it had been in the country's history. Corn was cheap enough to burn for fuel; pigs would not pay the cost of raising. You are familiar also with the change since 1933. A good many factors have combined to bring about a better situation. But I believe we will all agree that foremost among them have been farm programs that were designed to give agriculture some of the governmental aid and cooperation that had been so freely extended to other and more privileged groups. Instead of a farm board, foredoomed to certain failure, this administration offered the farmers a mechanism through which they might

cooperate to control burdensome surpluses and assure a measure of economic equality.

The western farmers were patient with the Republican Party until the depression itself but when they did break away they made a thorough job of it. The Republicans had an efficient party organization in every one of the Farm Belt States; the Democrats only an occasional official in a county courthouse. That did not prevent the upheaval which elected Franklin D. Roosevelt in 1932.

All of us know the value of organization. It is as necessary in politics as it is in war. But party organization is only a means to an end and not an end in itself. In the long run, the most mechanically efficient party organization will fail if it attempts to execute policies that are harmful to the welfare of the people.

A party organization has come to mean much more than a machine manned by obedient subordinates. A really efficient party organization is composed of men and women who will see to it that the party policies are sound and progressive; that they represent the needs of their section and of the Nation. It is composed of men and women who believe in the democratic ideal of direct participation by the people in the affairs of government. It is composed of men and women who realize the necessity of hard work and vigilance if the people themselves are to determine the course of local, State, or National Government.

The Democratic Party did not win the victories of the past 5 years because of its name or history, however inspiring they might be. The Democratic Party was successful because it offered the American people something other than reaction and outmoded policies. It won again in 1936 because, under the leadership of Franklin D. Roosevelt, it had courageously and successfully attempted to carry out policies that were designed to benefit the people as a whole and not a powerful few. The Democratic Party, as I see it, has an opportunity to continue in power for years to come. That continuance, however, depends upon the continuance of good politics and that means the continuance of good government.

I have said that good politics and good government are one and the same thing. Let me repeat and emphasize that statement. It is never good politics to allow something which represents bad government, whatever the cause. Inefficient administration can, under some circumstances, cause as much havoc as poor policy. The appointment of unqualified people to public office, whether in a county or in Washington, is bad politics. It is bad politics to hand over the privileges of government to the wealthy few. It is bad politics not to face economic facts and not to take into account the economic interdependence of our Nation and, in turn, our interdependence upon the world. Good politics means more than sincerity of purpose and honesty, essential as these are. Our economic life, as the President once stated it, is a seamless web. Our major political problems always have been economic problems and nowadays the two are one and the same.

In these times the political party that remains in office is the party that faces economic facts squarely and honestly. Let us all bear that in mind if we want to be successful politicians.

Not all the failure of the Republican Party leadership in the years following the World War can be attributed to greed or indifference. A large part of that failure can be traced back to dense ignorance. Many of our financiers and industrialists listened indulgently to the assertion that national prosperity depended upon the prosperity of agriculture. Frankly, they did not believe it. Even the depression failed to teach some of them the lesson. Many do not believe it even now.

But Franklin Delano Roosevelt realized it and did something about it. He made, in the face of powerful forces that megaphoned their opposition, some of the adjustments which had to be made if we were to continue under our present form of government. One example of change to meet change was the farm programs that were inaugurated in 1933.

The World War left this country with 40,000,000 acres added to the plow. The cessation of foreign lending and the Smoot-Hawley tariff of 1930 combined to close the foreign market for most of those 40,000,000 acres. As a result, we had to do things we did not like to do. None of us want production control for the sake of production control. All of us would prefer to grow all the food and feed that we can without impairing our soil fertility. But the surpluses of 1932 and 1933 were as real as mortgages and the breadlines which accompanied them were real, too. Anyone who favors cheap prices for farm products should recall the misery and suffering that went hand in hand with the greatest stores of food and feed this country had ever accumulated. I am not a farmer or an economist, but the action taken to adjust supplies to the demand for farm commodities seemed and still seems a common-sense approach to the problem.

I think industrialists might as well recognize this fact. They cannot habitually practice production control and at the same time expect the farmer to run his plant at full speed year in and year out. Furthermore, cheap farm products cost the manufacturers dearly in the long run. Low prices for farm products mean reduced farm purchasing power. Farmers cannot buy the things city workers make.

As a result, factories close down and employees are thrown out of work. A vicious cycle begins which mothers all depression's brood: bankruptcies, unemployment, and widespread misery and suffering. The business of farming touches your own lives so intimately that there is no occasion for me to discuss at length the steps which must be taken to ensure a continuance of fair prices and orderly marketing conditions for growers and producers. I will leave that task to men like your own Henry A. Wallace, whose achievements as Secretary of Agriculture constitute a bright page in the history of New Deal accomplishments. There is no man better fitted than he is to advise the farming population of America on needed legislation, and there is no one who brings to the problem a greater fund of sympathy and understanding.

But in passing, there is one observation that I wish to make crystal clear to this audience. It is this: The events of the past few years have changed the attitude and changed the thinking of the American Nation regarding the desirability of Federal aid for agriculture. Never again will the farmers of this country be permitted to suffer under the weight of glutted markets and depressed prices while other branches of industry and commerce are treated with tender solicitude by those who control the country's political destinies. The old doctrine of conservative Republicanism that everyone is happy if the stock ticker is registering boom-time prices is a thing of the past.

There has been written deep into the consciousness of the American people the blunt fact that the United States simply cannot be prosperous if agriculture is neglected or depressed. It is safe to say that the farmer will never again become Uncle Sam's political orphan, and the one man above all others who is responsible for changing the national outlook in this respect is President Franklin D. Roosevelt. Through his untiring efforts it has been brought home to the manufacturing areas and the urban centers that when the farmer lacks money to buy, then the Nation is badly off indeed.

It is fashionable in some quarters to criticize and to belittle the efforts put forth by the Chief Executive to solve the problems of the country's basic industry, but I make the prediction here and now that no political party will ever dare seek to undo what he has accomplished.

The Republican spokesmen in the last campaign did a lot of talking about aiding the growers of wheat and corn, and the raisers of hogs and cattle, but it is safe to say we never would have heard such glib promises if the successful program of the Roosevelt administration had not been staring them in the face.

We are living today in a period as significant politically in the life of this Republic as the time of Jefferson or the time of Lincoln. What we are witnessing is a rebirth of genuine democracy. The program which is gradually being written into law under the persistent and determined leadership of President Roosevelt is not intended to benefit one class, one group, or one element of the population. The program consists of a well-rounded series of policies designed to correct those social and economic abuses which were choking the lifeblood of the Nation under previous do-nothing administrations.

The administration at Washington is proceeding on the theory that through the wise use of governmental powers, it is possible for a free people to secure a reasonable degree of economic security for the great mass of its citizens. This administration rejects the theory that in order to be free, the American people must allow themselves to remain at the mercy of the speculators, the exploiters, the chiselers, and the practitioners of frenzied finance. On the contrary, this administration adopts the belief that no nation is free if it permits its economic destiny to be controlled by a small and selfish minority.

The reforms undertaken by the Roosevelt administration are generally understood by this time and generally approved. If nothing else had been accomplished but the reform of the banking system, the administration would be entitled to the lasting gratitude of the American people. The conditions which existed only a few short years ago are well known to you all. Even in the so-called boom days of 1927 and 1928, banks and other financial institutions in the grain-growing States were toppling at a rate which should have alarmed the short-sighted group of men who were then in power. If I remember correctly, the rate of failures was nowhere higher than it was among the conservative, hard-working, and thrifty communities in the State of Iowa.

Fortunately for the country, the banking mess was not only cleaned up, but ways and means were provided to guard against a repetition of such intolerable conditions. The law providing for insurance of bank deposits under the Federal Government has proved a tremendous boon to every city, town, and village from the Atlantic to the Pacific, and the successful manner in which it is being administered is an outstanding example of what can be done by an efficient and honest government to promote the public welfare. It is safe to predict that no political party will ever seriously suggest repeal of the deposit insurance law.

Another great reform is the encouragement which the Federal Government is giving to the home-building industry. We have always prided ourselves on being a Nation of home owners but unfortunately, because of the depression, too many family residences were either heavily burdened with mortgage or so dilapidated as to constitute a liability to the community in which they existed. Although the Federal housing program has had comparatively little publicity, the results accomplished have more than justified the establishment of the agencies in charge. Already more than 220,000 families have been aided in purchasing their own homes in addition to the sums made available for badly needed repairs. This work is in addition to that of the Home Owners' Loan Corporation which enabled approximately 1,000,000 American families to retain their residences at a time when the depression had cut off income and put them in danger of foreclosure. The way in which the Federal Government has encouraged the construction of new family dwellings has been a major factor in the revival of the construction industry, which,

like farming, is one of the major barometers of American economic conditions.

It is not my purpose to review in detail the entire range of worthwhile enactments which have been written into the law of the land under the statesmanlike leadership of President Roosevelt. You are familiar with the heroic measures undertaken on those occasions when drought was burning its way across thousands of acres of once fertile farmlands. You know of the sympathetic efforts made by the administration at Washington to ease the hazards of the Dust Bowl area. You know about the humane relief program which kept millions of worthwhile citizens from starving when the country was caught in the grip of economic paralysis. You know about the social-security law which constitutes a landmark in the efforts of the human race to protect the aged and infirm against the cruel hardships of loss of income and dependence upon charity. You know about the establishment of the Securities and Exchange Commission which has done such a remarkable job in curbing the activities of greedy speculators and fly-by-night promoters. These accomplishments, and many others, constitute the record of the Roosevelt administration.

Taken as a well-rounded whole, it is safe to say that no administration in the history of this Republic has accomplished more for the general welfare than the administration now in power. The record achieved under the skillful leadership of President Roosevelt demonstrates not only that democracy can work in a crisis but that it has worked efficiently and well. And let me emphasize that this remarkable record was accomplished without impairing or injuring one basic fundamental right of the American people.

It has been frequently said that politics is the national pastime. There is always something new on the political horizon and eager partisans are always willing to believe that events and forces are shaping things their way. An effort is currently under way to revive the shattered remnants of the Republican Party on the plea that the prestige of the Roosevelt administration is waning. It is not my purpose to discourage those earnest partisans who see things that way because I am a firm believer in the two-party system of government. However, they must learn that the sound and the fury created by an articulate minority is seldom a good indication of public opinion. The proof of that fact was shown conclusively in last fall's election.

Permit me to say here and now that the Republican Party will never slip back into power as a result of divided counsels in Democratic ranks. The Republican Party will never regain its former position of power and influence until it formulates a program which appeals to the horse sense of the American people and then finds a leader who has the courage and ability to put that program into operation. To date, there is not a shred of evidence that the G. O. P. has taken even the first step toward that goal.

This is a big country and it needs a big leader with which to work out its destiny. The Democratic Party is in power today because it was able to give the Nation, in a time of crisis, a statesman whose political stature was equal to the tremendous duties and obligations which were thrust upon him. Despite the petty criticisms of those who dislike what he has done, the name of Franklin D. Roosevelt will stand alone when the history of this era is written. His fame will not rest upon idle words or empty promises, but on the substantial basis of worth-while accomplishments.

Dedication of Cantigny Monument, France

EXTENSION OF REMARKS

OF

HON. MORRIS SHEPPARD

OF TEXAS

IN THE SENATE OF THE UNITED STATES

Tuesday, November 23 (legislative day of Tuesday, November 16), 1937

ADDRESS BY AMBASSADOR JOSEPHUS DANIELS AT THE DEDICATION OF THE CANTIGNY MONUMENT, SOMME, FRANCE, AUGUST 9, 1937

Mr. SHEPPARD. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered on August 9, 1937, by Ambassador Josephus Daniels at the dedication of the Cantigny Monument, Somme, France.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

In the history of the World War, Cantigny spells victory for American soldiers and vindication of the organization of the separate American Expeditionary Force. The victory was far more significant than a local attack in which a small piece of ground was taken. The success more than proved that General Pershing, supported by Secretary Baker and President Wilson, was right when, while respecting the views of the Allies who advised the absorption of American soldiers in their large units, afforded American officers the opportunity in the supreme test to give signal proof of their ability to handle large bodies of men. It silenced all who had questioned the superb fighting qualities of Americans who were rushed into the battle lines after brief training. Cantigny taught the Germans the error of believing that in a war of the character of the World War long practice of the goose step was essential to the making of a soldier. They had seized upon Cantigny in March 1918 as the place where they could slow up the formation of the American Army and destroy its morale. A month later the Americans captured it. In the fighting here for the possession of Cantigny, German attack was violent in the extreme. The Americans withstood the heaviest German assault and held Cantigny with a knowledge that they might report in historic words: "We have met the enemy and they are ours." As showing the intensity of the German attack, twice during the engagement the officer in command sent word to General Pershing that his troops would be compelled to withdraw; and twice General Pershing sent reinforcements with the word that it must be held no matter what the cost.

The capture of Cantigny by the First Division, which went into line in April 1918 and about a month later undertook the first offensive action by an American division, was considered a brilliant exploit, the division suffering 5,000 casualties in this area. It was particularly gratifying to the Allies, as it furnished a concrete example of the fighting qualities of the newly arrived American troops, who were by that time crossing the ocean in large numbers. As the engagement occurred 6 days after the great German offensive of May 28, when they broke through the lines at Chemin des Dames, it brought cheer and confidence in one of the dark hours.

Early in May it was decided to dislodge the Germans from Cantigny in order to reduce the difficulties of holding the front line in this vicinity. The most prominent point in the German lines facing the First Division was the high ground on which Cantigny is located. Not only did it furnish excellent positions from which the Germans could observe the American sector, but it also served as a screen for hostile actions in the rear. When the decision was reached the Twenty-eighth Infantry was selected to carry out the attack. After rehearsing the plans over similar terrain, the attack was launched. The regiment was expanded by American and French artillery, machine gun, Stokes mortar, 37 mm gun, tank, flame-throwing and engineer units, and two companies of the Eighteenth Infantry. The German reaction was immediate and violent in the extreme. Counterattack after counterattack was launched against the newly won positions during the next 2 days. Starting about noon on May 28 the American lines around Cantigny were subjected to an intense 72-hour bombardment from hostile guns of all calibers. At the end of that time the Germans were compelled to accept defeat. During the defense against the German counterattacks the two companies of the Eighteenth Infantry in reserve and one company of the Twenty-sixth Infantry entered the front line. That is in brief the story of an engagement that tested and proved the stuff of which American soldiers are made. Never afterward did the Germans doubt the effectiveness of American troops.

We have not come to this sacred place to glorify war, but to consecrate this earth to the memory of heroic men who fought to free this world from the tragedy of war. Nature and the skill of man have been proven great restorers. Few reminders of death and destruction meet the eye of the visitor. It was otherwise when I visited the battlefields in the early days of 1919 when the scarred earth and the crumbling walls told the tragic story of the destruction which is inseparable from war. It is to be regretted that the youth of tomorrow could not visualize the rents in the land and the gaping buildings, as they existed in 1919, mute reminders of the horrors of conflict, so they might swear on the altars of their country undying hostility to war.

"The sight of a battlefield," said Napoleon, "after the fight is enough to inspire princes with a love of peace and a horror of war." In like detestation of war Wellington said, "Take my word for it, if you had seen but one day of war you would pray to Almighty God that you might never see such a thing again."

It is significant of the growing passion for peace in the hearts of soldiers as well as civilians that, in his address dedicating the stately monument at Montfaucon, General Pershing, America's hero of the World War, beloved in France as in his native land, raised his influential voice against the madness of war and denounced the stupidity that would invoke arms as the arbiter of differences between nations. "The last great conflict," said General Pershing, who is high authority, "brought no profit to anyone." He declared that questions left unsettled "cannot be settled by war."

Here is a great general of our day calling upon his countrymen and mankind to evaluate the futility of war. It is well to recall what another illustrious American successful military chieftain, Gen. U. S. Grant, after a tour of the world and observing the dangers of militarism, expressed the belief that civilized men should end the arbitrament of the sword. General Grant said, "Though I have been trained as a soldier and have participated in many battles, there never was a time when in my opinion, some way could not have been found of preventing the drawing of the sword. I look forward to an epoch when a court, recognized by all nations, will settle international differences, instead of keeping large standing armies as they do in Europe."

If the men buried in this and all other cemeteries, who "poured out the red sweet wine of youth and gave up the years to be" at the call of their country could speak to us today they would cry out with the voice of command, "We gave our lives to end the tragedy of war. We charge you to keep faith with us that our sacrifice may save our unborn brothers from our fate."

It is a proud privilege to be a member of the delegation of Americans commissioned by our Government to come here at this time on the holy mission of dedicating memorials to the invincible American soldiers who won everlasting honor by their deathless courage, a courage and sacrifice they shared with their French and other comrades united in a common cause. Thirty thousand of our heroes are buried in the sweet earth of France, the lasting sepulchre of patriotic men who made the supreme sacrifice. We have come in the name of all countrymen to keep green their memory and stir emulation of their devotion. As they were laid to rest they were fairer than Adonis over whom the Goddess of Beauty wept. They closed their eyes, with the roar of shells about them, in the supreme confidence that they had given all they were and all they hoped to be to save future generations from the tragedy of war, and in the holy faith of a glorious immortality held in reserve for those who count not their lives dear unto themselves. Their country's flag was their winding sheet and its crimson stripes mingled with their generous hearts' blood as its gentle folds rested upon their breasts.

Commissioned by our country formally to set apart these memorials, these chosen for that sacred duty and privilege recognize that "we cannot dedicate—we cannot hallow this ground. The brave men, living and dead, who struggled here, have consecrated it, far above our poor power to add or detract. It is for us the living, rather to be dedicated here to the unfinished work which they who fought here have thus far so nobly advanced. It is rather for us to be here dedicated to the great task remaining before us—that from these honored dead we take increased devotion to that cause for which they gave the last full measure of devotion—that we here highly resolve that these dead shall not have died in vain."

The goal of the men who fought in France was world peace which held them courageous in battle and gave rapt vision of a warless world as their eyes closed to this earthly sphere.

Though white crosses of pure marble mark the resting place of their mortal bodies, there is a real sense in which we must never speak of our comrades and shipmates as dead. They live in our grateful remembrance. As we have stood beside the graves of 30,000 of our countrymen whose bodies are buried in France, we have, as we bowed our heads reverently in every cemetery, recalled the scene in Maeterlinck's Blue Bird, in which the grandmother in the Land of Memory tells her grandchildren that it has been months and months since she saw them, not since Hallowe'en when the church bells were ringing. The children ask how they could see her when she was dead. The answer was that we are not dead as long as we live in the hearts of those who love us.

By that test, seeing in what loving remembrance the men buried here are held, we can truly say they are not dead, because they are not forgotten.

Speaking for our President, who rendered distinguished service in 1917–18, before called to his present exalted station, the Congress of the United States which made the war declaration and furnished both inspiration to the fighting men and the sinews of war, and the hundred and thirty million Americans who were fully mobilized in the high days of 1917–18, and as one privileged to be comrade in devotion and consecration to the cause which nerved their arms, I hereby dedicate this memorial as a lasting tribute to men who won immortality in patriotic sacrifice.

Armistice Day

EXTENSION OF REMARKS

OF

HON. J. BUELL SNYDER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 23, 1937

RADIO ADDRESS DELIVERED BY HON. J. BUELL SNYDER, OF PENNSYLVANIA, AT UNIONTOWN, PA., ON NOVEMBER 11, 1937

Mr. SNYDER of Pennsylvania. Mr. Speaker, under permission to extend my remarks, I include the address I delivered on Armistice Day, 1937, over radio station WMBS, at 11 o'clock that morning, as follows:

It was in the year of Our Lord 1918, at the eleventh hour, on the eleventh day, of the eleventh month, that the buglers on the war-torn battle front in eastern France—on the Marne—in the Argonne Forest, in Flanders Field, burst forth in tones of cheer that echoed around the world and called the boys from the battlefield.

It was the hope and the prayers of all the serious people of all the civilized nations of the earth that those buglers called from the battlefield the last soldiers of the last great war. It was the belief of the masses and the serious God-loving people of all the earth that that war was the war to end all wars.

However, greed for power, greed for territory, greed for possession still rules the powers in some of the so-called civilized nations of the world, and today in some half dozen countries of the so-called civilized world we find the ruthless war lords slaying tens of thousands—yes, hundreds of thousands—of men, women, and children in order that they (the war lords) may realize their ambitions, whether these ambitions be for more power or more possessions, or both.

Happy are we, the people of the United States; fortunate are we, the people of the United States, that our lot falls to live under the Stars and Stripes, a government of the people, by the people, and for the people.

Nevertheless, my friends, we must always keep in mind that it is with nations as with individuals. Nations that forget God and ignore his commandments cannot long endure. So let it be the serious task of all the people of the United States, regardless of race, creed, or color, to earnestly support our schools, our churches, our homes, and all our governmental institutions.

It is my high honor and privilege to represent a fine and patriotic district in the lower House of the United States Congress. It is my honor to be the chairman of the Army and National Defense Committee on Appropriations, and may I say to you as long as some of the other world powers tear up treaties and peace pacts as scraps of paper, so long will I advocate and support an adequate appropriation for our national defense.

We join with the mothers of the Nation in their plea to keep our boys on our own shores, but we also join with them in the Nation maintaining a small, well-equipped Army and Navy and Air Corps. Such preparation is the cheapest insurance the Nation can carry. It is a safeguard of our liberties and our free institutions.

Tax Revision

EXTENSION OF REMARKS

OF

HON. ALBERT G. RUTHERFORD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 23, 1937

Mr. RUTHERFORD. Mr. Speaker, the financial news in last evening's papers is anything but encouraging. According to the news, stocks were off from one to six points, and steel reached its lowest in 2 years. Curtailment in steel production has continued during the past few weeks, until it has now reached its lowest since December 1934. The Roosevelt depression still continues, and it no doubt will continue until the President takes a positive stand on the question of the repeal or revision of the undistributed-surplus and capital-gains tax. For almost 5 years this administration has bedeviled business and businessmen. The New Dealers gave the country to understand that businessmen were "economic royalists," "princes of privilege," "oppressors of the poor," and "racketeers," and that the country could well get along without them. But something very strange has happened. Things have not gone along as they planned. With all their great knowledge of economics and their great knowledge of how to run business and their great skill in spending other people's money, they have been unable to make their plans work, and a real slump in business is here to such an extent that it can be ignored no longer. Now, when they do not know which way to turn, they have sent out an S O S to the businessmen of the country to come to their assistance.

Some months ago the President said that the recovery in business during his first administration was not the result of mere chance. It was planned that way. Was this depression also planned? If his plans had something to do with recovery, he and his administration having been in full control of all branches of the Government since that time, his plans and decisions must have caused this present depression. Whatever has been done to business has been done. It is water over the dam. What the businessmen of the country want now is action. They want some evidence that the President has had a change of heart and is willing to cooperate with them to pull the country out of its present condition. The best way to show the sincerity of such proposal is to start immediately in removing the "unjust

provisions" of our tax system. The Members of Congress appear ready and willing to do the trick now if the President will only say "go." The President said early in his administration that if he ever made a mistake that he would be the first to acknowledge it. It is quite evident to most people of the country that the capital-gains tax and the undistributed-surplus tax were a great mistake and have done business a tremendous injury which will require some time to recover from. The President, now knowing that he made a great mistake in advocating them and in demanding their enactment into law, should swallow his pride and suggest to Congress that it immediately revise or repeal these obnoxious taxes. His 5-point plan can wait. There is no pressing need of a farm bill or of a wage and hour bill at this special session of Congress. They can wait until January. Let Congress tackle this tax question now and give to the businessmen of the country a real Christmas present. If that is done this special session will have accomplished a real job and the people of the country will feel that we were not called back in vain.

What Kind of Dollars?

EXTENSION OF REMARKS

OF

HON. H. JERRY VOORHIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 23, 1937

Mr. VOORHIS. Mr. Speaker, as time goes on we all become more and more aware of the importance of monetary practices in the social economy. From acquaintance with automobiles and other mechanisms we understand how a defect in some small part may make the entire apparatus of no use until it is corrected. And we begin to credit the assertion that at least one of the defects from which spring unbalance, unemployment, and war, is a monetary defect. There are none of us who can afford to lose an opportunity to study this question, and I know few men who have dealt with it more fundamentally or in more scholarly fashion than has Mr. Thorwald Siegfried, of Los Angeles. On pages 2326–2328 of the Appendix of the CONGRESSIONAL RECORD, Seventy-fifth Congress, first session, I inserted the text of an analysis of the monetary problem by Mr. Siegfried which he had sent to all Members of both Houses in 1935, and again in 1937. He summarized the issues in a covering statement that read:

> The main question about money is: For what shall banks allow their customers to issue checks on credit? For costs (pay rolls, production), or for prices (including mark-up, expectations, and speculation), as in 1904–29?

Before that, in 1931–32 Mr. Siegfried supplied to many Members of both Houses, and to the two Banking and Currency Committees, copies of a book still to be found in various book-shelves in the Capitol, entitled "The Siegfried Plan for an Honest Exchange of Values by the Issue of a Sound Money." He has referred to it as "a plan to end planning," for the elements of control on which he relies are internal, rather than external, scientific rather than human, mathematical rather than political, mechanical rather than moral.

I hope that Members will consult anew Mr. Siegfried's analysis, both in the text in the Appendix of the RECORD, and in the book just mentioned. In view of the admitted importance of the problem of farmer income, I wish to direct particular attention to "Appendix A" in the book (pp. 114, 115, 116, and 117) entitled "What Ruins the Farmer?" It is a reprint of a 4-page leaflet sent to all Members of Congress by Mr. Siegfried in 1926, then entitled "The Farmers' Dollars." It exposes the monetary method by which farmers in particular, and other producers in general, are short-changed, and by which vast quantities of goods are left without capable buyers. The text of this leaflet is as follows:

THE FARMERS' DOLLARS

(By Thorwald Siegfried, Los Angeles, Calif., 1926)

Consider the dollar of the farmer—and its purchasing power.

The farmer is producing goods in which the human-labor content is high, and in which that content cannot be reduced, by better machinery and power, as rapidly as in factory-made goods from cities.

And that is what is the matter with the farmers' dollars.

Our Federal Reserve note currency has value because it represents the goods which human work produced, but the human-labor content of the money is the same as that of the goods is represents. This content varies with each commodity, and therefore varies in the currency representing various commodities, however much alike the bank bills may look.

Accordingly, although we have a uniform currency its effects are diverse.

When farmers had little, if any, money—raised their meat, victuals, wool, and timber—their days were their dollars, and no others bought more of comfort and independence. If there was hardship, it was a general hardship, and it bore more severely on the city worker because of his uncertain means of acquiring farm products.

The situation is reversed now, and it is beyond remedy by better farm machinery, better land or bigger crops; the farmers' greatest foe is often a bumper crop, smashing prices.

One change in the situation which is not a cause of the difficulty but which does determine where the remedy must be applied, is the change from general to specialized farming. The farmer raises corn only, and exchanges money for even his corn meal. He raises sugar beets and buys sugar. He raises what he does not use, and exchanges that for his necessities. There are minor exceptions, of course.

Why should the exchange, through the medium of money, make the formerly independent farmer the slave of the city worker?

Consider how far the human-labor content of farm products differs from that of city-made factory products.

How much more can a farmer raise because of better machinery and power? Fivefold? Tenfold? Fiftyfold? A hundredfold? We grant you all that and more. But how far has the city worker's product been multiplied by better machinery and power? Five thousandfold, a hundred thousandfold, and more, and ever more.

The Ford plant (in 1926) turns out a complete car for every 10 men employed 1 day. Write off the raw materials in the car against the farmer's land and seed; balance automobile-plant equipment against cultivating and harvesting machinery employed; and you come to the naked problem of balance between the farmer's indispensable labor and the city worker's labor, partly indispensable and partly wasteful.

Pricing the automobiles at $400 each and the corn at $1 a bushel, the automobile workers (or their employers) can buy corn at the rate of 40 bushels per day apiece, while each farm worker (or his boss) assuredly cannot buy an automobile or its equivalent each 10 days.

It is impossible, in the nature of things, that machinery can ever speed up the production of farm goods in the same degree that it has already speeded up factory production.

Apportioning the weight of a 150-pound worker among the products of his day's work, the articles that come from factories contain, as it were, each but 1 ounce of the human being that watched a machine make them; while farm products, exchanged on the basis of piece for piece of factory goods, contain, say, 20, or 50, or 70 pounds of the farmer.

Consider two shipments of equal monetary value—one of farm products going to the city; the other of automobiles, or clothes, or fence wire, or radios, or other factory goods going to the farms. Both shipments are transferred in ownership through banks, by bills of lading representing the goods, accompanied by drafts on the consignees for the sale price of the goods. Assume that both sets of drafts are drawn for 90 days, cashed by local banks when accepted by the consignees, and discounted at the Federal Reserve bank. Then the corn, in the one case, and the automobiles, in the other, are each represented by Federal Reserve notes, circulating as money and indistinguishable from one another.

It may be that the shipper of the corn will use some of his Federal Reserve notes to buy an automobile out of the shipment financed along with his own. In doing so he may be trading on the basis of exchanging 50 pounds of himself for 2.7 ounces of some turret-lathe operator without knowing it. And the same is true however far separated in time or place are the origins of the exchanges merged in the form of currency.

Currency has value because it represents the fruits of labor. The relative amount of labor stored up in the currency is the same as in the goods which the currency represents. This is not constant or uniform, even in an apparently uniform currency.

As various quantities of labor are required to produce various commodities, as commodities underlie the currency, and as the labor content of factory goods decreases, through better machinery, faster than that of farm goods, it must follow that the farm dollar will buy less city goods than the city dollar will buy of farm goods.

The situation may be likened to two line shafts in a factory. On one is a small pulley wheel, on the other a large one. If we join them by a belt which, like the currency, is uniform and strong, the smaller one must revolve faster than the big one; and if we increase the economic size of the big one faster than that of the small one, the speed of the smaller must constantly increase unless the belt slips.

No farmer needs to be told that the smaller pulley represents him.

Thanksgiving

EXTENSION OF REMARKS

OF

HON. THEODORE F. GREEN

OF RHODE ISLAND

IN THE SENATE OF THE UNITED STATES

Tuesday, November 23 (legislative day of Tuesday, November 16), 1937

ARTICLE BY GEORGE E. SOKOLSKY

Mr. GREEN. Mr. President, I ask permission to have printed in the Appendix of the RECORD an interesting article entitled "Thanksgiving," written by George E. Sokolsky and published in the Washington Star of November 21, 1937.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Star of November 21, 1937]

THANKSGIVING

(By George E. Sokolsky)

What have we to be thankful for?

Rich and poor, young and old, we who live in this land should answer this question honestly and loyally; we who have so much to be thankful for, more than any other people on the face of the earth.

First of all, we should be thankful that we live in a land of liberty. Slowly the wheels of reaction are grinding away nearly everywhere the hard-won human liberties for which men fought and died during 10 centuries of history. In most of Europe, in all of Asia, liberty has already disappeared and man has been thrown back into medieval slavery—political and economic and social slavery. But we remain free. For that we are thankful.

Secondly, we are at peace with all the world. In Europe, it is nip and tuck whether there will be a war or not. All the agencies of peace have failed, and each country is impoverishing itself and its citizens in a vast armament race.

In Asia, China and Japan are already at war, and thousands have already lost their lives. And it is feared that when the ground is frozen in Siberia and Manchuria this winter, Russia may join in this horrible holocaust. But we are at peace with all the world. For that we are thankful.

Thirdly, we have not been visited by revolution—that childish, futile method of trying to remake the world overnight. We have witnessed the spectacle of brother slaughtering brother in Spain for no good cause. We see in Poland, Rumania, north China, and many other countries, innocent men and women suffering the terrors of present or prospective civil war and revolution. We do not solve our problems that way. No matter how we differ, we adhere to the ballot as a sounder weapon than the machine gun or poison gas. And for that we are thankful.

Fourthly, we have come through a great economic catastrophe with less suffering than might have been anticipated. Somehow, we have found a way to increased production and increased work and better pay. Somehow we are again becoming a prosperous and cheerful people. For that we are thankful.

Fifthly, we are passing through a period in our national history when there are great and emphatic differences of opinion. Men no longer are willing to abide by traditional conceptions of government which not so long ago no one even questioned. Yet, in all this quarrel over form and procedure, our Constitution survives, democratic institutions remain intact, and our flag flies over a land of freedom. For that we are thankful.

Only those who never loved this land can see its future through gloomy spectacles. Much that happens here—our increase in crime, for instance, or our increase in labor strife—is discouraging. But when one stands as on a mountain top, and looks down upon all the world, this still remains the most comfortable, the most pleasant land in which a man and his family can live.

It is no Utopia. Its imperfections are glaringly real. But there is no better.

And yet, knowing our imperfections, we do not rest content that with us life is more free, more comfortable than with other men. We envisage a life better and nobler, a life of decreased physical and spiritual pain, a life in which justice will triumph over greed and in which the spirit of God will free all men from the poisons of vicious and vacuous living. For that vision, O Lord, we are thankful.

A Radio Address in Oklahoma

EXTENSION OF REMARKS

OF

HON. WILL ROGERS

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 23, 1937

SPEECH OF HON. WILL ROGERS, OF OKLAHOMA, DELIVERED THROUGH THE FACILITIES OF RADIO STATION KTOK, OKLAHOMA CITY, AND SEVEN OTHER MEMBER STATIONS OF THE OKLAHOMA NETWORK, NOVEMBER 4, 1937

Mr. ROGERS of Oklahoma. Mr. Speaker. Under leave granted me for extension of remarks, I wish to present the text of an address I recently made through the facilities of radio station KTOK, Oklahoma City, and seven member stations of the Oklahoma network. The other member stations which carried my address are: KGFF, Shawnee; KADA, Ada; KVSO, Ardmore; KBIX, Muskogee; KCRC, Enid; WBBZ, Ponca City; and KASA, Elk City. I also desire to include the introductory remarks of the station announcer and my Secretary.

Announcer CUNNINGHAM for radio station KTOK. The Oklahoma network presents to you this evening an outstanding man of public affairs in Oklahoma in the person of Congressman WILL ROGERS. And now at the microphone comes Secretary William Howard Payne who will introduce the speaker of the evening:

Mr. PAYNE. Congressman WILL ROGERS received a letter in the mail the other day which read in part as follows: "If you were an older man or a professional politician I would not be writing to you. We are facing conditions entirely new and which cannot be remedied by the application of old methods. Congressman ROGERS, you are still comparatively young and I have high hopes for you. I believe you would go just as far forward as you thought your constituents wanted you to go, once you learned their views." From the implications of these remarks Congressman ROGERS has drawn much inspiration for his address to you this evening.

Congressman ROGERS is 38 years of age. He is serving his third term and is now in his fifth year as Oklahoma's Congressman at Large. In a moment before his address begins let us consider some of his outstanding achievements and let us talk of some of the little-known factors that have made Congressman ROGERS, as most of us agree, a successful Representative in the Congress. He is young and energetic, old enough to be seasoned and level-headed and young enough to give him the vitality to carry out his ideals and the desires of the people.

Those who write to Congressman ROGERS for the first time, requesting special service for their State, their community, or for themselves, are usually agreeably surprised to learn that he performs those duties with speed and efficiency. The Congressman at Large has the enviable reputation of being able to do the job and do it quickly.

Congressman ROGERS spent the first 15 years of his life on a farm in western Oklahoma. He attended his first school in the rural sections of Washita County. He taught his first school at age 18. He attended college at Southwestern, Central, and the University of Oklahoma. He earned three college degrees. He made a special study of government and utilized his spare moments in winning contests of debating and oratory. This background has served him well in Congress.

WILL ROGERS spent the second 15 years of his life as a teacher and as a superintendent in various Oklahoma public-school systems. When he was criticized during his first campaign for Congressman at Large apparently the worst argument that could be brought to bear against him was that he was only a "country school teacher." Apparently, the people of Oklahoma have greater confidence in this former "country school teacher" than they did in the fulminations of some of our big-town newspapers.

Let us see what this "country school teacher" has done since he has been in Congress. He must be doing something, or the people of Oklahoma would not continue to return him to office with ever-increasing record-breaking majorities.

Congressman WILL ROGERS is the chairman of the House Indian Committee. Oklahoma has a population of 130,000 Indians. The House Indian Committee meets every Wednesday to discuss pending legislation. Congressman ROGERS is always there helping, studying, and planning for the common welfare of our Indians. He is the House author of the Oklahoma Indian Welfare Act which is bringing several million dollars to Oklahoma for the benefit of the Indian.

Congressman ROGERS has had a hand in all of the New Deal measures which have helped to return a measure of prosperity and well-being to this country. He has been a vigorous champion of progressive farm legislation, old-age security, unemployment insurance, Federal aid to education, and other broad programs made effective by the New Deal Congress. In this respect, a re-

cent issue of a national magazine listed Congressman WILL ROGERS as being 100 percent for the common welfare of the people. This conclusion was reached only after it had made an exhaustive survey and found that Congressman ROGERS worked and voted only for those bills in Congress which were beneficial to the common welfare. Ladies and gentlemen, I present to you now the only native Oklahoman who has served this State in Congress, the Honorable WILL ROGERS, our Congressman at Large.

RADIO ADDRESS OF THE HONORABLE WILL ROGERS

Mr. ROGERS. Good evening, my fellow Oklahomans. This is your Congressman at Large, WILL ROGERS, addressing you over the Oklahoma network. I am speaking to you from the studios of KTOK, the key station of the Oklahoma network. As you know, Joseph W. Lee is the manager of this station. I want to thank him for the opportunity to address you this evening.

As you were told by Mr. Payne, I am serving my third term as your Congressman at Large. It has been a pleasure to cooperate with the people of Oklahoma for our mutual good. You, my constituents, have been good to me, and I want to repay you in services. I want especially to invite you people of the Fifth Congressional District to bring your problems to me. We all mourn the passing of your Congressman, my colleague, the Honorable R. P. Hill. Until his position has been filled, it will be my purpose to make a special effort to be of service to the people of the Fifth Congressional District.

When this broadcast was arranged, many of my friends were anxious to know the subject I would discuss in my remarks to you this evening. We are all familiar with what has been done during the past few years to relieve this country of the greatest depression known in the history of mankind. Every citizen who has had a part in that great fight is to be commended. We know what has been done, we know what is being done now, and we are vitally interested in what is to be done in the immediate future. I have therefore decided to ask this simple question—What now? I want it distinctly understood that I am not attempting to make an accurate prophecy as to what may be experienced during the next few months. We can, however, by reviewing some of the past events, by examining present activities, and by looking into the future, determine some of the things which can be expected. Friends, a depression can be overcome only by making war upon the causes which have created the economic conditions. There are economic wars, religious wars, labor wars, and political wars. With evidence of such impending struggles, I want to ask you—What now?

We know war at its worst when one nation launches the flower of its manpower and the strength of its resources against another nation where competition is keen and devastation is rampant; where by the use of destructive gases, scientific ordnance of war, fast airplanes, and dreadnaughts of the seas, vicious-minded, power-drunk men make dictators of themselves and human life becomes worthless. We have been reading lately about an undeclared war in China. Japan's bloody onslaughts into China could not be more horrible nor more gruesome were that nation to declare an official state of war. Both nations are energetically engaged in the orthodox activity of terrible warfare. War hysteria is running high. Liberty-loan drives are under way in both nations. Sniping soldiers tear at each other's throats like hungry wolves. China, however, is defending itself nobly in this undeclared war. What formerly appeared to be an invincible militarized Japan now appears to be an overconfident and an overzealous Japan. We reach this conclusion when we read of the terrible losses inflicted on the ranks of the Japanese Army. We arrive at this conclusion when we find that Japan is not only unable to march onward but that she is actually losing ground along several fronts.

Turning now for a moment to the affairs of our own State in which we are all interested, we conclude by the events of the past several weeks that there is an undeclared war in Oklahoma; an undeclared political war. We know political wars at their worst when men zealous of their exalted positions and crazed with personal ambition turn their every resource and direct their maximum energy toward the destruction and annihilation of any man or any movement that might show a popularity with a people and an adaptation to the times transcending theirs. We have witnessed in Oklahoma during the past few weeks the follies of men who are mad. We have seen statecraft diverted and detoured in this undeclared political war. We have seen statesmanship bow to political expediency and impudent demagogery. We have seen men rush homeward for the first time in many years to embrace the citizenship of Oklahoma, vow undying love and profess passionate devotion. We have heard men proclaim great personal achievement in what we had previously accepted as the high accomplishments of President Roosevelt and his New Deal administration. We have heard rumors of private "liberty loan" drives in the form of campaign chests for the hungry maws of the coming political warfare. We have heard threats of vast fortunes to be raised by tapping incomes of those who administer for our welfare, and we have been told that those fortunes will be expended to create sympathy and momentum which is planned to carry its protégés to great heights of personal and political victory.

But while this thing is under way, what of Mr. Average Citizen of Oklahoma? Well, if these rumors and threats hold true and if "coming events cast their shadows," we can all look forward to a great and prosperous Oklahoma during the next few months. Apparently there will be plenty of money in circulation. Money in circulation should move the wheels of our State commerce. Many weeds can be cut between now and next summer. Much grass can grow under the feet of those who would dwell at length in one place to pontificate lordly of their importance and to reassure us of the grandeur of their dignity. Of course, you and I understand human nature sufficiently to know that the only way we can gain entree to some of our public officials is to tell them forthwith what great statesmen they are. In order to talk with them we must admit that they are the very greatest of their kind. We must assure them that the States would have harvested insufferable losses should the voters have elected any other. We must caress them with honeyed compliments and insist that the people of Oklahoma could never dismantle them from their "impregnable" positions. But when we go home to Mary and our firesides, when we rejoin our little circle of friends, we wink knowingly and wonder how many millionaires are made through the sale of the virus of egotism and egoism. We wonder, if these great, important "self-sacrificing" servants of ours are not, like the Japanese, losing ground in this current undeclared political war. We wonder if it is not true that overconfidence begets complacency. With this undeclared struggle facing the people of Oklahoma I inquire of you, my friends—what now?

But let us turn now to our problems that are real. I have been in Oklahoma since the adjournment of the last session of Congress. It has been a pleasure to visit with you in every section of our State. I have talked with groups of people who represent almost every element in Oklahoma. I have sought and have been given the benefit of your views and suggestions. It is obvious that any man desiring to sincerely represent you in the Congress or in any public capacity must have first-hand knowledge of the problems confronting his constituency. In my capacity as your Congressman at Large I must know first hand conditions as they exist in the whole State. I can obtain this knowledge only by calling on you, by talking with you, and by reading your personal letters. I have enjoyed the happy experience of coming home and mingling and "rubbing elbows," renewing old acquaintances, and making new friends. Since my return to Oklahoma, immediately following the close of the session of Congress last August, I have been encouraged in noting a new cheerfulness, a glorious hopefulness, and an abiding sincerity in the things that the national administration is seeking to accomplish. Activity in every community denotes progress and economic uplift. More of our people are employed now than at any time since the depression began. More of our people are receiving steady incomes, more are enjoying vacation opportunities, and more are building and becoming interested in building homes.

Almost every town and city in the State has its own building program. Newer and better homes are apparent everywhere. Likewise, the rural sections show improvement. Rural electrification in our own Oklahoma is becoming more widespread as the days go by. Yet, with all this advancement and with all this encouragement, we know that there still remains much to be achieved. There will always be opportunities for improvement. Our country is inevitably and eternally engaged in social unrest and economic readjustment. A friend living at Shawnee wrote me a few days ago saying: "Under our present economy half of our people get a living without work while the other half works without getting a living." He cited his reasons for our difficulties. He wrote further: "Workers are not paid enough in wages to buy back what they produce." That is the obvious condition confronting our country today. Our national life is so complex that some phase of our system or some element of our population is continually facing a crisis. Today in Oklahoma we have the cotton crisis. Tomorrow it might be wheat, livestock, oil, or coal mining. Over the entire Nation people are watching developments on the labor front. We know that neither the A. F. of L. leadership nor the C. I. O. leadership is responsible for the social unrest. That leadership is merely an expression of unrest which already exists. Farm prices are not steady. Cotton has become almost worthless. Our farmers have become panicky. Something must be done. What now? Congress must convene. An effort must be made to stop our labor troubles. We must do something for Agriculture. We must continue our war against the depression.

When President Roosevelt issued his call for a special session of Congress to meet November 15, 1937, he proposed an agricultural program. He said, "We intend this winter to find a way to prevent 4½-cent cotton, 9-cent corn, and 30-cent wheat—with all the disaster these prices mean for all of us—from ever coming back again. To do that the farmers themselves want to cooperate to build an all-weather farm program so that in the long run prices will be more stable."

The farming industry is the backbone of America. Permanent prosperity will never come until our farmers receive a fair price for the commodities they produce. You and I know that, regardless of the method used, any program to be successful must guarantee our farmers cost of production plus a reasonable profit on all farm commodities produced. In my opinion, this can best be accomplished by guaranteeing prices for farm commodities consumed at home. There are some who advocate control of production as a means to insure adequate prices for farm commodities. A program of this kind might prove successful under normal conditions, but I fear that a scarcity program might produce disastrous results when a flood, a drought, or any other pestilence destroys crops in various sections of our country. A scarcity program is based upon the assumption that there is now, or might be in the future, too much food, too much clothing, and too much of other necessities of life. If too much might exist at one time, too little might exist at another. Low prices do not prove that we have too much food, too much clothing, and too much of other necessities of life as long as men, women, and little children are

hungry, as long as they need clothing, and as long as they do not have a roof over their heads.

This Government is great enough and is strong enough to provide a program which will take care of surplus production and lay in store for the lean years. In addition to guaranteeing cost of production for farm products we should inaugurate a program which would make possible as one Oklahoman said, "a farm for every farmer." Fair prices for farm products will help make this possible. Low rates of interest on long-time loans would enable farmers to repossess farms lost during the past few years. With fair prices for farm products and Government loans at low rates of interest, tenant farmers could soon buy their own farms. It is my hope that in the special session of Congress we can enact legislation which will make it possible for every farmer to own his own farm. In no other way will we insure a permanent and lasting prosperity for the American people.

President Roosevelt said in his fireside chat dealing with his proclamation for an extra session of Congress, "I recommended to the last session of Congress the creation of seven planning regions, in which local people will originate and coordinate recommendations as to work of this kind to be done in their particular regions. The Congress will, of course, determine the projects to be selected within the Budget limits." A recent issue of a prominent national magazine places the remarks of the President which I have just read to you under the heading of "Little Tennessee Valley Authorities; Little T. V. A.'s." The Grand River dam project is a reminder to us in Oklahoma of the President's intentions and actions. All of us in Oklahoma have at some time or another witnessed the devastating effects of floods. We have seen our rivers overflow into oceans of relentless, uncontrollable force eating at the very heart of our fertile river-bottom farms. We have seen fields laid waste from the cutting of heavy rains.

The Louisiana Delta is built from soil from the fields of Oklahoma. Experts have proven that much of our topsoil has been carried down the Mississippi. Chemical tests prove that portions of the Louisiana Delta soil properties are identical to that in the fields of Oklahoma. We are all in favor of flood and erosion control. The Roosevelt administration, with the help of Congress, has carried forward a conservation program incomparable in its wholesome effect to that of any other national administration. We need more flood-control projects in Oklahoma. We insist on greater activity in the field of soil conservation. Erosion experts estimate that 3,000,000,000 tons of topsoil are washed into the oceans every year. The Soil Conservation Service in Washington recently announced that more than 100,000,000 acres of tillable land have been ruined. It is said that more than that amount has lost most of the fertility of its topsoil. A similar number of acres are alarmingly depleted. We have our share of this problem here in Oklahoma and more. We also have a serious problem in wind erosion. No man can estimate the damage and ravages of dust storms. Our living comes from the soil. We must use every resource at our command to preserve it. This does not mean, however, that we can afford to throw vast sums of our money into a multiplicity of propositions heretofore deemed economically unfeasible by private enterprise. We need flood-control measures in the Great Salt Plains area. We need flood control and soil-conservation measures at Optima and Fort Supply. We need to give greater attention to irrigation proposals in the arid sections of southwestern Oklahoma. We need a program for the impounding of waters in the Jackson County area. We must think seriously of the flood problems in the Red River Valley. We must denounce those who suggest that the great projects at Murray Lake remain uncompleted. We can and must move forward with President Roosevelt in a great development program for the State of Oklahoma.

Let us turn now to another proposal. In his recent special-session proclamation, the President said, "To carry out any twentieth-century program we must give the executive branch of the Government twentieth-century machinery to work with. For many years we have all known that the executive and administrative departments are a higgledy-piggledy patchwork of duplicate responsibilities and overlapping powers." At some time or another, in fact, almost each time we have specific dealings with the Federal Government, we become discouraged and disheartened over the so-called Government "red tape." Thousands of our cotton farmers, our wheat growers, and our hog raisers who have had contracts with the Government and who have had to wait month after month before receiving pay under the terms of their contracts know what is meant by Government "red tape." Thousands of our businessmen who have sold materials to the Government and who have unpaid accounts against the Government know what is meant by duplicating Federal bureaus. Countless citizens of Oklahoma who have claims against the Government know what we mean by bureaucratic dictatorship and overlapping powers. Yes, we are living in the twentieth century but we still have the slow processes of our executive departments which had their origination in the "horse and buggy" days. We do need twentieth-century machinery in our Federal Government. If private enterprise failed to adopt modern methods, business would soon be bankrupt. If private citizens of our country lived in halcyon "horse and buggy" days and governed themselves today by the methods of that half-forgotten era, they would find themselves swept aside and exploited by their more progressive neighbors. They would find that they were back numbers, unable to derive even the average good from their environment.

What I have been picturing to you for the individual has already happened to the Federal Government. How can we expect half-forgotten eighteenth-century methods to obtain the full measure of benefit for our twentieth century people? In advocating Federal departmental reorganization, I want it clearly understood that we do not propose to overthrow the Constitution of the United States. Farmers, businessmen, laborers, all of us who have had dealings with the Federal bureaucratic system know that we can make these progressive changes under the Constitution. We know that the framers of the Constitution did not anticipate the maze and multiplicity of present-day bureaus. There are approximately 100 of these bureaus, each a virtual dynasty, each independent and each absolute in its decisions, its policies, and its functions. In each of these bureaus there have grown up cliques and clans of employees reaching dictatorial proportions. These clannish departmental "royalists" can do anything they want to do. They juggle regulations, propose new ones, and circumvent the laws of the land. If an act of Congress does not please them, they find the means with which to except themselves from its provisions and its limitations. These vast, powerful, and entrenched Departments are increasingly and alarmingly assuming legislative functions and law-making responsibilities. A Congressman may introduce a bill, but if that bill does not have the approval of the Department which it affects, it has little more than a "Chinaman's chance" of becoming a law. These powerful bureaus have exceeded the functions for which they were created and are overreaching themselves to the point of recommending to the Congress whether it should or should not enact pending legislation. The President has asked Congress to pass an Executive reorganization bill. I believe that the people of Oklahoma will uphold President Roosevelt in his efforts to set up twentieth-century machinery in the Federal Departments. I am willing and ready to support his plans for abolishing the "red tape," buck passing, dictatorial, clannish operations of the Federal agencies. I am anxious to give President Roosevelt authority to abolish, consolidate, revamp various Federal agencies and reorganize the Government on a more efficient basis.

President Roosevelt discussed wage and hour legislation in his recent fireside chat. This subject will undoubtedly confront the special session of Congress which will convene on November 15. I quote an excerpt from the President's remarks on this subject:

"A few more dollars a week in wages, a better distribution of jobs with a shorter working day will almost overnight make millions of our lowest-paid workers actual buyers of billions of dollars of industrial and farm products. That increased volume of sales ought to lessen other costs of production so much that even a considerable increase in labor costs can be absorbed without imposing higher prices on the consumer."

Let us consider the labor situation for a moment. The Bureau of Labor Statistics advises it costs $10,000 to rear and equip a laborer for his life's work. This sum is the estimated expense to the Government, its political subdivisions, and the laborer's family. That laborer is equivalent to a $10,000 piece of machinery. He is, in fact, human machinery. Who is there who would say that an employer should not take more interest in the $10,000 human machine than he does in his $10,000 mechanical machine? However, when we ask this question we are faced with the fact that our present labor difficulties result from a situation where the employer thinks more of property values than he does of human values. The current labor conflict in our country today is not a new situation. It represents a stupendous struggle for democracy on the part of the masses. We have had this same battle for democracy in religion, politics, education, and relation of the sexes. We have fought wars with other nations and with our own people over our ideals of democracy. It is gratifying to look back over the events of the past and learn that our people have always won their fights for democracy. It is highly significant that the leaders of these democratic movements have always been labeled as dangerous radicals. Big businessmen, monopolistic industrialists have not gone far out of their way to be fair and honest in their dealings with employees. For many years they have had the upper hand. They have exploited the laborer and the consumer as far as possible. They have been interested in profits, huge profits. These fabulous profits could not be made without a system of low wages and long hours for the laborer and exorbitant prices to the consumer.

Social well-being has not been considered. Big business went too far. The laborer and the consumer could suffer their methods and practices only so long. Labor is striking back. It is gaining major objectives. Industrialism is on the defensive. There have been many occasions where both have gone too far. There have been instances of bloodshed and murder when striker and strike-breaker clashed. This expresison of social unrest is one of which we are not so proud. Until confidence is reborn there is no authority except the Federal Government that is great enough and powerful enough to cope with the labor crisis. The Congress must enact laws to encourage cooperation between employer and employee. It must create a Federal program to instill confidence. It must suggest that both labor and industry be big enough to admit their mistakes when they are wrong. Mistakes have been made by both. Congress must pave the way for a new social and economic justice. Real leadership must be established for labor and industry so that their differences can be harmonized.

You have been listening to me for the last half hour. Before I can benefit from your reactions I will have returned to Washington to participate in the problems confronting the special session of Congress. It is necessary, yea, it is imperative, that I have an answer to the question I have propounded—What now? We must refrain from engaging in international war, we must

continue the war against depression, we must settle our labor wars, we must make it impossible for our people to engage in wars of intolerance, we must make war on conditions which impede agricultural progress, we must make war on both private and public bad business, and we must face the undeclared political war in Oklahoma. Of this undeclared political war in our State you will hear much more in the near future. The battle is raging. "We won't give up the ship." "We'll fight it out on this line if it takes all summer." I am your servant. It is yours to command.

The Fair Labor Standards Bill

EXTENSION OF REMARKS
OF
HON. CLAUDE A. FULLER
OF ARKANSAS
IN THE HOUSE OF REPRESENTATIVES
Tuesday, November 23, 1937

LETTER FROM WILLIAM GREEN, PRESIDENT OF THE AMERICAN FEDERATION OF LABOR

Mr. FULLER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter written by William Green, president of the American Federation of Labor, to the chairman of the Committee on Labor of the House:

AMERICAN FEDERATION OF LABOR,
Washington, D. C., November 22, 1937.

Hon. MARY T. NORTON,
Chairman, Committee on Labor,
House of Representatives, Washington, D. C.

DEAR MRS. NORTON: You have asked me to state the present attitude of the American Federation of Labor toward the fair labor standards bill (S. 2475), as amended by the House Committee on Labor and now pending before the House Rules Committee.

Your inquiry is also bound up with the present attitude of the American Federation of Labor toward the petition now pending in the House for required signatures to discharge the House Rules Committee so as to bring the fair labor standards bill on the floor of the House for action.

The position of the American Federation of Labor on these inquiries is:

I

The American Federation of Labor "is in accord with the purpose of establishing a point below which wages could not be paid and hours of labor beyond which wage earners could not be employed." This quotation is from the declaration of the last convention of the American Federation of Labor on wages and hours legislation.

On August 9, 1937, the American Federation of Labor stated as its position on the fair labor standards bill, as approved by the House Labor Committee, that the bill "was reasonably acceptable and fairly satisfactory to labor." This position must now be qualified to give effect to two new factors not then existent: (a) the recent experience since that date of labor, of governmental agencies, and of the public in the administration of the National Labor Relations Act, and (b) the serious and adverse changes in the economic and industrial life of labor and of the Nation, to which the President of the United States directed attention of the Congress in his special message of November 15, 1937.

With trial and error as teacher, the Department of Labor, many Members of Congress, and the public generally have come to agree with labor that the administration of the National Labor Relations Act or other labor legislation by the National Labor Relations Board or similar independent governmental agencies is fatally defective. In the light of recent experiences, every effort should be made to protect the purposes of the fair labor standards bill from being thwarted by an administrative board of this kind.

It is now apparent that such administration by the National Labor Relations Board has repudiated generally accepted concepts and disrupted tried and tested principles of collective bargaining between capital and labor. It has impaired and destroyed rights of contract and of property upon which labor has hitherto predicated its very existence and continued progress. Such administration has brought turmoil into industrial relations, has usurped the prerogatives of the courts essential to the preservation of our democratic form of government, and has jeopardized industrial freedom and initiative—all contrary to the clear intent of the Congress to create unrestricted opportunities for labor to organize, to strengthen bargaining agencies, to promote their practices, and to foster the objective of a more harmonious and stabilized relationship between labor and capital as part of the national policy for the general good.

It is therefore generally recognized, and the American Federation of Labor insists, that it is no longer safe to permit a Government board of that kind to make the many determinations necessary in the administration of the fair labor standards bill as now written; whether, for instance, collective bargaining is effective in a particular industry, or whether collective-bargaining machinery is adequate in a particular case when predicated upon open, voluntary, and harmonious cooperation between employers and independent collective-bargaining agencies; to determine the proper units for classification of labor generally recognized as craft labor for purposes of collective bargaining; or to make the other numerous determinations permitted under the fair labor standards bill upon the precedents established by the National Labor Relations Board on the basis of interpretations of corresponding language in the National Labor Relations Act.

To prevent a repetition of the confusion resulting from the Nation's experience under the National Labor Relations Act, many suggestions have been offered for changes in the wage and hour bill. The Department of Labor is now suggesting that the administrative machinery under the fair labor standards bill be radically changed from that which it approved at the last session of the Congress, as embodied in the present draft. It now suggests that the administration of the proposed act be taken away from the proposed governmental board. Instead, it proposes that it be placed in the hands of a single administrator, who would be bound by the recommendation of committees composed of representatives of capital, labor, and the public.

Former proponents of the bill in the Senate and Members in the House have suggested that the act should establish specified minimum wages and maximum hours with enforcement thereof by the Department of Justice or by the Federal Trade Commission.

The American Federation of Labor can no longer endorse the draft of the fair labor standards bill now before the Rules Committee. It will not do so until the same has been revised, whether through the above-suggested amendments or methods, or through others to be submitted by the American Federation of Labor, to preserve it beyond doubt and without possibility of distortion as the constructive force contemplated by the President's message of May 24, 1937, pursuant to which enactment is contemplated.

Elaboration need not be made of the serious recession of business since the President's message of May 24, 1937, and the formulation of the fair labor standards bill now being considered. For labor this recession already has assumed the proportions of a serious depression. Unless prompt cooperative action is taken by the Congress we are threatened with a duplication of the distress of the depression years following the collapse of 1929. The fair labor standards bill, as drafted, was not intended to and does not give effect to possible remedial steps to cope with the unemployment problem now upon us in aggravated form as a result of the present recession in business, and which it was assumed had been substantially met under the industrial improvement which took place during the spring and summer of 1937. For this special reason, the American Federation of Labor believes that the fair labor standards bill should be amended by incorporation of provisions therein for a shorter workday and a shorter workweek.

II

Whether the petition now pending before the House for discharge of the Rules Committee to bring the fair labor standards bill before the House should be acted upon, and how, is a matter of procedure for each Member to determine as he sees fit.

The American Federation of Labor feels, however, that the character of the changes to the present draft of the fair labor standards bill now before the House Rules Committee is such that proper consideration thereof can only be had before the House Labor Committee, where it was originally considered, rather than on the floor of the House. It feels, therefore, that the draft should be referred back to that committee for amendments or that a new bill be substituted. But whatever the procedure followed, and whatever is done, the present position of the American Federation of Labor with respect to the present draft and its future course of action remains as stated above.

Very truly yours,

WILLIAM GREEN,
President, American Federation of Labor.

The Job Ahead in Flood Control

EXTENSION OF REMARKS
OF
HON. WILL M. WHITTINGTON
OF MISSISSIPPI
IN THE HOUSE OF REPRESENTATIVES
Tuesday, November 23, 1937

ADDRESS OF HON. WILL M. WHITTINGTON, OF MISSISSIPPI, AT ST. LOUIS, MO., ON NOVEMBER 22, 1937

Mr. WHITTINGTON. Mr. Speaker, under the leave granted me to extend my remarks in the RECORD, I include

the following address which I delivered on Monday, November 22, 1937, at the Nineteenth Annual Convention of the Mississippi Valley Association, St. Louis, Mo., to wit:

There is a charm about rivers; there is a fascination about lakes; there is an attraction about harbors. Lands appeal to me. Men, waters, and lands must dwell together.

Public attention has been focused upon flood control as a national issue by the disastrous floods of recent years. It is asserted that the floods of great rivers have increased in frequency, duration, and magnitude as a result of the activities of man. I know of no statistics to support this erroneous assertion. The processes of nature do not change. Snows and rains have been similar through the centuries. There is system and regularity in the processes of nature. Floods may be no more frequent now, but because of the development of the country, floods are of longer duration and of greater magnitude. The works of man have contributed to the perils of floods. Floods have been accentuated by the clearing of hills and mountains; the velocity of streams has been increased by the building of ditches and the construction of canals.

Civilization has detroyed the forests that covered the hills and has turned under the grass that sodded the plains. Wheat and corn have replaced the soil-building top of the earth and cotton has succeeded the matted grasses that held the soil in place. The soil has been robbed of its roots and of its grasses. The crust of the earth has lost much of its topsoil. The sod has been plowed; the timber has been cut; the streams have been drained and the rivers have been straightened. Floods come down on homes, farms, factories, and cities in ever-increasing volume.

HAZARDS

The hazards of floods are more numerous and the destruction greater than formerly. The population of the United States has increased from 3,000,000 to 130,000,000. The fields and factories of America surpass those of any other nation. Floods are, therefore, more destructive. Often the loss of life is less but the damages are far greater than formerly. In the Johnstown flood of 1889, 2,209 lives were lost. The damages amounted to $10,000,000. There were no warnings. In 1936 there were warnings; weather forecasts were accurate; the telephone, the telegraph, and the radio enabled people to escape. Moreover, the citizens of the Johnstown area had made the reservoirs more secure; they had built their homes higher up on the hillsides, but business and commerce obtained along the river and in the valley. The damages of the flood in 1936 amounted to $30,000,000, while less than a dozen lives in Johnstown were lost.

It is the poor who suffer most in great floods. The rich are able to build their homes farther up the hillsides, but it is the poor who dwell in the valleys and along the rivers, close to industries where they earn their daily bread by the sweat of their brow, who suffer most. Proximity to water is essential to improvements that provide for labor and the means of earning a living. There is a reason for settlement along rivers. Throughout the centuries man has dwelt in the valleys and settled along the gulfs and oceans. Great rivers have added billions to the wealth of the land and have provided a livelihood for millions of people.

FEDERAL INTEREST

The Government is not an insurer of its citizens against the hazards of the elements. We shall always have heat and cold, lightning and tidal wave, earthquake and tornado, flood and drought. It is not the province of the Government to undertake to reimburse its citizens for the losses incurred as a result of the acts of God.

The annual losses of both life and property caused by destructive floods are enormous. The losses are widespread; every State is affected. Floods know no State lines; they respect no States' rights. Sooner or later the losses from floods must be absorbed by the Nation. The Federal interest arises from the responsibility of rebuilding public works that are damaged or destroyed, to protect interstate commerce, and to promote the general welfare. There is a humanitarian responsibility to prevent destructions of life and property. It is generally conceded that both flood control and navigation constitute national responsibilities.

There is no occasion for further discussion of constitutional authority. Congress has assumed jurisdiction for the control of floods. Congress has declared that flood control along the lower Mississippi River is a national problem and that the problem should be solved at the expense of the Nation. Flood-control works have been constructed along the Tennessee, the Columbia, the Colorado, the Missouri, the Ohio, and the Monongahela Rivers. Congress has contributed to flood-control works along the Sacramento River, and on Lake Okeechobee in the State of Florida.

HASTY LEGISLATION

As a result of recent floods, much ill-advised and hasty legislation has been proposed; inadequate and unworthy flood-control projects have been promoted.

The best way to promote national flood control is to advocate policies that are sound and projects that are adequate.

Again, selfish interests with proposals that are unworthy and unsound, with projects that are unable to stand on their merits, insist that they advance the only solution. Designing agencies, under the guise of further thinking and investigations but in reality to perpetuate bureaucracy, have heretofore advocated delay.

All of the visionary schemes, all of the hasty legislation, all of the ill-advised legislation have one thing in common: they show that the authors utterly fail to comprehend the real problem of flood control; that they have, for instance, no conception of the flood-control problem along the Ohio and the Mississippi Rivers. The great problem there is to carry in the lower Mississippi River two and a quarter million cubic feet per second, representing the combined maximum flows of the Mississippi and Ohio Rivers, and representing more than 20 times all of the water flowing over Niagara Falls, from Cairo to the Gulf of Mexico.

In 1937, at the crest of the great flood at Cairo, 1,900,000 cubic feet of water per second went by along the Ohio. During the 50 days that the river was above flood stage there were 80,000,000 acre-feet of water in excess of the below-flood flow of the river. This amount staggers the imagination. If poured into an inland depression with an average depth of 20 feet, it would make a lake two-thirds the area of Lake Erie.

NO SINGLE SOLUTION

There are those who say that reservoirs are the only remedy. Reservoirs are to keep the water away. Levees and floodwalls are to keep it out. It is manifest that reservoirs alone will not do the job.

Enthusiastic advocates of power development insist that all dams should provide for the generation of power. I must not be misunderstood. Let me say once and for all that I believe in the preservation and utilization of the natural resources of the Nation for the benefit of the people. I believe that dams constructed by the Federal Government for flood control, or for navigation, or for reclamation should provide for the generation of hydro-electric power wherever it is practicable and feasible. I further believe that such power should be disposed of for the benefit of the people rather than for the benefit of private monopolies.

Arthur E. Morgan, chairman of the Tennessee Valley Authority, and author of the Miami Conservancy District, recently said:

"There is an over-expectation as to the possibilities of power development associated with flood control in the eastern United States. Few eastern rivers are so favorable in that respect as the Tennessee, and the possibilities of that river fall far short of those on the Pacific coast. Moreover, flood control and power in some cases are mutually exclusive."

Again, in the same article in the Engineering News Record of March 18, 1937, Mr. Morgan stated:

"In my opinion there has recently been exaggeration of the possibilities of flood control by soil management, forestry, and the construction of reservoirs on very small headwater streams."

In my judgment, the two outstanding flood-control projects in the United States are the Miami conservancy project in Dayton, Ohio, and the Muskingum project along the tributaries of the Muskingum River in Ohio.

There are five detention reservoirs in the Miami project. There is no provision for hydroelectric power. On a plain tablet over one of the conduits in one of the five dams there is this inscription:

"The dams of the Miami Conservancy District are for flood-control purposes. Their use for power development or storage would be a menace to the cities below."

There are 14 dams in the Muskingum Conservancy District; they provide for conservation; they provide for flood control. There is no immediate provision for the generation of hydroelectric power. In my judgment the 14 dams in the Muskingum project are the most efficient flood-control dams ever constructed to prevent floods. They embrace the very last word in dams for flood prevention.

Reservoirs are often accompanied by both levees and channel control; projects involve both. While the detention reservoirs are the outstanding features of the Miami conservancy project, yet a considerable part of the project is composed of levees and channel improvement. Flood control does not mean levees alone, or channel improvement alone, or reservoirs alone.

Flood control must not be confused with conservation works. The growing of grasses and the management of land and soil erosion will retard floods; they will supplement flood-control works. The planting of trees and the maintenance of forests will help to keep back the waters; they will aid flood-control works; each has its own proper place. I know of no single remedy. All possible solutions must be explored. Power, navigation, and water storage have their place. Forestry and conservation cannot be ignored.

FLOOD-CONTROL INVESTIGATIONS

In 1927 and again in 1928 Congress made provision for thorough investigations for flood control, navigation, power, and reclamation. The Corps of Engineers were directed to report on the principal streams of the country. In 10 years the Corps of Engineers have made the most comprehensive surveys of the water resources of the country ever undertaken. At a cost of $12,000,000 more than 200 streams have been investigated for flood control, irrigation, navigation, and power. The Corps of Engineers were thus prepared to recommend projects to prevent a recurrence of floods along the Connecticut, the Merrimac, the Susquehanna, the Monongahela, and the Allegheny Rivers, after the floods of 1935 and 1936.

The Corps of Engineers, after the great flood of 1937, submitted a comprehensive plan for flood control for the Ohio and Mississippi Rivers and their tributaries. It contemplates a long-range program; it contemplates reasonable appropriations over a period of from 10 to 20 years; it provides for the construction of 45 flood-control reservoirs along the tributaries of the Ohio River. It provides for the building of 24 reservoirs along the tributaries of the Mississippi River; it provides for the construction of levees and flood walls to protect the cities and towns in the Ohio Valley;

it provides for conservation works; it contemplates that reservoirs should be under the supervision and direction of the United States and that all hydroelectric power should be utilized for the benefit of the public. A bill to carry out the recommendations of the report should be passed by the next session of Congress.

CORPS OF ENGINEERS FOR RESERVOIRS

It has been erroneously stated that the Corps of Engineers oppose reservoirs for flood control. Antagonistic interests have repeated the statements. Reservoirs have not been opposed, but they have been given their rightful place; they have been recommended where they would promote flood control; they have not been recommended where they would not afford protection.

The 14 reservoirs in the Muskingum Valley are being constructed by the Corps of Engineers. The Fort Peck Dam, the Bonneville Dam, and the Tygart Dam have been constructed by the Corps of Engineers.

The Army engineers have given the facts. An empty reservoir is essential for flood control. A full reservoir is necessary for a constant head for the development of power. Where power can be developed in reservoirs the Corps of Engineers recommend that provision be made for power. Probably the largest power development in recent years is the Bonneville Dam on the Columbia River, constructed by the Corps of Engineers.

NATIONAL POLICY

After years of bitter experience and after a long and difficult campaign, in 1936 Congress adopted and declared for the first time a national flood-control policy. Existing Federal agencies were utilized. The oldest Federal bureau dealing with the improvement of rivers is the Corps of Engineers of the United States Army. National forestry has been administered by the Forest Service of the Department of Agriculture; the Soil Conservation Service has been administered by the Soil Conservation Service of the Department of Agriculture. Under the policy laid down, Congress placed flood control and allied works under the supervision of the Corps of Engineers, and it placed such related works as run-off and water-flow retardation under the Forest Service and under the Soil Conservation Service.

It has been but little more than a year since the national policy was adopted, but the agencies vested with the execution of the policy have been tested; they are not experiments. Some 270 projects in two-thirds of the States of the Union, with an authorization of $300,000,000, were embraced in the act of 1936, but we have done no more than scratch the surface in the execution of the national flood-control policy.

In the act of 1936 there is a place for the prevention of soil erosion, for stream flow, land management, water-and-land conservation. We have made a proper beginning. The Flood Control Act of August 28, 1937, expands and enlarges the policy first adopted in the act of 1936. There is no conflict between the War Department and the Department of Agriculture. There is no conflict between downstream works and upstream land management—the one reenforces the other; they are integrated and they cooperate and coordinate. The agencies that plan land management should execute the plans and the agencies that plan flood-control works should build them.

EMERGENCY PROJECTS

The Flood Control Act of 1937 provided for emergency construction in the lower Ohio River Basin. The comprehensive program was continued until the next session of the Congress. Twenty-five million dollars was authorized to be expended in the lower Ohio Basin in the fiscal years 1938 and 1939. The authorization is inadequate. The comprehensive plans submitted by the Corps of Engineers contemplate the expenditure of $800,000,000 over a series of years. The direct and the indirect losses of the flood of 1937 alone will exceed the total authorization. The act of 1937 provided for soil-erosion-prevention studies and investigations along the streams where flood-control works had been previously authorized. Upstream planning is to supplement downstream works and the act of 1937 is a progressive step in the right direction. The act contemplates the allocation of some $12,000,000 for projects for river walls and levees but no projects have been released by the President. The local people have voted bond issues. Works should be begun at once.

TITLE OF RESERVOIRS

There has been misunderstanding and misinterpretation of the act of 1936 respecting the title of reservoirs. There should be a clarification of the act and a definite statement of the policy of the Federal Government. If the title to reservoirs for flood control is to be vested in the Government of the United States the United States should pay for the lands and for the flowage rights and should provide for the maintenance of the reservoirs. Moreover, other clarifying amendments to the Mississippi Flood Control Act of 1936, as well as to the Omnibus Flood Control Act of 1936, are imperative. The President of the United States, in transmitting the report of the Chief of Engineers on the Ohio and Mississippi Rivers to me as chairman of the Flood Control Committee on April 28, 1937, stated that the title to lands and flowage rights in diversions and floodways should be in the Government of the United States.

The $25,000,000 authorized for emergency projects in the lower Ohio Basin is utterly inadequate for flood-control measures in the Ohio Basin. The country expects the administration at the next session of Congress to pass a national flood-control act to provide for adequate flood control not only along the Ohio River, not only along the lower Mississippi River, but along the other principal rivers of the United States. Flood control is not static; the problem is continuous; it is progressive. Changes are constantly occurring along rivers. Bars are forming at the mouths of harbors. Flood control and navigation works will ever be among the outstanding internal improvements of the United States.

NAVIGATION

The Mississippi Flood Control Act of May 15, 1928, authorized appropriations aggregating $325,000,000, approximately $100,000,000 of which was in aid of navigation. The act of June 15, 1936, amending the act of May 15, 1928, authorized an appropriation of $272,000,000, of which $72,000,000 was for navigation works.

The Mississippi River is the longest navigable river in the world. Some $200,000,000 have been expended by the Government in making the Ohio and its tributaries navigable. The Missouri is being made navigable. The upper Mississippi River is being improved. The Mississippi River is not only the longest navigable river in the world, but it is the most important navigable river in the country. For 300 miles above its mouth it has a channel of 30 feet. Ocean-going vessels are accommodated all the year around. Flood control works promote navigation—they go hand in hand.

It is interesting to recall that the total tonnage along the Mississippi River in the very heyday of steamboat activities and prior to the advent of railway competition, in 1889 was around 6,000,000 tons. The annual tonnage is now some three times that amount. The tonnage along the Monongahela River in 1936 was 25,354,000 short tons, while the tonnage that passed through the Panama Canal was but 30,645,000 short tons.

Flood-control works are not only continuous; they are not only progressive but they should be flexible. The authority to improve navigation has been of great aid in the execution of the adopted projects, especially along the lower Mississippi River.

PLANNING AND REGIONAL AGENCIES

New proposals for flood control have been made. New agencies are being advocated; a new policy has been proposed. A type of regional administration patterned after the Tennessee Valley Authority is being advocated. Eight administrative authorities are suggested. Each would be an independent branch of the Federal Government; each is intended to function as an operating and administrative agency. Lump-sum appropriations would be made by Congress to each regional authority. Under the new proposal flood control would not continue as a national policy; navigation would not continue as a national policy; forestry would not continue as a national policy; soil conservation would not continue as a national policy. Each would be delegated to a regional board. The new proposals would scrap the Flood Control Acts of 1936 and 1937 before they had been really tried. The gains in the campaign for flood control would be thus sacrificed. All of the regions that suffered from floods supported the policy of the act of 1936. Instead of attempting a new policy involving new governmental agencies, relationships, and varied objectives, I believe that the wiser course is a united and concerted attack on the flood problem by established, existing, and experienced agencies.

NATIONAL ADVISORY BOARD

I can understand the position of the President of the United States when he sought the aid of planning agencies for public works during the emergency. The idea of the President for advisory or planning agencies in normal times at the time proposals are under consideration has apparently been appropriated by designing agencies who would convert the planning agencies desired by the President into administrative authorities, which I understand he opposes. I always oppose the compromise of principle, but there may be a compromise of policy. It is fundamental that the Congress of the United States should approve projects. Both the Executive and the Congress are entitled to full advice; adequate planning is essential. The representatives of the people who levy taxes should have a voice in the allocation and location of projects. The advisory or planning agencies can best be utilized in the consideration of authorization measures. Congress will not consent to lump-sum appropriations, nor to the abject surrender of its power to approve and adopt projects.

The first national flood-control act was passed during the administration of President Franklin D. Roosevelt. No President has ever been more sympathetic with better land uses and improved land management. No President has ever been more cooperative in soil-conservation practices and in the expansion of the Forest Service. It would be most unfortunate if the gains of flood control during the present administration were sacrificed by a program that would hinder and delay, if not prevent, flood-control works.

Flood control is national, conservation is national, navigation is national; they are not regional. It would therefore, in my judgment, be unwise to establish seven or eight regional administrative boards, where seven or eight policies might obtain respecting flood control and navigation in the United States. There might be one policy of local contribution in one region and another policy in another region. I favor adequate planning; I advocate full reports. I believe that better coordination can be obtained by the establishment of a National Advisory Board. Such a board could be established by Executive order or by statute. Integration and

coordination should result from a combined report of plans and works.

Plans are made by existing governmental agencies. Plans for flood control and navigation have been made by the Corps of Engineers. Planning is in response to legislation passed by Congress. Congress directs that rivers be studied and that reports for improvements be submitted. If the work of the Corps of Engineers is satisfactory, their work should be enlarged and expanded. If the planning of the Corps of Engineers is unsatisfactory, the flood-control plans should be transferred to other agencies. But the remedy is not to duplicate. Moreover, if the Corps of Engineers make the plans, they are best qualified to execute them. A new agency would create confusion in both planning and execution.

Planning for reforestation and planning soil conservation are done by the Department of Agriculture. Again the remedy is not to duplicate but to strengthen and enlarge existing agencies.

The Treasury Department supervises generally the public-building program of the Nation. Another agency not only would result in inefficiency but in waste and extravagance.

The Bureau of Public Health Service is under the supervision of the Treasury Department. Plans respecting public health by a new agency would be worse than duplication.

The Federal Power Commission should enforce the power policy of the Government. The Commission can supervise the disposition of all power generated at any dam. The consumer and the public will be protected. Additional power agencies are unnecessary.

Reclamation work is now done by the Department of the Interior. If the Bureau of Reclamation has failed, it should be abolished. On the other hand, if the Bureau has succeeded no new agency for reclamation is necessary. An additional agency would be both unnecessary and expensive.

The retention of existing agencies and the establishing of additional agencies would result in conflict. Existing agencies should be coordinated. Under the Flood Control Acts of 1936 and 1937 the work of the War Department and the Department of Agriculture are coordinated. They are integrated. There is no conflict. There might properly be closer relations between the two Departments and the other departments engaged in public works. The plans of each Department for public works could be better integrated. In lieu of the proposed regional planning agencies and in lieu of the proposed power authorities, I propose a National Advisory Board, composed of the Secretaries of the Treasury Department, the War Department, the Interior Department, the Department of Agriculture, and the Chairman, Federal Power Commission.

There would be no large outlays of public funds. There would be no increased cost of government. The heads of the existing agencies could be utilized. All of the eight regions of the United States would be considered. All would be given similar treatment and receive the same consideration. The public work would be coordinated.

Reports by the proposed National Advisory Board covering plans and improvements for flood control, reclamation, navigation, public health, and public building would be submitted to the President and to the Congress. There would thus be a complete picture of the internal improvements of the country.

ADVISORY INTERDEPARTMENTAL AGENCY

The advocates of flood control, navigation, reclamation, power, and public health submit their requests and make their demands for appropriations. The Director of the Budget, as the representative of the Chief Executive, is entitled to full information not only respecting the plans but also the estimated expenses of the plans for all internal improvements. There might properly be utilized and set up in the office of the Director of the Budget an advisory board consisting of specialists on flood control, on rivers and harbors, on public buildings, on forestry, on soil conservation, on reclamation, on public health, and on Federal power. This board would be composed of experts in their line. They could weigh the requests made by the public and by the executive departments. These experts should be experienced in planning and execution. They would be familiar with the problems; they would represent the taxpayers and the departments.

The Director of the Budget could utilize their services in submitting his recommendations to Congress. He could reconcile conflicting demands and thus protect the public interests. The internal improvements of the country would be promoted without the establishing of new independent agencies.

PUBLIC BUDGET

The country is face to face with a crisis. The balancing of the public Budget is being advocated by the President of the United States. I will gladly continue to support the policy. The establishment of seven or eight regional or planning advisory boards with lump sum appropriations and with no reports or supervision by existing executive departments, in my judgment, is not only a sorry way to balance the Budget, but an unnecessary public expenditure. If advice and planning are needed, there is a better way. I believe the course which I have proposed of establishing a national planning board is a reasonable compromise of the conflicting interests. One mistake does not justify another. The utility companies in some cases robbed and plundered the American people. I gladly supported the program of the administration for the regulation of utility companies. It is my view, however, that their regulation has had much more to do with the reduction of power rates to the consumers of the Nation than the yardstick established by the Tennessee Valley Authority, which I have also gladly supported as a great social experiment.

CORPS OF ENGINEERS

The President of the United States in the relief and emergency appropriations has utilized the Army Engineers. They have constructed the principal reservoirs for flood control and for navigation. The reports and the recommendations of the Corps of Engineers have been followed by the Mississippi Valley Committee and the National Resources Committee in reports submitted by them. The difficulty with too much planning is that it is theory. The Corps of Engineers are practical; they have had experience. I believe that flood-control work and river and harbor work should remain under the supervision of the Corps of Engineers and that the Corps of Engineers should remain under the direction of the War Department and the War Department alone, subject to the direction of the President of the United States.

The Corps of Engineers have an organization in all of the 48 States. The district engineer plans and also constructs. His report is submitted to the division engineer. The division engineer forwards the report with his recommendation to the Board of Engineers for Rivers and Harbors. The Chief of Engineers makes the final decision. In public works, as in government, there must be an executive with the final say.

The work of the Army engineers is their monument; they are efficient; they are honest; they are patriotic. They represent no group or section. They serve the country and the people. Whatever may be said of other departments at a time when publicity and publicity agents abound in the Capital of the Nation, it must be said that the Corps of Engineers have no publicity agents. The taxpayer gets a dollar of service for every dollar spent by the Corps of Engineers. I believe that I speak the sentiment of the Congress when I say that they will refuse to strip the Army engineers of the functions now exercised by them. Congress will insist upon flood-control and navigation works being planned and executed by the Corps of Engineers.

FLOOD-CONTROL BILL IN 1938

As I have indicated, the next Congress should provide a comprehensive flood-control program; existing legislation should be enlarged and expanded. It is imperative that provision be made for the protection of the Ohio Basin. From the earliest days of the Republic it has been regarded as a great empire. Its forests, its fields, and its unlimited mineral resources afford opportunities for marvelous development. The industries along the Ohio and its tributaries exceed those of any other river in this or any other country. That development must not be retarded or destroyed by floods. Protection should and will be given to the other great valleys of the Nation, as recommended by the Chief of Engineers.

There were floods along the Ohio River when Columbus discovered America, when Yorktown fell, and there were destructive floods in 1937. There were floods along the lower Mississippi River when De Soto was buried in its bosom in 1543. There were great floods in 1927 and in 1937.

A great flood can only be compared to the advance of a mighty army. Hundreds of thousands in the Ohio Valley were driven from their homes and their farms by the onward sweep of the yellow waters in 1937. We sent the flower of American manhood across the Atlantic in 1917 to make the world safe for democracy. We expended billions of treasure. What has the United States of America done about making the Ohio Valley safe for American citizens? What will the Congress of the United States do about making the Ohio, the Mississippi, and the other valleys of our great country safe for American citizens?

The Ohio River is practically without flood-control works along the main stream and along its chief tributaries. There are no flood-control improvements today along the Monongahela River except on the Tygart River, and none along the Allegheny River, nor are there any flood-control works along the Connecticut and the Merrimack Rivers in New England.

The public knows the loss of life and the staggering havoc wrought by recent floods. The story of devastation and destruction should appeal to Congress as it has appealed to the country.

I know of no more satisfactory way to spend public funds than to provide for protection from floods. In addition to providing for protection flood control works, and especially reservoirs, provide for conservation, reclamation, and where practicable, the development of hydroelectric power, which should be disposed of for the benefit of the public. I believe that the Federal Government should pay the costs of reservoirs especially where two or more States are affected or where the benefited areas are contributing at present to flood control protection.

I like to think of America not so much as a land of banks and factories; not so much as a country of great cities and magnificent buildings, but as the home of the greatest and best people in all the world. The first duty of the Government is to protect the lives and property of its citizens. I believe in public works. They obtain in all progressive countries. I sympathize with the problem of unemployment in the great cities and populous communities. If the problem is to be solved, many workmen must leave their present places of abode. The Panama Canal was not constructed by those who lived in the vicinity of that monumental improvement. Laborers were transported for the work. The transcontinental railways in the United States were not built by those who lived on the plains and in the mountains. Here again labor was transported. Unemployment in the congested

centers was relieved. Permanent public works will provide for unemployment. Public funds will not be dissipated or wasted. Permanent improvement will result.

The rivers and the lands are the principal material foundations of our civilization. Our rivers are larger and our floods are more destructive than in other countries. The mastery of the problem will, therefore, be without a precedent in human history. The costs will be great, but the savings will be greater. Policies of national flood control, as well as policies of forestry and conservation have just been begun. These policies should be tried before they are abandoned; they were not established without opposition; they cannot be maintained, nor can they be advanced without successful leadership. Progress usually springs from necessity rather than from wisdom. It took the War of Independence to establish the Republic; it took the War between the States to provide for the abolition of slavery; it took the great flood of 1927 in the lower Mississippi Valley to provide a national flood-control program along the lower Mississippi River.

The people of the United States will not have suffered in vain if an adequate flood-control program is adopted to prevent a recurrence of the deaths and destruction of the great floods of 1935, 1936, and 1937.

Bonneville and the Northwest

EXTENSION OF REMARKS

OF

HON. NAN WOOD HONEYMAN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 23, 1937

ADDRESS BY J. D. ROSS, ADMINISTRATOR OF BONNEVILLE PROJECT

Mrs. HONEYMAN. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include the following address by J. D. Ross, administrator of Bonneville project, before a Portland mass meeting November 12, 1937:

(1) BONNEVILLE FOR ALL

Let us all adopt as our first principle that Bonneville power is for everyone who is logically within its proper radius of service.

Every great financial venture must be humanitarian in the last analysis, or else it is not worth building. If it is worth building, it will be able to pay back all indebtedness.

The building of Bonneville is a humanitarian act. I believe I voice the opinion of everyone who studies the matter when I say that we all want to see all the indebtedness of Bonneville paid back.

The question then becomes twofold: How can we satisfy the ideals of the humanitarian work, and how can we best pay our interest and redemption costs?

It so happens that the answer to one is the answer to the other; namely, the widest use of electricity. This reaches the greatest number of people, and at the same time it loads the plant most quickly and makes it self-supporting. Then as it pays back its indebtedness, rates will continually drop.

(2) CONSTRUCTION COSTS

Bonneville's power cost is not yet known.

The locks are for navigation altogether and will be borne by navigation.

The power house and generators are strictly for power purposes and will be borne as the costs of power.

This leaves the cost of the dam itself to be divided partly for navigation and partly for power. This allocation under the Bonneville bill is left to the Federal Power Commission.

The total cost of the construction at Bonneville so far is given at about $50,000,000, including two units at present installed in the power house, each having a capacity of 43,200 kilowatts, and it is planned to add eight more of the same size, making a total of 10 generators with a capacity of 432,800 kilowatts. The cost of that part of the construction for purely power purposes, for the 10 units, is estimated to be about $32,000,000.

To get the total cost allocated to power, there must be added to this amount that portion of the dam and fish ways allocated for that purpose by the Federal Power Commission.

(3) FIXED CHARGES

As soon as the Federal Power Commission makes this decision, the Administrator will take their figure and on it take a rate of 3½-percent interest charge. To this will be added 1.183 percent to cover amortization of the capital cost in 40 years.

The life of the plant, on account of its heavy construction, reaches very far into the future, so the amortization of the capital cost in 40 years is a much better figure than the depreciation charge so often marked on the books but never applied for the purpose for which it is intended.

The total of the fixed charges, equalized over the 40 years, will then be 4.683 percent of the capital cost.

(4) OPERATING COST

The operation of the Bonneville generating plant is given to the Army Engineers, under the Bonneville Act. Their estimate of the operation cost for renewals, operation, maintenance, and management for each year totals, for the present plant of two machines, $279,200. When six generators are in operation later, this figure will be $533,500, and when all 10 machines are in operation, will be $771,500.

This will be added to the fixed charges to give the total annual cost of operation.

(5) RATES

It is desirable that the schedule of rates for light and power will be so simple that everyone can understand it. These rates will be at the gates of the cities, power districts, and power companies, as the case may be. They will be wholesale rates. It is not intended in the act that current will be sold to individuals in a city or district.

It is intended that the people shall distribute their own current, either directly through district and municipal plants or through their private companies, as they determine.

In this distribution I am speaking of the retail distribution to the inhabitants after the Federal Government has transmitted the current to your gates.

This will leave the question of taxation in the hands of the people themselves.

I believe that the tax which any district may impose should be limited to a fixed percent of its gross revenue and that this stipulation should be embodied in every contract.

The object of the Bonneville plant is to bring cheap power to those who pay for it and thereby make Bonneville possible.

The object is not to make tax free cities or districts.

The whole question of rates and a proper tax that would be allowable will be the subject of careful thought by the Administrator and will be decided only after consultation with others here and with the Federal authorities in Washington. After the schedule of rates is made up by the administrator, the Federal Power Commission has the right to accept or reject the schedule.

Your administrator invites your opinions and suggestions on anything that you consider for the good of Bonneville and your service.

(6) RADIUS OF SERVICE

The question is often asked, how far can you transmit power? The answer, contrary to the general opinion, is not one of engineering but is one of finances.

You can transmit power economically to a point where you meet other power at an equal or a lower price. It goes without saying that the closer the market is to the power plant the more logical it is to load up on the close-by market as far as possible. If this does not take more than a part of the plant output, the lines must reach out further until the plant is loaded.

We must keep in mind that the final goal is the lowest possible rate, and that can only be produced when the plant is as fully loaded as possible.

There are other factors which enter the question of Bonneville power. The cities along the Columbia, such as Portland and Vancouver, have a very considerable obligation to the people along the upper Columbia, for the farm produce naturally comes down along the Columbia and is a tremendous asset to these cities.

These great power plants and the development of the Columbia are making this the natural outlet to the sea. These cities, therefore, must not be provincial and want to see the Bonneville power distributed only locally, but they should help in every way possible the valley people, for the two reasons mentioned, namely, to load the plant and get lowest rates for themselves and also to help the prosperity of their hinterland.

To accomplish both of these objects, an inter-tie transmission line should be built as soon as possible between Bonneville and Coulee.

Bonneville in the intervening years could reap a tremendous harvest from the Coulee area, and by the time Coulee comes in, the demand in Portland and southern cities and districts, and throughout the whole of Oregon, will have increased so far that practically all of Bonneville power will be used in southern Washington and Idaho, and throughout Oregon.

There is no conflict between Coulee and Bonneville. They both belong to the Federal Government. It would be absurd that two Federal projects would have transmission lines passing each other, to serve in the other's territory. The day is rapidly coming when these two great plants, and others to be added later, will make up the Columbia system, and power will be sold from it as a system and not as a power plant.

(7) MARKET

Much propaganda has been put out to the effect that there is no market. Here are the facts, and they should convince anyone.

The demand for power in western Washington has doubled every 5½ years, except during the last depression, and now the coming years must make up for that depression.

There is at present a combined demand in Washington of a million kilowatts from existing plants, and in Oregon 368,000, and in Idaho 250,000, or a combined demand of 1,616,000 kilowatts in the three States tributary to Bonneville.

Where is all of this power to come from? If we put in the whole 10 machines at Bonneville, it would be less than one-third of what will be needed in the next 5 years.

Let us hope for the earlier coming of Coulee.

The answer is, the full demand will probably be far from available.

The fact is that we are entering the electrical era, and the expansion is so rapid that even those familiar with electrical work are astonished at the growth. We must think in terms of the future, as shown by the extension of what the past has accomplished.

(8) PUBLIC DISTRICTS

Sixteen counties of Washington State have already formed into public districts. These alone, in the next few years, will require one-quarter million kilowatts of the machinery at Bonneville.

The Bonneville law requires that half the power be set aside for a reasonable time for public power districts. This quarter million kilowatts is more than half of the Bonneville plant with all 10 units installed.

(9) PRIVATE POWER COMPANIES

The private companies will, under the act, get the same price as the districts or cities, but their contracts will be drawn for only 5 years. However, it is reasonable to assume that rates will not be raised, but instead, will be continually lowered, and it will be very much better business to install more power than to stop any contract.

The administrator will bring the power to your gates. But your administrator will not distribute the current from your gates to your homes and business places. That must be done by you, through your public districts or municipal plants, or through your private power company, as you desire.

As to the rates that the private power companies will charge, it is sufficient to say that their destiny is in their own hands. Their success will depend on the rates they give, as compared with those of the public districts and cities.

(10) THE FARM

Electricity is a slave that never tires. It brings the lowest cost of farming, and the farm and home are the backbone of the Nation.

The rates must be so formed as to stimulate, as far as it is possible to do so, irrigation by pumping, either direct to each farm or by pumping into reservoirs and supplying small areas by gravity from such reservoirs.

In the home, the slave that never tires is again ready to make life more livable.

(11) MINING

Particularly in the Northeast, mining can be made a wonderful asset to the Northwest, and rates should be such as to stimulate it. This in turn will later bring smelters and refineries of various kinds, close to the mine.

(12) PULP AND PAPER

On the coast the pulp and paper industries are rising to considerable proportions. The fact that the raw materials can be grown in time makes this an inexhaustible industry.

The rates must assist in this long-hour load, and in all such loads where industry is found. And while we are talking of industry, let us keep in mind first those people who have put in our present industries and help their prosperity as far as possible.

(13) INDUSTRY AT TIDEWATER

This is a phrase that someone has coined in speaking of such industries as might cluster around the Bonneville Dam.

There are certain industries, such as the making of aluminum, which use comparatively little labor, but use great amounts of electricity. It is evident that the most ideal of these industries would be those that use considerable labor.

The plants were paid for by all the people of America, so the returns should be distributed as widely as possible. To put the entire Bonneville production into two or three such plants, as some advocated, does not fulfill any humanitarian ideal or any national service. It would not reduce unemployment, and it would not upbuild the Northwest, which is our great desire.

However, in making a balanced use, it is reasonable that 15 or 20 percent of the output of the plant can be put into such work, especially if the industries sought give a fair amount of employment. To this end I have already found industries up to 5,000 kilowatts ready to come, and I think probably 10,000 kilowatts more can be had.

In locating such plants near the dam, due regard should be paid to the preservation of the beauty of the Columbia Gorge. The beauty of the Columbia Highway is an asset that should be preserved in every way.

(14) THE YARDSTICK

To give you current wholesale at your gates for a few mills will not of itself bring down your rates to what they should be. Here is where your own part of the work begins.

You will see that the price at your gates is only a few mills, but the price in your home is several cents per kilowatt-hour—8 or 10 times more than you pay for the electricity at your gates. The reason is that retailing from house to house means small quantities at higher expense. The system of rates given you finally will be such as to help you reduce the distribution costs as far as possible.

(15) LONG-RANGE PLAN

In order that there be no lost money through temporary work we should develop a long-range plan in which all is coordinated and in which each step now taken would be a proper step in the whole plan.

This plan can be simple and effective. Bonneville and Coulee should be intertied as part of the Columbia system. The other plants on the Columbia River, to be built later, would normally fit into this system.

There should be a switching station, probably at Umatilla or Pasco, approximately halfway between the two plants. From this switching station a line would reach to Boise. From the Coulee a line would go over to Missoula. From Bonneville a line would go through Portland down as far as Eugene. This line would join other lines to be built when necessary, several years later.

That would tie in the municipal plants of Seattle and Tacoma, and would go southward into California to tie later with the plants all down the coast to Los Angeles.

This network at the present time should be built to operate at about 287,000 volts. As transmission distances increase, due to further developments of the art, the great plants of the Federal Government will be much more easily tied over long distances.

The Northwest would then have centers of distribution at Eugene, Bonneville, Umatilla or Pasco, Boise, Coulee, and Missoula. These points are, roughly, about 125 miles apart. From them would radiate lines at 110,000 volts and 60,000 volts, according to the necessity of the districts served. This would make the radius of transmission from these centers about 65 miles.

This 65 miles of the lower voltage lines is at present the subject of a good deal of discussion as to whether rates should be the same over these areas or whether they should be zoned and prices be higher 65 miles away than they would be closer in. This is a matter for careful study. There are arguments on both sides.

The arguments against zoning, giving a variation in prices, are:

First. The rate, until the plant is fully loaded, must be purely arbitrary, based on the assumption that at least a very large part of the plant is fully loaded.

Second. Both step-up transformers and step-down transformers are common to all districts and lines as a necessary part of transmission. The cost of the lines and the line loss will therefore be the only factors that could enter into zoning. This refers only to the towers and wires and right-of-way.

Third. Any attempt to zone into the Coulee district would only be met in a few years by a zoning against the Bonneville district, since Coulee is a much larger plant than Bonneville and will supply much of the southern districts after Bonneville is fully loaded.

Fourth. If zoning is used, it must be zoned only by the addition of actual cost, which would be comparatively small.

Fifth. Those closest to the plant claim that their rates should be lower on account of their natural advantages. Against this it must be remembered that the wholesale cost at the gates will be only one-eighth or one-tenth of what it will be in the home. The real work is not worrying about what the Government price will be, but rather, worrying about the seven-eighths or nine-tenths in the retail distribution that the people themselves must reduce as far as possible.

The question of a mill or a fraction of a mill cannot make a large difference in the home. The only place where a mill's difference would count is in large industry, and whatever industry comes, and depends on the lowest of rates, will be close to the plant anyway. The reasons given for zoning are:

First. That any added costs due to greater distance of transmission should be borne by the ones served with the longer line.

Second. It has always been the custom to zone, and the human race sticks to custom.

There is no big city of which I know that considers the distance of distribution a reason for higher price. For instance, in Seattle, a point 20 miles from the substation and on the other side of the city gets the same rate as one living in the shadow of the substation.

There are other considerations that enter into the question.

For instance, suppose a very large load and a small load situated the same distance from Bonneville. A large customer usually expects a big discount, and rightly so in most businesses, but in the case of electricity, the kilowatt-hours are all made in the same machine and transmitted over the same wire, and in this case, for the same distance.

If the hours of use per day are the same, the large and small consumer should get the same price, on the high-tension line.

If, however, the current is furnished on the low-tension side, there will be a difference in the price of the smaller transformer per kilowatt of capacity, and the larger transformers for the large load, the price being greater per kilowatt of the small transformer, probably about a dollar per kilowatt.

If, however, the current is used half the time, that is, a 50-percent load factor, each kilowatt will produce 4,380 kilowatt-hours a year. The carrying charge on the dollar difference at 5 percent will be 5 cents. If we divide 4,380 hours of use into the 5 cents, the result is practically negligible.

This points toward a much more uniform rate than is usually given, and will give the small communities a chance to develop.

(16) PERSONNEL

Every mail brings me a stack of applications for positions on the Bonneville staff; in fact, so great and so sudden has been the deluge that it has been impossible to answer them until the office was set up, and they are being answered at the present time.

There is a very great misunderstanding in connection with the personnel required. It will be comparatively very small. The rank and file, under the law, must be taken from the United States Civil Service, and these must be drawn from existing lists.

The powerhouse, under the Bonneville Act, is to be operated by the Army engineers.

The next month or two must be largely spent in searching out the power market. Some of the power market comes to me, but I do not intend to wait for it. Quick action will bring us our low rates soonest.

The object of the Bonneville system is to give low rates to all the people, and every position in the personnel of the office or field will be what is absolutely necessary for the work. While this may not give as much employment as some might desire, it will in the end bring the greatest success and benefit all around.

The Government is trying an experiment this time, in the handling of these large plants, by appointing one administrator with sole responsibility. It therefore puts me up against the guns to decide yes or no. The administrator cannot "pass the buck", and all the mistakes made are his.

For this reason, the few men close to me in this work cannot be strangers, but must be those on whom I can rely as never having been found wanting.

I like the idea of a single administrator instead of a board. In centralizing authority, you centralize responsibility, and you get maximum speed on the work.

It is proper that legislative work be the meeting of many minds to pass the proper laws, but on administrative work, only one architect can design a building, and only one builder can manage its construction. You might as well manage every private business with a board, as to manage an electric system with a board. We might as well have a board at the head of every administrative department of the Government. You might as well have half a dozen mayors, police chiefs, or fire chiefs, in every city.

The sooner we come to a one-man administration in every municipal plant, the sooner they will reach success.

Fix responsibility on one man, and remove him if he does not keep faith, and help him if he does.

I appreciate your meeting me at this mass meeting as you have, and I appreciate your making the first meeting nonpolitical and nonfactional.

I will always be pleased to speak to the different clubs, granges, and associations, as far as possible. I sincerely hope you will pardon my inability to accept the large number of invitations that have been extended to me. The reason for this is because I wanted to get the work started. I will appreciate very much a second invitation later.

My great effort at the present time is to find all the available markets, and correlate them so as to know where the first transmission lines can be projected. To this end I invite your support and cooperation, and would like to confer with the power committees from the various clubs and organizations to get your wishes regarding power supply.

I would also appreciate any such information sent me individually.

The Roosevelt Depression

EXTENSION OF REMARKS
OF
HON. J. PARNELL THOMAS
OF NEW JERSEY
IN THE HOUSE OF REPRESENTATIVES
Tuesday, November 23, 1937

Mr. THOMAS of New Jersey. Mr. Speaker, in a rapid uninterrupted decline—piously called a recession—the New York Times weekly business index figure for the week ended November 13, which was reported on Sunday, was 90.6—against 93.7 a week earlier. This is also against a 1937 high of 111.2 on August 14.

Although the record of this index does not extend to 1920–21, it is certain that nowhere in our business history back to 1920–21 was there ever so precipitant a business decline recorded in a 3-month period as in that just completed. While this same index fell 48 points from the 1929 top to the 1932 bottom, it took 3 years to accomplish, or at the rate of 16 points annually.

In 1937 this business index has disintegrated over 20 points in exactly 3 months. In the decline which started in 1929 it took 14 months to lop off the first 20 points in the business index. In the last 20-point drop from August 1931 to August 1932 it took 12 months.

Causes of and Remedies for the Business Recession

EXTENSION OF REMARKS
OF
HON. DEWEY SHORT
OF MISSOURI
IN THE HOUSE OF REPRESENTATIVES
Tuesday, November 23, 1937

RADIO ADDRESS BY HON. DEWEY SHORT, OF MISSOURI, ON NOVEMBER 22, 1937

Mr. SHORT. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include my radio address over Columbia Broadcasting System network from Washington on November 22, 1937, as follows:

Today America is in the grip of another depression—a Roosevelt depression. During the past 2 months investment losses aggregating more than $30,000,000,000 have occurred. This approaches in magnitude the stock-market crash of 1929. Let no one think for a moment that only the rich have suffered during the past few weeks. Most of the losses affected endowments of schools, churches, hospitals, and other charitable institutions, the savings of the great middle class of Americans invested in life-insurance companies, and other similar associations.

The causes of the present downward trend of business, however, are quite different from those of the crash of 1929. The first depression was due primarily to the actions of the people themselves. Great building and real-estate booms, such as the one in Florida, inordinate gambling, and an orgy of speculative investment in stocks and securities, excessive installment financing, led up to the crash of 1929. But the present crash is due primarily to the action of Government in sponsoring unsound, uneconomic, and unconstitutional legislation, designed to help the "forgotten man," but inevitably leading to his destruction.

The loss of confidence in this administration is due to the Government's borrowing, spending, and taxing program, coupled with its unholy alliance with unlawful labor racketeering that has promoted class warfare and resulted in the closing of factories and the addition of more men to the ranks of the unemployed. This confidence will not and cannot be restored until we cease Government dictation, regulation, and competition with private enterprise.

Even the President of the United States now realizes the precarious predicament we are in, for in his message to the special session of Congress which convened last Monday he frankly admitted: "Since your adjournment in August there has been a marked recession in industrial production and industrial purchases." Perhaps "we planned it that way." And while he went on to say, "The present decline has not reached serious proportions," he continued, "but it has the effect of decreasing the national income, and that is a matter of definite concern."

Due to the excessive spending of the present administration and the incompetency and inefficiency of many of its agencies, this Nation is now bogged down in the quagmire of deficits and debts; and after this administration has done everything to destroy private business a wailing cry goes up for business to come to the rescue of Government. "Obviously," says the President, "an immediate task is to try to increase the use of private capital to create employment." Many of us rejoice that at last, after a 4-year attempt on the part of the New Deal to kill private enterprise, the chief New Dealer has discovered that business must support government and that government cannot support business. We agree with the President that "the ultimate answer to the conditions of today is a cordial and confident cooperation not only between government and every kind of citizen, but also between every kind of citizen and his Government." This, however, is just the thing we have not had, because when government destroys the profit motive it kills private initiative and cuts the nerve of progress. It "kills the goose that lays the golden eggs." What incentive is there to work and save when one knows that his earnings will be confiscated in taxes? Why build a business when forced to take orders from some distant bureaucrat that will destroy it? When will this government by remote control cease?

Right now the President is asking Congress to pass a wage and hour bill which will concentrate more power in a Federal board set up by him in Washington to dictate hours and wages; this never has and never can work in a free democracy. Because a board appointed by the President would have the power of life and death over both labor and industry; capital is not going to make investments or expand existing plants when Government regulations amount to strangulation. The administration also wants a farm bill that will impose compulsory control upon the American farmer, robbing him of his freedom of action and stifling his enterprise. This farm bill will only farm the farmer.

Again, Mr. Roosevelt wants to set up six more regional T. V. A.'s before the legality of the first is decided by our courts. It is reported that the President will soon confer with public-utilities executives, seeking an agreement on the fair valuation of utility investments, in order to get the public utilities of our country to expand their business. But how has the present administration cooperated with the utilities of our country? First, they established a T. V. A. to construct dams in the Tennessee Valley which have destroyed private utilities in that region—and the construction will cost the taxpayers of this Nation more than $600,000,000. Later, Secretary Ickes made grants and gifts to towns up to 45 percent of the cost of municipal steam-generating plants, loaning the remainder of the money to the municipalities at 4-percent interest to cripple the efficiency, the growth, the credit, and in the end to destroy existing privately owned utilities. Later the holding company bill with its "death sentence" further crippled and embarrassed this great private industry. Now, the fourth and final blow is being struck; Congress is asked to pass a bill blanketing this Nation with public power companies under Government regulation, managed by politicians who are willing and anxious to destroy the private utilities of this country.

This industry, long under-equipped, hesitates to make further investments when they know in advance that they will be destroyed by competing companies subsidized by the Government. In 1923 to 1930 the private utilities of this Nation averaged $800,000,000 per annum on new construction; in 1936 only $275,000,000. If the private utilities are thus destroyed, many of their 250,000 employees will be thrown out of work, $250,000,000 in annual revenue will be lost to the Government, and the $12,000,000,000 invested by more than 4,000,000 average Americans will be largely destroyed. The sad experience of this one industry shows how private enterprise has been seriously crippled and is threatened with destruction by Government competition, which taxes it to the point of confiscation in order to support government itself.

Residential construction is another important industry which has ceased to expand because it can no longer rest assured of reasonable profits. In 1925 to 1928 residential construction in 37 States averaged $225,000,000 per month, while in August 1937 the figure was only $73,000,000, due, no doubt, to the Greenbelts, Tugwelltowns, and other experiment stations financed by the Federal Government. This competition is serious enough, but the punitive National Labor Relations Board has added to the problems and worries of private employers. Established in order to settle industrial disputes, we have had many more strikes and labor troubles than we had before the passage of the Wagner Act.

Added to Government regulation, dictation, competition, and labor disputes is the awful burden of taxation now resting upon corporations in the form of the capital-gains and undistributed-profits tax. More than a mass of new legislation, we need to repeal some of the ill-considered, ill-advised legislation that has been passed by a spineless Congress under the whiplash of the administration during the past few years. The undistributed-profits-tax feature of the Revenue Act of 1936 is a perfect example of such legislation. Before its passage ample warning was given that it would work out just as disastrously and uneconomically as it has; but it was rushed through by administration stalwarts. Some of my listeners may recall that the Republican members of the conference committee which actually wrote the bill as passed were excluded from some of the executive sessions of the committee, and they refused to sign the conference report, stating on the floor of the House that neither they nor the Members of Congress, except a few majority leaders, knew what provisions the bill contained prior to the time they were obliged to vote on it. Today the bulk of mail received by every Senator and Congressman consists of letters from corporations and businessmen evidencing the complete failure of this principle of taxation.

Even the prompt repeal of the undistributed-profits tax would not immediately give confidence to business; it would be but the first step in the right direction. We can judge the future only by the past, and most businessmen are wary of the President's avowed desire for cooperation, because of the open hostility of the administration during the past 5 years. No one believes that he and his leftist advisers have changed in their objectives; all surmise that if any measure of recovery is brought about, the ax will immediately fall upon those who have helped to bring it about and we shall have another dose of "reform."

The greatest demand and the most important thing that this special session of Congress can do would be to forget the four pieces of legislation which the President demands that we pass, each one of which would concentrate more power in the hands of a single individual; recall our roving ambassador, Mr. Davis, from abroad; give Americans absolute assurance that we refuse to become embroiled in any foreign war; and then immediately repeal the tax on capital gains and undistributed profits. This would free business from the shackles that now enslave it, and allow corporations, both large and small, to make additional investments in plant improvement and expansion, increase the demand for capital goods, build up reserves for a rainy day, assure the employer a reasonable profit on his investment, and afford work for the unemployed.

It is now evident that the present administration's hostility to business has utterly failed of its purpose, that what prosperity we have enjoyed has been due to pump-priming and the spending of borrowed money that has placed a mortgage upon our future. The day of reckoning at last has arrived, and we might ask the President if he "planned it this way."

The Wage-Hour Bill

EXTENSION OF REMARKS

OF

HON. E. E. COX

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 23, 1937

RESOLUTIONS BY THE EXECUTIVE COMMITTEE OF THE NATIONAL COOPERATIVE COUNCIL, BY NATIONAL COOPERATIVE MILK PRODUCERS' FEDERATION, AND BY THE NATIONAL GRANGE

Mr. COX. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following:

Resolution on the labor-standards bill adopted by the executive committee of the National Cooperative Council, November 8, 1937

While we agree with those farsighted labor leaders who believe that the Black-Connery wage-hour bill will harm and not help wage earners, we oppose it for two other reasons.

We oppose it because of the large increase in farmers' production and distribution costs that must inevitably result if it becomes law. We protest against having these additional burdens placed upon farmers.

We also oppose it for the reason that if enacted into law it will be a long step away from a government by law and toward a government by men.

Stating the subject broadly, governments of the world are today divided into two classes: one class being those governed by law, the other that of those governed by men.

Of those governed by men, Russia, Germany, and Italy are outstanding examples. Of those governed by law, the United States and the British Commonwealth of Nations are outstanding examples.

The bill creates a board of five humans, as yet unnamed, who are vested with despotic power over all commerce and industry, and the millions of citizens engaged therein.

By the provisions of this bill the board is authorized to throw into the discard rules of evidence that have been evolved from experience during the ages while the door to relief by the courts is closed and locked. The board can prefer one commercial or industrial concern to another and can prefer one locality to another, the final result being to make commercial and industrial concerns subservient to a Government bureau in Washington.

This spells a government by men and not a government by law. It violates the spirit of democracy, and the spirit is its life.

We urge defeat of the bill.

Resolution adopted by National Cooperative Milk Producers' Federation, November 3, 1937

The proposed wage and hour bill, now pending in the House of Representatives, is, in the opinion of our federation, detrimental to the welfare of agriculture and labor. The bill proposes to set up a Federal board of five men with the power of life and death over agriculture, labor, and industry. The delegation of such autocratic powers to any group of men in America is contrary to the concept of democratic government.

We therefore urge the House of Representatives to defeat this proposed legislation.

Resolution unanimously adopted at the Seventy-first Annual Convention of the National Grange, held at Harrisburg, Pa., November 10–18, 1937

Whereas the Black-Connery bill passed by the Senate at the last session of Congress, and now pending in the House, is objectionable for the following reasons:

1. Because it would increase the price of commodities that farmers must buy without containing any provision for placing farm commodities on the same price level, thereby destroying any possibility of achieving price parity as between agriculture and industry;

2. Because its enactment would make it virtually impossible for the farmer to secure hired help at wages within his reach;

3. Because it would encourage employers to install more labor-saving machinery in their efforts to keep down costs of production, thereby throwing more people out of employment;

4. Because it would manifestly be useless for us to fix a minimum wage of 40 cents an hour, with a maximum of 40 hours a week, while permitting imports from countries where, in some instances, the going wage is as low as from 3 to 5 cents an hour;

5. Because those who would be thrown out of employment when any particular industry could not meet the requirements imposed by the proposed Labor Standards Board would become a burden upon the public relief rolls; and

6. Because it would be unwise to give an appointive board of five men such power over all the industries affecting interstate commerce: Therefore be it

Resolved, That the National Grange urges Congress to defeat this proposed legislation or any similar substitute that may be offered.

Stock Exchanges and Their Operations

EXTENSION OF REMARKS

OF

HON. FRANCIS T. MALONEY

OF CONNECTICUT

IN THE SENATE OF THE UNITED STATES

Wednesday, November 24 (legislative day of Tuesday, November 16), 1937

STATEMENT BY CHAIRMAN WILLIAM O. DOUGLAS, SECURITIES AND EXCHANGE COMMISSION, NOVEMBER 23, 1937

Mr. MALONEY. Mr. President, I ask unanimous consent to have inserted in the Appendix of the CONGRESSIONAL RECORD an interesting statement issued yesterday by Chairman William O. Douglas, of the Securities and Exchange Commission, making a reference to stock exchanges and stock-exchange operations.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

This Commission has reached a point in its administrative development where it has become imperative that an early decision upon the future course of our relations with national securities exchanges be reached. That decision, of course, rests between either a continuation (perhaps even an extension) of the past policy of leaving to the exchanges much of the regulation of their own business, or an immediate and more pervasive administration directly by the Commission of all phases of exchange business coming within the purview of the Securities Exchange Act of 1934.

Ideally, of course, it would be desirable to have all national securities exchanges so organized and so imbued with the public interest that it would be possible and even desirable to entrust to them a great deal of the actual regulation and enforcement within their own field, leaving the Government free to perform a supervisory or residual role. It is my belief that local self-government in the light of local conditions should be possible and could be highly efficacious within the meaning of the letter and the spirit of the act.

At the present time, however, I have doubts as to the desirability, from the standpoint of the public interest, of assigning to exchanges such a vital role in the Nation's economic affairs, before they adopt programs of action designed to justify their existence solely upon their value as public market places. I have always regarded the exchanges as the scales upon which that great national resource, invested capital, is weighed and evalued. Scales of such importance must be tamperproof, with no concealed springs—and there must be no laying on of hands. Such scales must not be utilized by the inside few to the detriment of the outside many. The importance of keeping them free from those elements which have in the past tended to distort their balance seems obvious. Furthermore, they frequently become generators of storms on the one hand or of intoxicating overconfidence on the other, which cause grave dislocations in unrelated parts of our economy. Such an important instrument in our economic welfare, affected as it is with so vital a public interest, must be surrounded by adequate safeguards. Yet it is also obvious that such restrictions must be consistent with the profit motive, which in final analysis is and must remain the driving force in our economy.

For these reasons it seems imperative at this time to reappraise the traditional methods of exchange administration. The evolution of exchanges has been from small groups of traders and brokers, to small private membership associations, to great public market places. Their public aspects have come more and more into the ascendency. It is essential that their organization keep pace with that evolution. This is especially true of the New York Stock Exchange.

Operating as private-membership associations, exchanges have always administered their affairs in much the same manner as private clubs. For a business so vested with the public interest, this traditional method has become archaic. The task of conducting the affairs of large exchanges (especially the New York Stock Exchange) has become too engrossing for those who must also run their own businesses. And it may also be that there would be greater public confidence in exchanges (and the prices made thereon) which recognized that their management should not be in the hands of professional traders but in fact, as well as nominally, in charge of those who have a clearer public responsibility.

As is well known, the Commission has in the past made a practice of permitting the exchanges to adopt as their own the rules governing the trading practices of their members. This method appeared to have two distinct advantages: First, it would permit the necessary elasticity required because of varying conditions on the various exchanges; and, second, it was thought that it would add the weight of the exchange itself as an enforcement agency having jurisdiction over its own members. It was thought that government might avail itself of this already established enforcement machinery. We were encouraged in this belief by the exchanges, and consequently not only invited exchange representatives to the drafting table, in these particular matters, but forewent entirely the adoption of any rules of our own in governing such practices. The net result is that of all the rules now in force governing the trading activities and practices of members of the New York Stock Exchange, in accordance with the requirements of the law, not one was formally adopted by this Commission. True, this adoption by the exchange was at the suggestion of the Commission but only after full consultation with the exchange. And in no case where the exchange refused to act did the Commission promulgate its own rule. In short, all of them are the exchange's rules, enforceable primarily by it.

That raises the question, which I have previously indicated, as to whether the exchanges have equipped themselves to continue in this important role and to be entrusted with even greater responsibilities in this direction. A vigilant, vigorous, and full-time enforcement of existing regulatory obligations is essential; but even more important is a progressive assault upon the roots of practices which make many of these rules necessary. That assault can be a joint venture of the Commission and the exchanges—and it is my hope that it will be exactly that.

Any realistic approach to the problems confronting exchanges must soon meet the question as to whether the exchanges should attempt to provide a livelihood for their present huge memberships. In short, are the exchanges attempting to feed too many mouths? The prolonged periods of great activity in the late twenties provided an income sufficient perhaps to justify a 25-percent increase in the membership of the New York Stock Exchange. But the vast changes which have occurred are well known. Not only was there a normal shrinkage in volume as the national speculative fever died down; but a very substantial portion of trading activity (the kind that bred more activity) was wiped away forever, we hope, when manipulation was outlawed. But the principal overhead of the exchanges—their membership—has never been reduced. It may be that, until such a deflation occurs, there will always be a substantial obstacle in the way of any attempt to reconstitute the exchanges as public market places. Certainly that kind of economic pressure is a great deterrent to the growth of realism in facing squarely the advent of governmental regulation.

The problem of the permissible field of operation of the professional trading member on the floor of the exchange for his own account is one which has long pressed for solution. The exact point at which the interests of the floor trader become inimical to that of the general public is the subject of widely divergent points of view, but there is substantial agreement that over a long period of exchange history these interests have not been coextensive. Any study of our markets over the past 25 years will reveal that there has always been present a tendency upon the part of the professional trader to accentuate a declining market by selling short for speculative profit at a time when public distress adds a factor of demoralization. That such activity has not died out with the advent of the act is evident from a consideration of the figures lately assembled by the New York Stock Exchange concerning trading in five leading stocks during a recent period of abnormal activity.

Those statistics show us that during the period under study members effected for their own accounts about 30 percent of all transactions in these stocks on the exchange. This figure, when compared with that of 21 percent for similar trading by members in all stocks during the period, indicates a further problem—the apparent excess of professional attention to the active stocks with a corresponding neglect of the inactive issues. Furthermore, in spite of the recent adoption by the two leading exchanges of rules covering member trading, the proportionate position of the professional in the market has remained more or less constant for more than a year and a half.

The proper readjustment of exchange trading practices in the interest of the public cannot overlook the problem of the specialist. To point to only two or three significant instances in our market studies which are by no means exceptional—on September 7 and 10 of this year, 2 days of spectacular price losses, members of the New York Stock Exchange in general, and more particularly the specialists, were heavy sellers on the decline. On September 7, when the industrial average declined 8.14, and the total volume of trading was 1,870,000 shares, the record of the members was as follows:

	Specialists	Other members on the floor	Members off the floor
Bought	176,300	95,600	67,105
Sold	219,500	129,300	107,775
Balance	−43,200	−33,700	−40,670

On September 10, when the same average declined 8.32 points and the turn-over was 2,320,000 shares, the record was:

	Specialists	Other members on the floor	Members off the floor
Bought	205,420	129,700	83,170
Sold	272,630	170,620	92,000
Balance	−67,210	−40,920	−8,830

In the same period, in contrast to those 2 days, on September 11, when prices recovered slightly, each of these member groups, particularly the specialists, bought heavily on balance.

Another period of widely fluctuating markets tells the same story. On October 18, when the largest decline of the year occurred in a 3,230,000-share market, we see the floor groups, particularly the specialist playing a vital role:

	Specialist	Other members on the floor
Bought	250,600	168,500
Sold	320,400	230,000
Balance	−69,800	−61,500

And with the volume at 7,290,000 shares on October 19, when the pronounced weakness continued until about 11 a. m., followed by a very sharp rally wiping out a great part of the previous day's losses, we see the following:

	Specialist	Other members on the floor
Bought	935,900	329,200
Sold	749,100	267,300
Balance	+186,800	+61,900

These figures serve only to fortify further the conclusion indicated repeatedly in our studies that members of the exchange trading for their own account—particularly the specialists—either create the daily price fluctuations or else contribute materially to their severity.

The force of this trading by members of the New York Stock Exchange for their own accounts is even more clearly indicated in another study now in process by the Commission. In 35 trading days between August 16 and September 25 this year 20 members alone accounted for 16 percent of the total trading in United States Steel common and 12 members accounted for 13 percent in General Motors common. Here we see how extensively the members tend to concentrate their activities in the stocks which are so-called market leaders—stocks the price movements in which undoubtedly have a tremendous effect upon the general trend of prices.

The most arresting data compiled in the recent New York Stock Exchange study, however, concern short selling. It is revealed that short selling represented as much as 31 percent of the total trading in one of these market leaders and constituted almost a quarter of the trading in all five stocks. Of this amount, 46 percent, or almost half of the entire volume of short sales, was that done by members for their own account. This striking fact constitutes an excellent example of the nature of some of the particular problems with which the New York Stock Exchange is presently faced. In fact, these figures as a group are a challenge to the validity of the common assertion that the existence of the specialist and the floor trader is justified on the basis of their stabilizing influence on the market, and their resultant benefits to the members of the public who enter the market. In a market in which there is such an enormous public interest—in which not only 300,000 small traders but 10,000,000 investors have a stake—it is essential that no element of the casino be allowed to intrude and that all such elements be obliterated.

One of the most important public considerations at the present time grows out of the great increase, in recent years, in odd-lot buying and selling. This type of trading, generally considered to represent the activity of the little investor, has reached a point where it now averages up to 21 percent of the total reported volume of transactions on the New York Stock Exchange. The problem is how to transmit accurately the net effects of this activity to a market in which the unit of trading—the only thing that appears on the ticker—is 100-share or round lots.

For the past year or so the actual purchases and sales by odd-lot customers have averaged from 16 to 21 percent of the total volume on the New York Stock Exchange. The record of these transactions shows that odd-lot customers were selling during almost the whole of 1935 and have been buying heavily on the balance in the recent decline. Yet, it rests almost entirely with the odd-lot dealer as to whether or not these important balances of purchases or sales are passed on the market. The odd-lot dealer may, if he wishes, fill the order from his own inventories. He does not always have to go into the market to buy or sell, and there are times when he does not and when, if he had, there might have been a beneficial effect on the market

There were crucial points in the movement of prices recently where odd-lot dealers failed to pass on to the round-lot market a substantial part of the support which their customers' purchases might have afforded. For example, on September 13, 14, and 15, when odd-lot customers' purchases exceeded their sales by 316,000 shares, odd-lot dealers in turn bought only 216,000 shares in the round-lot market, and supplied some 100,000 shares from their own positions. Again, on October 20, when odd-lot customers bought 570,000 shares more than they sold, odd-lot dealers in their turn bought only 328,000 shares on balance in the round-lot market, supplying 242,000 shares from their own positions. While some part of this balance undoubtedly was necessarily supplied from dealers' positions because positions in individual issues failed to total a full lot, nevertheless, the extent to which offsetting purchases were withheld from the round-lot market seems clearly to indicate that dealers in part were taking advantage of their odd-lot customers' buying to reduce their own long positions or increase their short positions in some stocks.

It may be argued that these are exceptional cases, but the fact remains that on the 3 days cited in September the odd-lot customer was disfranchised to the extent of nearly one-third of the net balance of his buying over his selling—the only part which could have contributed to the trend of prices—and that on October 20 over 42 percent of the net balance of his votes were not counted. And even under normal circumstances, day in and day out, the dealer holds hundreds and sometimes thousands of shares of public orders in individual issues wholly outside of the main current of prices.

This condition emphasizes the acuteness of the problem of how the buying and selling of this important group of small investors and small traders is to be given its proper influence in the creation of prices in a great public market place.

Of course, it is the province neither of the exchanges nor of the Commission to interfere with the basic trends of security prices, though it may be that we jointly have some responsibility to insulate the economic life and business morale—confidence—of the Nation against the severity of the shocks which have in the past been the unfailing accompaniment of violent shifts in the trends of security prices, so that the seismograph does not itself create the earthquake. Prices of securities should at all times freely reflect the ups and downs not only of the enterprise against which they are issued but of basic economic conditions. However that may be, certainly the entry of artificial forces, stimulating or accentuating a trend in one direction or the other, is of constant concern to the Commission, and it should become equally the concern of the exchanges.

These problems constitute a challenge to the exchanges and their members as well as to the Commission. It is a challenge which can only be met with progressive action, just as any public institution must meet the challenge of time and altered conditions. Such challenges must usually be met with change. In this case the changes called for should be a constitutional revision of the administrative and functional techniques of the exchanges. Perhaps this is the only way in which the exchanges may gain the public confidence necessary for them to be effective in performing important supporting roles in the administration of the Securities Exchange Act of 1934. For that reason it transcends mere matters of internal management.

From conversations I have had with many exchange leaders recently, I have gathered that certain technical administrative changes are being contemplated within the New York Stock Exchange. Such changes, involving as they well might, the introduction of a greater degree of public responsibility and independence from the many private and personal interests which are exclusively those of the membership, could indeed clear the decks for an approach to the more fundamental problems I have described. It should not be thought, however, that whatever changes may be made, either by the exchanges or by the Government itself, can possibly insure against the risks of loss which are an inevitable ingredient of any kind of human dealings in any kind of public market place. The insurance which we must seek can only be against unfair dealings and inequitable opportunity between public and member. To the degree that the changes I have heard discussed are in that direction, I wish to state emphatically that any such action will have the wholehearted and active support of this Commission; and I feel certain that it will also have the heartiest support of the investing public.

The Literary Digest

EXTENSION OF REMARKS

OF

HON. EDWARD A. KENNEY

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, November 15, 1937

Mr. KENNEY. Mr. Speaker, the Literary Digest is by friend and foe widely read in every State from Maine to

California. A weekly magazine, its issue of November 27, 1937, will today find its way to a host of subscribers and be available on the news stands of practically every hamlet of the country.

An outstanding characteristic of the Literary Digest is its timely devotion to matters of impending importance. Significantly, the current edition has chosen a propitious moment to present facts and circumstances of history which lead inescapably to the conclusion that if we are to aid business by lightening the tax load, and at the same time fulfill our obligations to humanity, Congress must forthwith revert to history and the efficacy of the things which history records.

Everybody should read the article by Samuel Taylor Moore appearing in this week's issue of the Literary Digest, the economist, banker, businessman, employer and employee, the aged, the unemployed, the indigent, the veteran, Federal, State, county, and city legislators, all should read the article dealing with the history of lotteries.

And then—and then, right away—everybody should do something about establishing a national lottery out of which would arise a fund of a billion dollars. A billion-dollar tax load would be lifted from the backs of the businessmen of the country. And yet—and yet there would be in the Federal Treasury each year for allocation to the States for their disbursement a billion dollars for any one or more of these purposes:

1. Relief of indigent.
2. Work projects for unemployed.
3. Old-age pensions.
4. Assistance to blind.
5. Veterans' homes and orphanages.
6. Crippled children.
7. Hospitals and medical care of poor.

What will you do, Mr. and Mrs. Reader?

Will it occur to you that if Congress stands idly by, a State lottery may quickly arise to become an illicit national lottery with money flowing into the State treasury from all over the country, with only that State reaping benefits to the exclusion of your State? And if you do nothing about it now, what will you do then?

Already Kentucky is threatening a sweepstakes law that will make the State a seat of a Nation-wide demand for participation in this lottery which will benefit only Kentucky. Will you or will you not impress upon the members of the Ways and Means Committee the necessity for national action to prevent such inequality?

The Ways and Means Committee of the House of Representatives is now engaged in the consideration of tax revision and simultaneously is figuring the way to a balanced Budget. A tax revision downward will mean a loss of revenue, and any revised tax budget to be balanced will in and of itself ignore the unemployed and the poor, aged, blind, and other unemployables.

Can your State, you of Pennsylvania, by State tax, handle the problem of the unemployed and unemployables? Then what are you going to do about it? Will you have your Representatives in Congress do anything about it?

Will you, Mr. and Mrs. New Yorker, want your State to be excluded from the benefits to be derived from a lottery conducted on a national scale by another State? You have the largest delegation in Congress, and what will you have your State's 45 Members do? Through a national lottery conducted by the Federal Government all States can share in the benefits. Will you have your legislators stand by with legislators from other States to mourn losses later?

What will you of New England do, and what will you have your Representatives in the United States Congress do, you who have benefited in the past and whose history is the history of lotteries?

You of Virginia who read the Literary Digest will recall the recent book, Twelve Virginia Counties Where the Western Migration Began, by John H. Gwathney. You know Essex County, where Capt. John Smith was perhaps the first to tread its soil. Historically, too, it is recorded that on May 4, 1792, the Established Church of St. Anne's Parish was preserved by repairs made from the proceeds of a lottery which was always fostered in Virginia during his lifetime by George Washington. What will you Virginians do and what will you have your redoubtable Congressmen do at your behest?

What will you of Oklahoma do, you whose land was opened up and settled by your forefathers by lottery? What will you of all the States of the Union do, including you of the great Northwest Territory where the first settlers, men of high moral character, religiously inclined and adhering closely to the tenets of the Ordinance of 1787, employed the lottery for necessities where funds were lacking from ordinary sources?

Remember, the President has steadfastly left to Congress, in the last analysis, the ways and means of raising funds for meeting Federal expenditures, ordinary and extraordinary.

What will you do, Mr. and Mrs. Reader, everywhere, and what will you have your Members of the United States Congress do for you and for our people?

International Peace

EXTENSION OF REMARKS

OF

HON. HARRY S. TRUMAN

OF MISSOURI

IN THE SENATE OF THE UNITED STATES

Wednesday, November 24 (legislative day of Tuesday, November 16), 1937

EDITORIAL FROM WASHINGTON POST OF NOVEMBER 24, 1937

Mr. TRUMAN. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the Washington Post of this morning on the subject of peace.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Post of November 24, 1937]

NO PEACE THROUGH PASSIVITY

There is much superficial appeal in the proposal that, except in the event of an actual invasion of American territory, the authority of Congress to declare war should be subject to the confirmation of the voters as expressed in a Nation-wide referendum.

The plan reflects the intense peacemindedness of the American people and their growing anxiety over present trends. The overwhelming majority of Americans oppose with might and main any participation on our part in military adventures abroad, now or in the future. Whatever jingoism there may have been in the United States in the past has long since disappeared in the growing revulsion against war. Indeed, it is safe to say that if all the peoples and governments of the world were as peaceful as our own, the threat of war would disappear like dew in the morning sun.

Unfortunately that is anything but the case. There are governments which still look to war as a most effective instrument of national policy and there are peoples who, reluctantly or not, can be regimented into war at the bidding of some dictator or military oligarchy.

There is abundant evidence of this. During the past 6 years the aggressors have been on the march. Manchuria, Ethiopia, Spain, China—the list of victims grows long. And there is no certainty that the tidal wave of international anarchy has run its course.

Quite the contrary. The timorousness shown by the European democracies in the face of the bluster and bullying of the dictators, the isolationism of the United States, have only increased the mounting danger of another world cataclysm. And in that cataclysm it will take more than an act of will by the American people, more than a misnamed neutrality law, more than a well-intentioned referendum against war to avert our participation therein.

This point was eloquently and effectively made by Congressman LEWIS, of Maryland, in his plea to cease giving aid to Japan, who without that aid, and the aid of other signatories of the Nine Power Treaty, could not continue its present aggressions in China.

But the Ludlow proposal is naive for reasons other than our inevitable entanglement in world destiny. It is based on the strange proposition that the representative form of government is inadequate in coping with the problem of war and it does so by raising the hypothetical bogey of a war-mongering President, determined, despite popular opposition, to plunge the Nation into foreign adventures.

If the United States should ever be so unfortunate as to have that kind of a Chief Executive he will be as little deterred by constitutional provisions as by the wishes of the people. In the meantime the fact remains that the men who wrote the Constitution saw to it that the conduct of foreign policy should be placed in the hands of an elected President.

Given his present powers to commit the Nation to a course of policy, it makes little difference whether any declarations of war are issued. And in any case these declarations are to an increasing degree being dispensed with by the aggressor nations. They strike first and declare war, if they do so at all, afterward.

It is not enough to love peace, nor even to legislate for it. Peace, in the modern world, cannot be the product of passivity. It can only be the result of active striving by all the peace-loving nations acting in concert. And of these the greatest and most powerful is the United States. As long as this Nation contents itself with the tactics of the ostrich the cause of peace will be more rather than less uncertain.

The Widest Use of Electric Power

EXTENSION OF REMARKS

OF

HON. GEORGE W. NORRIS

OF NEBRASKA

IN THE SENATE OF THE UNITED STATES

Wednesday, November 24 (legislative day of Tuesday, November 16), 1937

ARTICLE BY CLARK FOREMAN

Mr. NORRIS. Mr. President, I ask to have published in the RECORD an article by Clark Foreman, Chief of the Power Division of the P. W. A., on the Widest Use of Electric Power.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Democratic Digest for November 1937]

THE WIDEST USE OF ELECTRIC POWER

(By Clark Foreman, P. W. A. Power Division)

On his recent trip to the West President Roosevelt, speaking at Bonneville Dam, declared for a "policy of the widest use" in developing electricity. It was in Portland, Oreg., in 1932 that President Roosevelt made his famous Portland speech on power, and this speech he recalled at Bonneville, pointing out that the views which he expressed in the 1932 speech have "through the action of Congress become a recorded part of American national policy." The President has made it clear that he is determined that the policy of the widest use should become a part of the national policy. What, then, are the implications of such a policy as it will affect us in the future?

The problem of electric power falls naturally into three main divisions. First, generation of electric energy; second, transmission of the electric energy from the power plant to the distribution systems; and third, distribution systems, including not only those of the city but also the lines which take the energy to the farmers. As to the Government's part in the generation of electric energy, it is fair to assume that in the future it will be an extension of the same ideas which have been so successful already in the Tennessee Valley area. The regional planning bill will be considered during the special session of Congress beginning November 15. Although there are two different bills before Congress on this subject, they both provide for regionalizing the whole country so that we may have a planned development of our water resources. Planned locally in the regions by experts, the projects will then be submitted to the President for his approval and transmission to Congress. Only if Congress approves of the President's recommendations and allots the money will the developments take place. This is the best possible method of planning in a democratic country.

The dams which Congress will provide for in the future will no doubt be of a similar nature to those which have been provided for in the past. That is to say, they will have to be justified in terms of flood control as at Fort Peck, or navigation as at Bonneville, or through some other Federal power such as the necessity for military purposes, as was the case of the Wilson Dam on the Tennessee River. In most cases the dams will serve for both flood control and navigation, as do Grand Coulee, Bonneville, Norris, Wheeler, and many others.

The only controversial feature involved in this part of the problem is whether or not power should be generated from the falling water, which is an incidental part of most dams built for any of the other reasons. It is hard to see how anyone can seriously contest the wisdom of using this water, as the only other possibility would be to allow it to go to waste; and certainly we can ill afford that. Most of the problems arise after the energy is generated at the foot of the dam. The problem immediately becomes one of the disposal of this energy.

In some cases there are advocates of using all the energy at the site of the dam, which, if it is near a large city, would mean that that city would get an advantageous rate over the rest of the surrounding territory; or if, as in most cases, the dam is not near a city, it would mean the construction of large industries, and maybe a city itself, around the dam. This was the idea of some people in connection with the proposed harnessing of the St. Lawrence River. But, as President Roosevelt mentioned in his Bonneville speech, the State of New York was unwilling to allow this. A policy of the widest use has been established, providing for a fair distribution of this energy to the largest territory to which it could be economically transmitted.

Another controversy is caused by the desire on the part of many power companies to purchase all of the power generated at the dam and to eliminate Government-built transmission lines entirely. This has been a source of dissension with regard to almost all of the big dams, particularly those which have been built by non-Federal districts or authorities, such as those in Nebraska and Texas; but in most cases the decision has been that a wider public could be served by the erection of public transmission lines which would make energy available not only to the power companies but also to municipalities which wish to purchase it direct.

The Tennessee Valley Authority has constructed hundreds of miles of transmission lines for carrying energy generated at these dams. In Nevada the people of Lincoln County have organized the Lincoln District, which has borrowed money from the Public Works Administration for the purpose of building transmission lines which carry the energy from Boulder Dam into southern Nevada, making it available for mining and industrial purposes as well as for homes and farms which had hitherto been without benefit of electricity.

The opposition of the power companies to Government transmission lines has manifested itself most vigorously in the suit to enjoin the Tennessee Valley Authority, by 19 power companies. That suit will soon be decided by a special court of three Federal judges in Chattanooga. But the power companies have also sought to prevent the direct sale of publicly generated energy to municipal plants by asking the courts to enjoin P. W. A. from lending money to cities for the purpose of building municipal plants. At the present time there are 50 injunctions in the Federal courts, completely or partially preventing P. W. A. from assisting municipalities or other public bodies. The allotments which are thus being delayed in whole or in part amount to $57,305,817. These suits have been before the courts now for 3 years, and five different circuit courts of appeals have held in favor of the Government's position. The Supreme Court of the United States will consider cases involving several of these cities this December.

Twenty-two of the cities which are unable to receive money from the Federal Government because of these injunctions expect to purchase energy directly from the Tennessee Valley Authority. The position which these cities take is that the policy of widest use requires that the rates be as low as possible, and that the best way to get low rates is for the cities to eliminate all middleman profits, purchasing directly from the Government transmission lines. The effort of the power companies to prevent this and force the cities to continue to buy from them is the heart of the great fights which are now playing such an important part in the whole power question.

The great interest on the part of municipalities and other local public bodies in public power is clearly shown by the applications which have been submitted to the Public Works Administration. In the 4 years during which P. W. A. received applications 1,031 requested money for the construction of public power facilities. Some of these were for generating plants, some for transmission lines, and others for distribution systems or a combination of all three. The total requested from P. W. A. for these purposes was approximately $1,250,000,000. Of course, all of these applications could not be approved. Up to this time 282 electric projects have received allotments amounting to an aggregate of $124,281,556. One hundred and sixty-three have already been completed, but many of the others have been, and are still being, delayed by litigation.

The problem of distribution also involves the furnishing of electric energy throughout the countryside. The Rural Electrification Administration makes loans to public bodies and also to private power companies for the purpose of getting electricity to the farmers. It has already achieved striking results not only directly but through the stimulation which it has given to the power companies which were heretofore reluctant to go into a field where the profits are less glamorous than in industrial areas. The rate of extensions for farm lines is now about twice what it was in the so-called boom years of the twenties. The Rural Electrification Administration alone has contracted for $51,000,000 worth of rural line construction which will bring, for the first time, electric energy to serve some 150,000 rural families.

We have already had a taste of what the policy of the widest use may mean to this country. When all the sites for the economic generation of electricity are developed and this energy is made available to the entire surrounding countryside through transmission lines, to the public plants as well as to the private companies, and to the farmers through rural lines, we shall indeed have the widest use of electricity. And this will mean that electricity will be cheaper for all, as we have learned that the more electricity that is used, the cheaper it will be. Those who use electricity now will be able to enjoy many more of its benefits when all the people use it. The policy of the widest use calls, therefore, for the best and greatest use of electricity at the cheapest economic cost.

Vice President Garner

EXTENSION OF REMARKS

OF

HON. HARRY S. TRUMAN

OF MISSOURI

IN THE SENATE OF THE UNITED STATES

Wednesday, November 24 (legislative day of Tuesday, November 16), 1937

EDITORIAL FROM THE NEW YORK TIMES

Mr. TRUMAN. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the New York Times headed "Mr. Garner."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New York Times]

MR. GARNER

John Nance Garner was born on November 22, as near Thanksgiving as so modest and wise a person would choose to be. His countrymen can't help numbering him among their blessings this week. He holds playfully that the books have got the year of his birth wrong. They say it was 1868. He prefers '69. For us it is '69 until he selects some other date. Commemoration of his birthday should be a movable feast. Early to bed and early to rise has had its proverbial effects. On his anniversary Monday he was out of bed at 7:45 a. m.; into it again at 9 p. m.

He has been at Washington for nearly 35 years. There he is an institution. Young folks a little careless with their geography, yet with an instinctive sense of the higher proprieties, are apt to think of Uvalde as the capital of Texas. He has minded his own business perfectly. He has minded the Nation's affairs carefully and competently. The most correct of Vice Presidents, he never goes outside his province till he is asked. His steadfastness, his loyalty, and his sagacity have often been drawn upon to persuade and to reconcile. His hand in the councils of the administration and his party has often been powerful and always steady. As Speaker and as President of the Senate he has survived interminable talk. Silence is grateful to him and he loves it.

He can be patient with policies that he disapproves. A sort of Ben Franklin, he has no cobwebs in his brain. He can be exposed freely to fantasts and fanatics and keep the peace. It is lucky for his own that he is a philosopher. The felicitations of his colleagues drove him from the chamber. Politicians who habitually spread their ears upon the ground can admire a man given to forming his own opinions. Takers of the stage and posers to the gallery may wonder at a man who mutes himself and never goes on parade. Mr. Garner's countrymen outside the temple of the august have a real regard and fondness for him. American "sages" have been rather numerous, and some of them full of sawdust. Mr. Garner is the real thing.

He is wise by nature and long experience, without pretense, pedantry, or solemnity. He is a good man, an able man, full of humor, and a good fellow. If he doesn't make his years a round hundred, that will be the first time that he has disappointed the public hope.

Conservation Phases of the Government's Power Program

EXTENSION OF REMARKS

OF

HON. GEORGE W. NORRIS

OF NEBRASKA

IN THE SENATE OF THE UNITED STATES

Wednesday, November 24 (legislative day of Tuesday, November 16), 1937

ARTICLE BY HON. HAROLD L. ICKES, SECRETARY OF THE INTERIOR

Mr. NORRIS. Mr. President, I ask to have printed in the RECORD an article by the Honorable Harold L. Ickes, Secretary of the Interior, Federal Administrator of Public Works, and Chairman of the National Power Policy Committee, published in the New York Times on Sunday, November 7, 1937, dealing with the conservation phases of the Government's power program.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times of November 7, 1937]

To the extent that the Federal Government is generating electric power, it is doing so as an integral part of its program to develop and conserve our natural resources for the benefit of all the people. This larger job had to be undertaken by the Government because private industry, and this means the private power companies, is unable to do it. Navigation and flood control are not the concern of private enterprise. They are not, and in this country never have been, activities carried on for private profit. Making our great rivers productive routes of commerce and keeping them from destroying persons and property by flood, are peculiarly governmental functions. They require the resources of the Nation for their fulfillment and entitle the people of the Nation to their full benefits.

We have come to recognize that our great river systems may serve many different purposes if controlled and, if left uncontrolled, that they may become a continuing and increasing hazard to our national welfare. We have learned from experience that the exploitation of these rivers for private gain has not produced either the benefits or the protection which the people have the right to expect. Electric energy, though necessarily subsidiary to the large conservation program, is an important and economically inseparable part of it. No undertaking which fails to make the full use of the water properly deserves to be called conservation.

As far back as 1926, Mr. Owen D. Young, chairman of the board of the General Electric Co., spoke as follows before the annual convention of the National Electric Light Association:

"There is a class of water powers which, in my judgment, must be separately considered. No suggestion has yet been made which adequately meets their needs. Where vast rivers, either on international boundaries or within the United States, require development for several purposes, such as navigation, irrigation, and flood control, as well as for power, there arises a new kind of question which is wholly unrelated to the old controversy of Government versus private ownership.

"The discussion of this question has been clouded by the old animosities. The private-ownership people feel that if the Government has anything to do with the development of power in these composite situations it will be merely the starting point from which the advocates of public ownership will advance their operations. On the other hand, the public-ownership people feel that the privately owned companies which seek to throw dams in these great rivers and, incidentally perforce, take over the effective navigation, irrigation, and flood control, are so entrenching themselves in purely public operations as not only to make all thought of public ownership impossible but to create instruments of oppression rather than of service. While this debate goes on vast rivers go unharnessed for power, waterways are undeveloped, floods drown us, and droughts devour us.

"May I not call for a broader view in the public interest from the representatives of both the utilities and the public? Can we not find a way by which the sovereign powers of States may be recognized in the location, construction, and ownership of these tremendous structures in great rivers supplying governmental services as well as power?

"Perhaps the key to it is the control of water. After all, it is the water which is the agency of all. It is the water which must be stored to prevent floods. It is the water which must be drawn down to facilitate navigation and irrigation. It is the water which must be drawn down to create power. In my judgment, the sovereign power of the State should determine which of these needs is most important in the public interest from time to time. If the Government prefers to use water for navigation or irrigation rather than for power, I think it should have the right to do so without protest, much less opposition, from any private power company. But the water must be used.

"If power can be incidentally generated from the stored water, there can be no reason why that power should not go into and become a part of the power supply of the contiguous district within reach of economical transmission. Some plan will have to be devised by which the amount and continuity of the supply of water, at least as to minimums, can be determined in advance as the basis for payment. The absolute essential of an electricity supply is that it be permanent and continuous. Interruptions make it almost valueless. The practical engineering problem, in my judgment, is not difficult once we remove from the question the heated controversies, the prejudices, and the suspicions of an earlier day.

"Much has been made of the question as to whether these dams should be built and owned by the Government. If the dams really serve the great purposes of navigation and flood control, which are clearly governmental activities, then it seems to me public ownership of them cannot be objected to * * *."

Neither the speaker nor the audience that he addressed can be accused of any radical tendencies. Mr. Young's remarks were accepted not as a declaration of some dark conspiracy against the power companies, but as a statement of inescapable fact. The situation outlined by Mr. Young soon bore fruit in the movement in Congress for the erection of Boulder Dam, and even the conservative President could not withstand the popular demand that the waters of the Colorado be harnessed for the public benefit.

Although the power generated at Boulder Dam is immensely valuable, the water for irrigation and domestic use which the dam now makes available to southern California is also of great importance. Without Boulder Dam, the growth and well-being

of the cities of southern California would be seriously threatened for want of an adequate water supply. Likewise, valuable as is the power development at Grand Coulee, of even greater worth is the irrigation development in that region which the availability of power for pumping will make possible.

Some critics of this administration, in an attempt to make the public believe that there is something sinister behind the efforts of the Government to develop our water resources, concentrate all possible attention on the power aspects. They cannot refute the truth of Mr. Young's statement and they put themselves in the position of attempting to deny to the country the benefits from irrigation, flood control, inland navigation, and other related benefits, in their jealous attempt to retain their own monopoly.

Since the attack is largely on the basis of the power generated by these multiple-purpose dams, I shall deal with that first, although from the point of view of the Government, power is a byproduct of dams constructed for the regulation of streams and the improvement of navigation under the authority of the commerce clause of the Constitution.

The opposition to the generation of power as a byproduct of these dams seems ridiculous. Would any intelligent citizen, except for a selfish personal reason, wish to leave unused the great energy of falling water when such energy can be transformed through electricity into the myriads of conveniences which a great part of our people need and are at present unable to have? The opposition of the power companies is really not to the generation of this power. They are too practical to wish to see this water go to waste. Their opposition grows out of the fear that somebody other than themselves may get the benefits of this Government activity. They claim a monopoly in the power field and go so far as to demand that the Federal Government refuse to sell power generated at these dams even to the publicly owned municipal plants in the vicinity.

It is clear that the private power interests would offer no objection to this program if the Federal Government would sell the power to the private companies and let the private companies, in turn, retail it to the cities and other customers at a profit to themselves. They saw no harm in the Government spending money for the generation of electricity so long as the profits went to the private power companies. But if the people of a city or county for some reason feel it wise to distribute their own electric energy and come to the Federal Government with an offer to buy—an offer equally as proper as that of the power companies—immediately a great hue and cry is raised of conspiracy, of an attack on the private companies; and with all the tricks at their command they seek to conceal from the public the real issues involved.

The Federal Government is not in a position either of developing or discouraging municipal ownership. Repeatedly it has been said that this is something for the people of the local communities to decide. But the right to municipal ownership and operation has been consistently upheld by the Supreme Court, and it can hardly be contended by anyone that the people have no such right. It may be that the power companies have been led to believe by their friends in previous administrations that the Federal Government would make available to them its facilities while denying them to the organized public. If this be so, their violent anger at this administration for not carrying out such an unfair and discriminatory policy can be understood. But it would be a winking justice, indeed, which would withhold electric energy from the people organized into municipalities and at the same time subsidize the private exploitation of the same people.

The attempted leniency of the late Secretary Ballinger with respect to the coal on Government land in Alaska and the accommodating "cooperation" of former Secretary Fall in disposing of Government oil lands in Wyoming and California may conceivably have led some business interests to give a peculiar meaning to the word "conservation." Their indignation is very like that of the boy who finds that his mother has locked the door to the jam cupboard.

This administration, however, is one dedicated to conservation for all our citizens, and, regardless of misrepresentations and loud outcries from rugged individualists who would continue to exploit the people, it has no intention of lining the private pockets of the few with the money which properly belongs to all.

Water to drink, water for the household, the farm and industry, water for recreation, power, and navigation, can best be secured to the American people by a control which bears all these needs in mind in their proper relation to each other, and, in addition, prevents the loss and disaster which, with alarming regularity, has been the result of our floods. In the past most of our water-control projects have been constructed to serve a single need, and quite naturally the structure provided has been adapted to the particular purpose in mind. As a result some people have concluded that the multiple use of water, even if feasible, is not proper because the different demands are so divergent. Such a conclusion, however, has no justification and is completely disproved by the magnificent development of the Tennessee River Basin.

It would, of course, be unfair to expect private power interests to build dams for other purposes than the generation of power. Dam sites useful for rural irrigation, urban water supply, flood control, navigation, and other purposes might well be uneconomical and unprofitable for development by private power interests, which would be unable to recover their investment from the sale of power alone. But likewise, it would be uneconomical for the Government to develop sites for other purposes and fail to utilize the power resources of the stream as an incident or byproduct of other uses.

While some streams are not suitable for power development, it is certainly not possible to say that there is any necessary contradiction between the need for flood control and the need for power. Both should go forward together when possible. It is true that some 20 years ago Dr. Arthur E. Morgan, who directed the flood-control work of the Miami Conservancy District, concluded that it would not be economically practical to use those dams for power; but the Tennessee Valley Authority, of which Dr. Morgan is chairman, in dealing with the larger problems of the Tennessee River, has admirably contrived to get the greatest total benefit to the public, including both power and flood control, through treating the drainage basin as a whole, with coordinated operation of strategically placed plants.

To create a navigable channel, comparable to that of the Ohio River, between Paducah, Ky., and Knoxville, Tenn., would have required 32 low-lift dams in addition to the two existing dams; but the Tennessee Valley Authority has produced the same navigation benefits, as well as flood control and water power, by building seven high dams instead.

Conservation of our water resources is well illustrated by the work which the Tennessee Valley Authority has already accomplished. Not confining itself to any single interest or going ahead with any piece-meal development, it has reckoned the total amount of water which it has to control, identified the possible dam sites, and proceeded to their integrated development. With strategically placed storage dams on the tributaries to regulate the flow of the main stream, seasonal fluctuations are controlled. The crests are taken from the floods by the storage dams and no longer is navigation confronted with the two specters of flood and drought which have retarded inland navigation in this country from the beginning.

At the same time the regulated flow of the river which makes possible the navigation also furnishes useful energy for the generation of power. The unified development of the drainage basin transforms the system into an immense interconnected reservoir with the power generating units placed at the points where they will do the most good. Transmission lines connect each plant, thus coordinating production and maintaining the maximum output of firm power of which the river system is capable. During the period of winter rains, when tributary dams are storing water and their plants are idle, power demands are filled by energy coming over the lines from the main river plants. In summer, releases from the storage reservoirs for the purpose of maintaining navigable depths in the main river pools pass through the storage-dam power plants on the way and make their contribution to the general pool of power.

It is, of course, true that the various purposes of the development present peculiar problems that must be coordinated by the engineers in charge of the conservation program. All solutions will have to be worked out in terms of the amounts of water available and, besides, the amount of flood protection necessary will be a governing condition. Power installation will naturally depend upon the potential power capacity, and this likewise plays its part in determining the height of the dam. Proper conservation also takes into consideration possible interconnections with other similar projects in the same drainage basin.

The requirements for these various uses are not, of course, in perfect harmony, although a large degree of integration is possible. A high dam provides storage capacity for flood control and an adequate head for the generation of power. The operation of a plant determines the degree in which the multiple utility will be achieved.

Take as an example Norris Dam, which lies about 25 miles northwest of Knoxville, Tenn., in the Clinch River. This can be visualized as a solid wall across a river valley, rising 243 feet from the valley floor. On top of the dam is a 22-foot roadway and under the roadway are three rectangular "holes" or spillways, each 100 feet wide and about 40 feet high. The reservoir is considered normally full when the water level back of the dam is even with the crest of the spillways. These spillways normally keep Norris Lake 202 feet deep at the dam.

Water stored during the rainy winter months is released during the drier seasons to accomplish three purposes: First, a steady flow of water aids in making the Tennessee River navigable; second, as the level of the reservoir is gradually lowered during the dry seasons, flood-storage capacity is at the same time created; and, third, the water released for navigation purposes turns the water turbines and generates electrical power.

Economic production of power is feasible until the reservoir is reduced to a depth of 137 feet. Now, suppose that by December 1, the end of the dry season, the level of the reservoir stands at 137 feet. The Norris reservoir is then ready for seasonal rains. The amount of water capable of being stored from the 137-foot level to the normal 202-foot level, at the crest of the spillways, amounts to approximately 1,500,000 acre-feet. This is enough water to cover the city of Washington, D. C., to a depth of about 34 feet.

However, even this amount of storage may be insufficient to take care of heavy flood rains. To control a deluge, drum gates in the spillway can be raised 14 feet, impounding an additional 520,000 acre-feet of water. And even this protection is not the ultimate possible, for above the drum gates is the roadway, up an additional 17 feet. It is true that, should such excessive rain fall as to cause the reservoir to rise above the drum gates, it would flow out continuously, but only at the rate permitted by the three 100-foot-wide spillways. Thus, the flow of excessive flood waters would be restricted.

When the flood was raging on the Ohio and Mississippi Rivers in January of this year, heavy rains fell also in the Tennessee River Valley. This water, if it had been allowed to flow unimpeded to the Ohio River, would have added to the damage from water in the Ohio and Mississippi Valleys. Norris reservoir, however, stored 1,250,000 acre-feet of flood waters, its level rising from a depth of about 172 feet on January 1, 1937, to about 213 feet on February 1. Immediately after the crisis passed, the level of the reservoir was drawn down as fast as was reasonably possible in order to provide storage for spring rains. By March 17 the depth of the lake was 192 feet, or about 10 feet below the crest of the spillways.

The success already attained in the Tennessee Valley by this thoroughgoing conservation program has quite naturally created an insistent demand throughout the country for a similar conservation program on the rest of our rivers. The varied conditions in different parts of the United States will of course require specific solutions for each river basin, but certainly the time should be not far off when all of our water resources will be properly conserved.

Two bills are now pending before the Congress, each of which would provide the beginning of a Nation-wide program of water conservation by setting up seven different conservancy authorities in addition to the Mississippi River Planning Commission. These conservation authorities, if created, will be the most significant step yet made by this country toward a proper conservation program which will add incalculable benefits to the people throughout the country by improving the national economy as a whole. The very interests which are loud in their indignation because the private power companies were not allowed a cut from the Tennessee Valley Authority benefits are now leading the attack against this beneficent national conservation program. Although power is only one item in the complete development of the proposed dams, they nevertheless are seeking to overemphasize this feature in the hope of arousing conservatives against any comprehensive conservation program.

The use of red bogies as red herrings by vested interests has become so commonplace that it will not fool any intelligent person. The work of conserving the Nation's waters, including their power possibilities, must go on regardless of the selfish opposition of special interests. Electric energy is also a great national resource and if the Government can make it available where otherwise it would not be, then it seems to me that it is the duty of the Government to do so.

President Roosevelt, in proposing to the Congress the creation of regional authorities or agencies in order to provide for regional conservation and development of our national resources, said:

"Nature has given recurrent and poignant warnings through dust storms, floods, and droughts that we must act while there is yet time if we would preserve for ourselves and our posterity the natural sources of a virile national life.

"Experience has taught us that the prudent husbandry of our national estate requires farsighted management. Floods, droughts, and dust storms are in a very real sense manifestations of nature's refusal to tolerate continued abuse of her bounties. Prudent management demands not merely works which will guard against these calamities but carefully formulated plans to prevent their occurrence. Such plans require coordination of many related activities.

"For instance, our recent experiences of floods have made clear that the problem must be approached a one involving more than great works on main streams at the places where major disasters threaten to occur. There must also be measures of prevention and control among tributaries and throughout the entire headwaters areas. A comprehensive plan of flood control must embrace not only downstream levees and floodways and retarding dams and reservoirs on major tributaries but also smaller dams and reservoirs on the lesser tributaries, and measures of applied conservation throughout an entire drainage area, such as restoration of forests and grasses on inferior lands, and encouragement of farm practices which diminish run-off and prevent erosion on arable lands.

"Taking care of our natural estate, together with the stopping of existing waste and building it back to a higher productivity, is a national problem. At last we have undertaken a national policy * * *."

If these regional authorities are established, they will provide an excellent means for a study of our conservation possibilities throughout the country on the basis of local and regional needs. It is contemplated that annual reports will be made to the President who, in turn, will check them with the budgetary agencies in order to determine how far the Nation can afford to go in the proposed program at any particular time. After the President has made his determination he will forward his recommendations to Congress, and only if Congress should allot money for the proposed conservation work would actual construction be undertaken.

Here, it seems to me, is an admirable way for democracy to function and at the same time meet the demands of our modern conditions. Select boards of experts will, after careful survey, make their reports to the President. After reviewing them the President will present them to the elected representatives of the people for decision. This democratic method disposes of the claims of the opposition that this is a proposal to put something over on the people. It is exactly what the President says it is—a proposal "in the interest of economy and the prevention of overlapping or one-sided developments. It leaves the Congress wholly free to determine what shall be undertaken and provides the Congress with a complete picture not only of the needs of each one of the regions but of the relationship of each of the regions to the whole of the Nation."

The attempt on the part of the private power companies to withhold these great advantages from the American people is short-sighted as well as selfish. They would have us sacrifice all of the great advantages that would result from this enterprise merely because they feel that such a development would jeopardize their monopoly. The solution of the power problem must fit in with broader questions of national economy. We cannot allow any group or selfish clique to halt the President's plan to build wisely and to conserve our natural resources in the interest of the people.

Reciprocal-Trade Agreements

EXTENSION OF REMARKS

OF

HON. FRANK CARLSON

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 24, 1937

Mr. CARLSON. Mr. Speaker, last week every Member of Congress received from the Secretary of State, the Honorable Cordell Hull, an announcement regarding a proposed reciprocal-trade agreement between the United States and Great Britain. It was also announced that a reopening and rewriting of our present reciprocal-trade agreement with Canada was in prospect. The announcement we received carried with it the information that the State Department would be glad for any suggestions Members of Congress might have to offer. Therefore, I felt it my duty as a Representative of one of the agricultural districts of the Middle West to inform the State Department of the need of securing an outlet for a large amount of farm products, especially wheat.

At the suggestion of the Secretary of State, I have today written the following letter:

CHAIRMAN OF THE COMMITTEE FOR RECIPROCITY INFORMATION,
Seventh and F Streets NW., Washington, D. C.

DEAR MR. CHAIRMAN: As a Representative of an agricultural district in the Middle West, I am accepting the Secretary of State's invitation to write you in regard to the contemplated trade treaty to be negotiated with the United Kingdom. In the release issued by the Department of State on November 17, 1937, I note that the object of the preliminary announcement is to give interested parties an opportunity to suggest import or export products. The announcement of the proposed trade agreement between the United States and Great Britain will be of special concern and eagerly watched in the Middle West, in view of the fact that Great Britain is our largest foreign customer.

We in the Middle West feel that we have a special stake in this particular enterprise. It has been called to my attention that the 16 pacts already concluded by the State Department under the authority conferred upon the President by the Trade Agreements Act have been chiefly with agricultural countries. I appreciate that this was a matter of necessity as agreements could be more quickly reached with these nations. The American farmer feels that because these treaties were drawn largely with agricultural countries that the concessions so far obtained have tended to expose American agriculture to increased competition from agricultural imports. I realize that this has no doubt been intensified by the drought of 1936. Regardless of this, the fact remains that agriculture has not met the maximum benefits to which it is entitled. Every effort should be made to keep in mind in this treaty such export crops as wheat and meat products. As I represent one of the large wheat-growing districts of Kansas, I want to make a special plea for wheat. On November 22 I received information from the Bureau of Agricultural Economics, Washington, D. C., that the reports on the export of wheat from July 1 to September 30 show that all wheat exports, including flour, are equivalent for that period to 10,200,000 bushels. I notice that the distribution of these exports showed that 2,840,000 bushels went to Belgium, 200,000 bushels to France, 40,000 bushels to Germany, about 3,000,000 bushels to Canada, 330,000 bushels to the Irish Free State, 2,500,000 bushels to the Netherlands, and 758,000 bushels to the United Kingdom. In view of the small amount exported to Great Britain from July to October of this year, at which time we had a very favorable price differential between Liverpool and Chicago, this becomes a serious problem. During this period there were times when there was a price difference between these points of from 35 to 38 cents per bushel, which should have been very helpful in moving wheat to Great Britain.

The exports to Great Britain are so small for the harvesting and marketing period in the United States that farmers are wondering if England is not trying to force an early consummation of a trade treaty, and therefore has purposely kept out of the American wheat market.

Further information from the Bureau of Agricultural Economics informs me that from July 1 up to and including November 13 American exports of wheat totaled 18,695,000 bushels. While I realize many factors have entered into the exporting of farm commodities during the past 5 years, we must not lose sight of the fact that in the 10-year period from 1922 to 1932 the United States exported in excess of 100,000,000 bushels of wheat, with the single exception of 1925, when we nearly reached that figure.

Your serious consideration of this letter will be appreciated by farmers and wheat producers in every section of the United States.

Sincerely yours,

FRANK CARLSON,
Sixth District, Kansas.

Mr. Speaker, it is not my intention at this time to enter into a discussion of the merits or demerits of the reciprocal trade treaties which have been consummated, but with competitive agricultural imports exceeding our agricultural exports last year for the first time in our history by 18 percent, certainly one cannot be accused of treason for viewing the program in its reality. It has been my observation that immediately when we enter into a discussion of imports that the smoke screen of noncompetitive crops, such as coffee, tea, rubber, silk, bananas, and so forth, is immediately raised.

I shall confine my remarks entirely to competitive farm commodities. The farmers of the United States are not asking for embargoes or prohibitive duties, but they do believe that the American farmer is entitled to the American market. In fact, they believe they are entitled to the same assistance that is being given industry, finance, or labor. The farmers of America are interested in securing every dollar's worth of foreign trade possible, but at the same time they believe that the American market is the greatest market for their products. Our agricultural imports have reached staggering figures and our exports have diminished to a most alarming extent.

Importation of cattle for the first 9 months of 1937 was valued at $14,647,000. This is more than the entire importation for the year 1936, during which year we imported 399,113 head of cattle, valued at $10,708,230. During the first 9 months of this year we imported 437,941 head, valued at the figure previously given. In 1933 this country imported 65,000 head of cattle, valued at $572,000. Our exports of cattle are too small for serious consideration. In 1933 we exported 2,912 head, valued at $192,000. These cattle were largely for breeding purposes.

In the first 9 months of 1937 we exported 2,943 head of cattle, valued at $336,512, as compared to the imports of $14,647,244 in 1937.

Imports of live hogs go from 29,000 in 1932 to 17,446,457 pounds in 1936 and to 15,763,411 pounds in the first 9 months of 1937. The value of live-hog imports in 1932 was $2,000, and for the year 1936 the value of live hogs imported was $1,453,841, and for the first 9 months of 1937 the importation of live hogs was $1,463,097. Using an average weight of 200 pounds per head, it would mean that we imported 87,232 head of hogs in 1936, and should they average 60 head to a carload, it would mean 1,454 carloads, or 200 trainloads of 70 cars each. Using the same basis for the first 9 months of 1937, we have imported 1,314 carloads of hogs.

With recent serious declines in hog prices, the farmers are seriously wondering if this large importation of hogs has not had a detrimental effect on local prices.

It is not my intention to enter into a discussion of the increased importation of corn, wheat, hay, and dairy products, but figures indicate that the importation of these commodities has increased to an alarming extent.

When Congress delegated its authority to the President to negotiate, through the Secretary of State, reciprocal trade agreements, we gave him practically unlimited authority, and under the most-favored-nation clause there is placed in operation a principle which works to the great disadvantage of the United States in the reciprocal trade agreements. Under this provision, which is included in all of the trade agreements, all of the nations of the world, except Germany and Australia, receive the benefit of the same tariff reductions as are made to any one country.

For instance, in the reciprocal trade agreements with Canada the United States made extensive tariff reductions on agricultural products. All of the other nations in the world, except the two mentioned, received the advantage of these same reductions, although they make no reductions whatever in articles going from this country to the several nations.

The tariff on Canadian cattle coming into the United States weighing more than 700 pounds was reduced from 3 cents to 2 cents a pound. The tariff on dairy cattle coming into this country from Canada was reduced from 3 cents to 1½ cents a pound with quota restrictions. The tariff on calves weighing less than 175 pounds was reduced from 2½ cents a pound to 1½ cents a pound. These reductions, in accordance with the most-favored-nation clause, apply not only to Canada but to all the other countries of the world except Germany and Australia.

Canada made some concessions in tariffs to the United States in the trade agreements, mostly on automobiles and machinery, but the other nations of the world receiving the benefits of our reductions made no concessions to this country at all. In my opinion, this is not reciprocity. The theory of reciprocity is that we reduce the tariff on certain articles produced in a foreign country coming into the United States which are not produced to any great extent in this country and the other countries reduce the tariff on their articles bought in the United States and going to foreign countries.

In conclusion, let me state that in my opinion farmers who produce commodities for export have not received fair treatment from the Government, and I sincerely hope that those charged with making the reciprocal trade treaties will give serious consideration to this problem, which means so much to agriculture.

The Negro and Unionism

EXTENSION OF REMARKS

OF

HON. JOSEPH B. SHANNON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 24, 1937

ADDRESS BY HON. JOSEPH B. SHANNON AT A MEETING OF THE NATIONAL ALLIANCE OF POSTAL EMPLOYEES HELD AT KANSAS CITY, MO., ON OCTOBER 10, 1937

Mr. SHANNON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by me on October 10, 1937:

My subject today will be The Negro and Unionism.

From the time of the entrance of the Negro into the free-labor market the colored race has played a progressively important part in the general labor movement.

INTERRACIAL COOPERATION URGED

One of the early white friends of the Negro laboring class was Mr. A. C. Cameron, of the Chicago Trades' Assembly. In 1866 Mr. Cameron made an address on behalf of the National Labor Union, organized in that year, in which he called attention to the position of Negro labor.

He said:

"The systematic organization and consolidation of labor must henceforth become the watchword of the true reformer. To accomplish this the cooperation of the African race in America must be secured. What is wanted, then, is for every union to help inculcate the grand, ennobling idea that the interests of labor are one; that there is but one dividing line, that which separates mankind into two great classes, the class that labors and the class that lives by others' labors."

Mr. Cameron also called attention to the fact that capitalists of that period were making every effort to "foment discord between the whites and blacks, and hurl the one against the other" in order "to maintain their ascendancy and continue the reign of oppression." He concluded his address by requesting the cooperation of the colored race in the labor movement.

THE FIRST NATIONAL CONVENTION

The first national convention of Negro labor in this country met in Washington, D. C., on January 13, 1869, with 161 accredited delegates in attendance. Isaac Myers was the presiding officer. Several resolutions were introduced, but none acted upon. The question was raised as to the relationship that should be maintained between the races, and G. T. Downing, of Rhode Island, warned the colored workingmen that they should not disconnect them-

selves from white workingmen and white labor organizations; that to do so would be detrimental to the Negro.

The following July (1869) another Negro labor convention was held in Baltimore. At that convention delegates were elected to the National Labor Union Congress to be held in Philadelphia the following month, and a call was issued for the next meeting of the Negro Labor Association to be held in Washington in December 1869.

PARTICIPATION IN THE 1869 NATIONAL LABOR CONGRESS

When the Philadelphia congress of the National Labor Union convened, the Negro delegates elected at Baltimore, led by Robert H. Butler, of Maryland, were present. A resolution was passed stating that "the National Labor Union knows no North, no South, no East, no West, neither color nor sex, on the question of rights of labor," and urging "our colored fellow members to form organizations and send their delegates from every State in the Union to the next congress."

Mr. Butler, speaking on behalf of the colored delegation, said that they "did not come seeking parlor sociabilities but for the rights of manhood." Butler and four white delegates were appointed as a committee to organize the colored workingmen of Pennsylvania.

Thus we see that as early as 1869 the National Labor Union welcomed the Negro into its ranks and sought to create a single labor union representing both white and black labor. Negro workingmen, however, while willing to cooperate with their white brethren by sending delegates to their labor conventions, desired to maintain their separate organization.

Pursuant to the call theretofore issued, the Negro labor convention met again the following December (1869) and continued in existence until 1872. The political disagreements of that organization were largely responsible for its collapse.

EARLY LABOR LEADERS

Among the real Negro labor leaders of the early period were George Downing, Sella Martin, and Wesley Howard. At the 1870 Paris World's Labor Congress the National Negro Labor Congress was represented by the Reverend Sella Martin. Martin was selected because of his broad views on labor questions and also because he knew the French language. He proved to be an able representative at that congress.

THE KNIGHTS OF LABOR

The rise of the noble order of the Knights of Labor was the next significant step toward the creation of solidarity between Negro and white workingmen. In 1886 it was estimated that there were approximately 60,000 Negroes in the Knights of Labor.

When the general assembly of the Knights of Labor met at Richmond, Va., in 1886, that great labor leader and humanitarian Terence V. Powderly, the general master workman of the order, was introduced by a Negro delegate, Frank J. Ferrell.

When trade unionism came into ascendancy through the American Federation of Labor, the Knights of Labor went out of existence.

BOOKER T. WASHINGTON

In 1895 Booker T. Washington made his appearance as the economic and industrial emancipator of the Negro. In his noted address at the Atlanta Exposition in that year he said:

"Ignorant and inexperienced, it is not strange that in the first years of our new life we began at the top instead of at the bottom; that a seat in Congress or the State legislature was more sought than real estate or industrial skill; that the political convention or stump speaking had more attractions than starting a dairy farm or truck garden."

He advised the Negro to—

"Cast down your bucket where you are—cast it down in making friends in every manly way of the people of all races by whom we are surrounded. Cast it down in agriculture, mechanics, in commerce, in domestic service, and in the professions."

Booker T. Washington's speech won him the confidence of all good citizens. He encouraged Negro workers to become efficient workers through education in such schools as Hampton and Tuskegee. In 1900 he founded the Negro Business League, which was described as being based upon the belief that—

"If you can make a better article than anybody else and sell it cheaper than anybody else, you can command the markets of the world. Produce something that somebody else wants, and the purchaser will not trouble himself to ask who the seller is. Recognize this fundamental law of trade; add to it tact, good manners, a resolute will, a tireless capacity for hard work, and you will succeed in business."

Booker T. Washington's theories widely influenced the Negro world.

THE RISE AND FALL OF INDEPENDENT UNIONS

In 1919 there came into existence a Negro organization known as the National Brotherhood Workers of America, under the leadership of T. J. Pree and R. T. Sims. The aim of this organization was to federate all the Negro unions and serve as an agency for organizing those Negroes who did not belong to a union. The brotherhood went out of existence in 1921. Thereafter Negro unions continued to rise and fall. Among the successful Negro labor organizations have been the Longshoremen's Union Protective Association, Colored Electricians' Union, the Railway Men's International Benevolent Industrial Association, Brotherhood of Dining Car Employees, and the Brotherhood of Sleeping Car Porters and Maids.

UNIONIZATION IN THE POSTAL SERVICE

Independent Negro organizations in the Government service, where racial discrimination is unknown, have played an important role. And in no branch of the Government service is the Negro a more important factor than in the Postal Service.

While I have no definite figures as to the number of your race in the Service at this time, due to the fact that the records kept have no racial divisions, a survey of the United States Department of Labor, made in 1928, revealed that the entire Postal Service at that time employed 25,390 Negroes, constituting about 9 percent of the total force. Other independent surveys showed that in 1926 about 16.4 percent of the postal staff in Detroit were Negroes; that in 1928, Negroes constituted 31 percent of the postal staff in Chicago; and that in 1930, in New York City, they constituted 16 percent of the postal staff.

Many cities have colored postal employees' benefit societies, local in scope, which supplement the work of the regular postal unions.

The regular unions of postal workers, such as the National Association of Letter Carriers and the National Federation of Post Office Clerks, have large colored memberships. The National Federation of Post Office Clerks has locals composed entirely of members of your race. One of the many Negro officers to whom the federation points with pride is Dave Johnson, who has for years been a distinguished member and is now president of Local No. 1 in the city of Chicago. Another is Robert Evans, of Jersey City, N. J.

BIRTH AND GROWTH OF THE NATIONAL ALLIANCE

Your organization, the National Alliance of Postal Employees, was formed by a group of railway postal clerks at Chattanooga, Tenn., October 6, 1913. Soon thereafter it extended its jurisdiction to colored employees in every branch of the Postal Service. According to the Postal Alliance of March 1929, its membership at that time was 2,453. I am told that its present membership is between 7,000 and 8,000.

The policy of your Alliance in providing indemnities for life, accident, and health is most beneficial. My information is that the Alliance has approximately $50,000 in cash and in Government bonds for this purpose.

TRIBUTE TO S. M. JACKSON

Your association is credited with having brought about the appointment of a Negro official, assigned to the Postmaster General's office, to handle matters affecting the colored employees of the Post Office Department. The man holding that position at this time is S. M. Jackson, who was appointed on July 3, 1936. Former incumbents were John D. Gainey and Emory A. Bryant. This is a most important place, and Mr. Jackson is eminently qualified to discharge its numerous duties. Before his appointment, he was for 29 years a railway postal clerk. He served as national secretary of your Alliance from 1925 to 1937. During all of his service in the Post Office Department, Mr. Jackson emphasizes the fact that the departmental officials have been "fair, considerate, and consistently sympathetic."

IMPORTANCE OF ORGANIZATION

Only the other day I heard a story told by a former resident of the State of South Carolina.

He said there was a man in that State who had a great stable in the early days, and who took considerable pains to beautify the grounds about the stable with flowers and shrubbery. As one of his caretakers he had a boy of your race, about 19 years of age, who became a very proficient whipcracker.

On one occasion when the stablekeeper had visitors from the North he called upon the boy to give an exhibition of his whipcracking ability.

First he asked the boy to crack a rose growing nearby. The boy promptly did so; and he was then told to direct his aim at a fly on the wall. Without any difficulty the boy cracked the fly. Then, pointing to a hornets' nest, the boy's employer said, "Crack that."

The boy hesitated a moment, then said, "Now, boss, a rose am a rose and a fly am a fly, but a hornets' nest am an organization, and I am always afraid to try to destroy a whole organization."

And so it is with your group. As individuals, if you have grievances it is difficult to obtain a responsive audience. But as an organization, when your grievances are presented they receive consideration not given to individual complaints. The importance of concerted action in matters involving the rights of labor cannot be overemphasized.

Significant Editorials by Conservative Papers Urge Freedom for Tom Mooney

EXTENSION OF REMARKS

OF

HON. JERRY J. O'CONNELL

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 24, 1937

EDITORIALS FROM THE BALTIMORE SUN AND THE PORTLAND OREGONIAN

Mr. O'CONNELL of Montana. Mr. Speaker, under leave to extend my remarks I wish to include two editorials of great

importance on the Mooney case, one from the Baltimore Sun, the other from the Portland Oregonian. Both of these papers take the Supreme Court of California to task for its recent unjustifiable decision in denying Tom Mooney's petition for a writ of habeas corpus.

These editorials are doubly significant in view of the fact that neither of these papers is prolabor, but rather they are fairly conservative. However, even fair-minded conservatives are aroused at the constant refusal of the California court to correct what is universally admitted to be a judicial scandal unrivaled since the Dreyfus case rocked France. In everybody's mind who knows the story of the Mooney case is the inescapable conclusion that justice has been so perverted that the ordinary citizen's faith in the integrity of the judiciary is severely shaken.

[From the Portland Oregonian of November 2, 1937]

NONE SO BLIND—

It seems to be as true as ever that there are none so blind as those who will not see. The California Supreme Court declines to free Tom Mooney. To bolster its own impossible position it declares "incredible" the evidence showing that Mooney's conviction was erroneous. This includes as "incredible," presumably, the proved fact that Mooney was on top of a distant building at the time when perjured witnesses swore they saw him plant the preparedness-day bomb. It declares "incredible" the proved fact that Frank Oxman was not even in San Francisco at the time when he swore he saw the bomb planted. It declares "incredible" the repudiation by perjured witnesses of their testimony which was so large a factor in Mooney's conviction.

Incredible? Such self-excusing by the highest court of a sovereign State would itself be incredible were it not before our eyes. These things that the court calls incredible are not mere allegations but established facts. By calling them incredible the Supreme Court of California puts itself in the position of the yokel at the circus, looking his first time upon a double-humped camel and declaring: "There ain't no such animal."

Upon prior appeal of the Mooney case to the Supreme Court of the United States, that tribunal declined to take jurisdiction on the ground that Mooney had not exhausted his plea before the California courts. He has exhausted it now. It will be interesting to see, when appeal to it is taken again, what the highest court in the land will do with a cause celebre which has become a shame to the State of California.

[From the Baltimore Sun, November 1, 1937]

NEW AND ORIGINAL

In its latest homily on the Mooney case the California Supreme Court denounces the appellant as "outspokenly hostile to our system of government." This, of course, has nothing to do with Tom Mooney's guilt or innocence on the charge of dynamiting San Francisco's preparedness parade on July 4, 1916, but, in view of the widespread belief that Mooney is still in prison on account of his political beliefs rather than because of the dynamiting, it was considerate of the court to mention it. However, this charge of hostility against our system of government would have been more effective if the California Supreme Court had stopped right there and said nothing more about the case, for in its discussion of the evidence upon which Mooney was convicted the court reveals an attitude which is certainly hostile to one feature of our system of government, namely, the presumption of innocence supposed to be enjoyed by a man accused of crime.

In his appeal to the California court, which Mooney's lawyers describe as a mere prelude to a new appeal to the United States Supreme Court, Mooney brought forward voluminous evidence to show that vital testimony was admitted to be perjury; that more of it was inconsistent with other testimony and circumstantial evidence in the case, and that the famous picture of Mooney on the roof of a building when a clock in the street below showed the time as only a few minutes before the explosion established a conclusive alibi. But the California Supreme Court, in its denial of the appeal, does not meet the issue presented by these statements. In spite of confessions of perjury, it denies that perjury has been proved and declares that Mooney has not shown that the prosecutor, who is now dead, knew that the testimony was perjured! In other words, it is not enough to prove that witnesses perjured themselves and that testimony was inconsistent with facts; the defendant must also prove that the prosecutor knew it—plainly an impossible task.

As to the damning "clock" pictures, the court dismisses them as "incredible" on the ground that they are confuted by the testimony of other witnesses in the record who place Mooney on the roof much later than the clock shows. Nevertheless, there were numerous witnesses who placed the Mooneys on the roof at substantially the time shown by the clock in the picture. And how long has the unreliable memory of witnesses as to the precise moment of an occurrence been deemed more nearly conclusive than a photograph clearly establishing the time? Since there has never been any official effort to establish the photographs as fakes, the California Supreme Court's decision that the time sense of individuals is more worthy of belief than a clock must rank with the great original treatises on evidence.

Tom Mooney is still in the San Quentin Prison, and may stay there for the rest of his natural life. But in keeping him there California has done no great service to her judiciary, which has had to invent new feats in casuistic acrobatics every time the Mooney case comes before it. One would think California by this time would prefer Mooney free to a State supreme court shackled by ever heavier chains of rationalization.

The Workingman's Tax Bill

EXTENSION OF REMARKS

OF

HON. WARREN R. AUSTIN

OF VERMONT

IN THE SENATE OF THE UNITED STATES

Wednesday, November 24 (legislative day of Tuesday, November 16), 1937

ABSTRACTS FROM ARTICLES FROM THE PROVIDENCE (R. I.) JOURNAL AND EVENING BULLETIN

Mr. AUSTIN. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD abstracts from a series of articles in the Providence Journal and Evening Bulletin, of Providence, R. I., regarding a research study into the actual expenditures of three thrifty New England families, developing the subject of the workingman's tax bill.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

THE WORKINGMAN'S TAX BILL—A RESEARCH STUDY OF THE ACTUAL EXPENDITURES OF THREE THRIFTY NEW ENGLAND FAMILIES

FOREWORD

This is the first attempt, so far as we know, to uncover the hidden tax bill of typical American wage earners who are entirely exempt from the income tax and largely free from direct taxation.

All indirect taxes paid by consumers cannot be traced. For example, the tax burden hidden within a householder's payment of interest on a mortgage cannot be stated. It cannot be accurately stated on the payments on principal on a mortgage.

This study, therefore, does not purport to show all taxes or the entire tax burden. What the percentage of the whole tax bill to total income or expenditure is, will remain forever, in all probability, for the controversy of politicians. Obviously it is much higher than with the three families here concerned and obviously it is still increasing for them and for everybody.

But this study does purport to state what taxes were traced and it sets forth the record to support the finding that an average of 12.18 cents of every dollar spent by these frugal New England working families was actually traced to taxes. That is the percentage of the tax bill to their total family expenditures for a year. As the story explains in detail, that percentage can be stated at the higher figure of 14.74 percent if we deduct from the total family expenditures the amounts on which we could not trace taxes and figure the percentage of the total tax only to those expenditures on which taxes could be traced.

But our desire has been to state the proposition conservatively enough to withstand controversy. We offer this, therefore, as a conservative statement of the tax bill of conservative families. That might be expected from New England.

SEVELLON BROWN,
Managing Editor.

THREE FAMILIES KEEP RECORDS TO DISCLOSE HIDDEN TAXES

Account for every cent spent over 52 weeks—Detailed budgets submitted monthly for tax computation by Journal Bureau

For 52 weeks, three Rhode Island housewives kept an unprecedented check on every cent spent by themselves or other members of their families.

Armed with pencil and paper, they jotted down at all hours of the day and night every expenditure made, from a suit of clothes to a pair of shoe laces, from a cut of meat to an ice-cream cone, from a package of cigarettes to a bar of soap, from new tires for the family automobile to tickets to the movies.

Every time each of the three housewives went shopping she recorded not only the total amount of money she had spent but also how much each particular article had cost.

This was essential because the detailed budgets of each of the three families were turned over monthly from September 1, 1935, to September 1, 1936, to the research department of the Providence Journal for determination of the accumulated taxes imposed on every commodity at each stage of production and marketing and passed on to the consumer.

Because the amount of indirect taxes paid by the consumer on each article of food, clothing, and other household use varies and had to be established separately by the Journal research worker, the exact quantity and cost of every commodity bought on each occasion had to be recorded by the housewife. At the end of each week she then lumped together the various items of the same kind.

Although all three families have long been firm believers in budgeting, they had never kept such strict accounts before. They

soon caught on, however, to the spirit of the thing and at the end of each week noted with pride that accounts balanced, with expenditures and savings equaling income.

While the burden of keeping the accounts naturally fell on the housewives, who do most of the spending, every other member of the family did his share, and at the end of the day or week submitted his report to the chief household accountant.

In the home of Frank A. Bateman, of 103 Calaman Road, Cranston, Friday night was usually accounting night.

On that night Mr. Bateman, who is office manager for a Providence concern and himself a public accountant, handed in his report for the week detailing how much he had spent for lunch, cigarettes, cigars, pipe tobacco, and other items.

Similar accounts were rendered by the three Bateman children, each reporting how much they had spent during the day or the week.

For the first 19 weeks of the period covered by the Journal study Miss Alice J. Bateman was a student at the Rhode Island State College. During that period she spent $240.60 and submitted weekly to her mother a completely itemized break-down of her expenditures. One of the Bateman boys graduated from Cranston High School this summer and the other is still a student at the same high school. Daily they reported to their mother how they had disposed of whatever spending money was given them.

The same procedure was followed in the families of Fred Green, 94 Chandler Avenue, Pawtucket, and Charles Allsup, 378 Vine Street, that city. In these two families both husband and wife work in mills and in each case a young daughter, the only child, goes to school.

Every month the accounts of the three families were turned over to the Journal research department, where they were carefully studied to determine what every commodity had cost each family in indirect taxes.

TAXES ON GOODS PILE UP LIKE ROLLING SNOWBALLS

Middleman's mark-up makes consumer pay more than United States gets, but this price increase is not figured in tax study

Consumer's goods collect taxes in every stage of production, just as a snowball rolling down hill collects snow.

Thus a loaf of bread has at least 53 different kinds of taxes tucked in it from the time the wheat starts to grow in the field until the bread reaches your table.

In producing and distributing petroleum products the petroleum industry pays 201 taxes, which must be passed on to the consumer along with other overhead expenses. The tax you pay on every gallon of gasoline and every quart of oil you buy is merely the final levy in this long chain of imposts.

Every package of 20 cigarettes means a payment of 6 cents to the Federal Government.

Your share of real-estate taxes does not necessarily end when you pay your property tax if you own a house, or your rent if you don't own one. When a housewife goes to the butcher and buys hamburg steak and to the grocer for onions to cook with it, a part of the money she pays them not only goes into taxes on these foods but also into their rent. Just as the housewife's dollar has to be divided by the butcher with the tax collector, so must that part which the butcher hands over to the packer be shared. That's how taxes go all the way from the farthest producer to the ultimate consumer.

Federal revenue largely hidden taxes

These indirect taxes, about which most of us know nothing at the time of payment, make up a considerable share of the total tax bill, amounting to about $8,767,000,000, collected annually by our Federal, State, and local governments. In 1934 these hidden taxes made up 59 percent of the total Federal tax revenue.

Just how you yourself pay these concealed taxes on everything you buy is shown in the detailed analysis made by the Providence Journal research department of a year's expenditures by the families of Fred Green, 94 Chandler Avenue, Pawtucket; Frank A. Bateman, 103 Calaman Road, Cranston; and Charles Allsup, 378 Vine Street, Pawtucket. These families kept daily accounts of every cent spent during the 12-month period and turned them over each month to the Journal.

No general attempt has ever been made before to compute the total tax cost on each article from the time it leaves the field or the mine until it reaches the consumer. In trying to ascertain the accumulated taxes on each article purchased by the three families the Journal research department was, therefore, treading on virgin ground.

Because it was a new departure in the field of tax research and entirely new questions were raised, it was found impossible to obtain dependable figures on taxes on certain commodities. In such cases the taxes were omitted altogether in the interest of scientific accuracy. The figures given in this study are, therefore, invariably conservative.

Taxes added at each stage of production

Accumulated taxes on at least 200 articles of food, clothing, household use, and other goods which these families used in the course of the year had to be figured. The various taxes which each article picked up in the process of production had to be checked and added up and then computed on the basis of the small quantity which Mrs. Allsup, Mrs. Green, or Mrs. Bateman purchased. Computations often had to be made in tenths of mills. Farmers, miners, industrialists, wholesalers, and retailers in all parts of the country had to be contacted for information.

In order to get an idea of the amount of work involved in this tax study you need only picture in your own mind the numerous processes which most of the articles you buy each week or month go through before they can be used.

At each stage of production or marketing a new tax is slammed on. This tax is immediately incorporated in the price of the article. When you go to the store and buy the article, you are thus not only paying the cost of production and marketing but also settling with the tax collector. You may not suspect it at the time—you certainly don't think of it every time you buy a loaf of bread, a quart of milk, a gallon of gasoline, a hat, a coat, or shoes—but you are paying your indirect tax bill in each instance as if the tax collector were right there.

This invisible tax collector—invisible as far as these families were concerned—had to be followed step by step by the research worker who made the Journal study. Complicated as the process was, the worker at times found it more entertaining than a cross-word puzzle or detective story. He ran up against more complications and unexpected developments than are encountered in the best of movie thrillers.

Levies on bread alone are numerous

The tax collector is sometimes an elusive fellow, and our economic Sherlock Holmes frequently had quite a job tracking him down in the most unexpected places.

Take the case of the loaf of bread, for instance.

Among the taxes paid by the various processers but eventually borne by these families as consumers were the following:

Real-estate tax, machinery tax, personal-property tax, truck-license tax, and Federal and State income taxes paid by the farmer; capital-stock tax, real-estate tax, State-franchise tax, and Federal and State income taxes paid by the grain elevator company; city and State real-estate and personal-property taxes, State-franchise tax, and Federal and State income taxes paid by the railroad which transported the wheat to the flour mill and then the flour to the baker; real-estate tax, personal-property tax, and income tax paid by the manufacturers of bread wrappers; real-estate tax, electricity tax, gas tax, personal-property tax, income tax paid by the bakers.

Multiply this process by 200—the minimum number of articles involved in the budgets of the Green, Bateman, and Allsup families—and you will begin to realize the extent of the detective work and figuring which had to be done.

As most of the food we eat and the raw-material base of many of the things we wear and use come from the farm, the original tax paid by the farmer and passed on to the consumer in the cost of farm goods is the first item we must take into account.

Farmer receives large share of consumer's dollar

Slightly more than 9.3 percent of the total farm income is paid out in real estate, personal property, and gasoline taxes and in automobile license fees. Many other shiftable taxes paid by the farmers, such as levies on electricity, telephone, farm machinery, feed, and fertilizers, have not been included in this 9.3 percent figure. These taxes undoubtedly raise the farmer's total tax burden to a considerably higher figure, but as no accurate figures pertaining to them are available it has been decided in the interest of exactitude to make no estimates.

Not only that, but the 9.3 percent figure has been arrived at after making adjustments for tax delinquency and for taxation on land itself. In the case of tax delinquency, that portion of the tax which the farmer failed to pay cannot, of course, be passed on to the consumer. Nor were taxes on land counted, in keeping with orthodox economic theory that since such taxes can in no way affect the supply of land, the price of the goods produced by such land likewise is unaffected by them.

According to Federal Government figures, the farmer receives 45 percent of the consumer's dollar spent for food. If 9.3 percent of the farmer's income goes into shiftable taxes, then 4.185 cents of every dollar spent by the housewife for food is a charge directly traceable back to taxes on the farmer.

In other words, when you go into your neighborhood store and buy $2 worth of meat, vegetables, and fruit, you pay out about 8⅓ cents just in taxes on the farmer alone. But these goods passed through many hands before they reached the retailer. At every stage a new tax was added to the cost of the article. By the time the article was ready for consumption, the accumulated tax cost was far greater than the original 4.185 cents on the dollar which pays for farmers' taxes. What each commodity cost these three families in accumulated taxes will be shown in ensuing articles of this series.

A. A. A. processing taxes add much to expenses

During the first 19 weeks of this study, which was begun on September 1, 1935, the A. A. A. processing taxes were in effect. These levies, which for the most part were shifted on to the consumer, added the following amounts to the cost of a few consumer commodities: One-half cent on a pound of sugar, one-half cent on a pound loaf of bread, 4.29 cents on a pound of bacon, 5.67 cents on a pound of Scotch ham, 3.81 cents on a dollar shirt, 10.15 cents on a bed sheet, and 5.10 cents on a chambray work shirt.

But these figures show only the amounts of the original processing. By the time they were pyramided through the wholesaler and retailer to the consumer, they were increased by anywhere from 25 to 100 percent.

When we talk of pyramiding we run into one of the most extraordinary things about this whole matter of taxation, namely,

the fact that the taxpayer pays out a good deal more because of taxes than the Government receives in taxes.

It works this way. When a tax is levied upon an article at any time during its production, that tax is passed on by the person who pays it as a part of the cost of the article. When the article then passes on to the wholesaler or retailer and he adds his profit mark-up to the price of the article, he also adds the mark-up to that part of the price which is tax.

This may be illustrated through the processing tax. The packer formerly paid a processing tax of 4.29 cents per pound of bacon. The mark-up on a pound of bacon from the packer to the consumer is about 25 percent. Thus, by the time this tax had reached the consumer it was 5.36 cents, although only 4.29 cents actually went back to the Government.

This pyramiding takes place on all taxes which are levied anywhere along the line of production, except, of course, those levied directly upon the ultimate consumer.

Since the object of the Journal study was to ascertain what part of the consumer's dollar actually goes back to the Federal, State, and local governments in taxes, the results of pyramiding do not appear in our final figures. It must be remembered, however, that when we figure a farmer's tax of 20.93 cents on $5 worth of vegetables the consumer is actually paying 32.43 cents after the various profit mark-ups. Of this, 20.93 cents goes to the Government, and the rest has been added on along the line of marketing.

As we said above, the farmer's tax is only the beginning. More taxes become involved as the wheat is made into flour, the leather into shoes, or the cotton or wool into cloth and then into clothes.

In each industry the amount which the industry must add to the price of goods to cover taxes paid on the business varies. There is even considerable variation among concerns involved in the same type of production. It was therefore necessary to obtain figures from a number of concerns in each type of business showing the ratio between total sales billed and total taxes paid or accrued during 1935. The figures for the various concerns within each industry were then averaged, giving a figure for the industry as a whole.

In this way it was found that 4.94 percent of the manufacturer's cost of producing cotton textiles is traceable to taxes on the industry, exclusive of the processing tax. More than 6 cents of every dollar that the manufacturers of rubber goods receive for their product is paid out in taxes. The manufacturers of electrical appliances must add 4½ cents on the dollar to cover taxes on their business. Shoe manufacturers must add 2 percent.

As the goods pass through the wholesaler he must add 1.35 cents on the dollar to cover the taxes on his business. The mercantile store must mark up goods about 1.75 percent to cover taxes on the business. The grocery store must include a mark-up of 1.80 percent for the same purpose.

Transportation taxes must be figured on all articles. As these taxes are practically the same whether transport is by railroad or truck, they have been figured on the basis of railroad transport. Seven percent of every charge levied by railroads for passenger or freight traffic goes for taxes to various governmental units. By dividing the total cost of carrying a given commodity in the country in 1935 by the total tonnage carried, the average cost of carrying a ton, regardless of the distance covered by any specific article, was established. By applying the 7-percent tax cost to that average carrying charge, the tax cost on the transportation of each article was determined.

A man who lives in a rented house does not, of course, pay directly any property taxes on the house. But if he believes that he does not pay any indirectly, he is fooling no one but himself. A private Nation-wide survey made in January 1936 showed that 24.7 percent of the rental payments in that month went for taxes and insurance.

Taxes on gasoline hit autoist hardest

The Bateman and Green families own automobiles. They paid property taxes on their cars, driver's license fees, and registration fees. There is an excise tax of 2¼ cents per pound on new tires and 4 cents per pound on new tubes, in addition to the taxes on the manufacture of the tires and tubes. There is also a 2-percent Federal excise tax on parts, in addition to the manufacturing tax.

The taxes on gasoline are, however, more onerous than all of these other taxes put together.

In Rhode Island there is a 2-cent State tax and a 1-cent Federal tax. In addition to this, the producing and distributing companies incur taxes amounting to 1.3 cents per gallon. This 1.3 cents per gallon figure is a bit too high, for the taxes applicable to a barrel of crude have been apportioned to the gasoline and oil derived to the exclusion of other derivatives. For this reason no producing or distributing taxes will be shown in this study against any petroleum products other than gas or oil. The 4.3 cents per gallon tax figure in Rhode Island is considerably lower, however, than the average excise and sales tax of 5.29 cents per gallon for the country as a whole.

Then there is also a Federal excise tax of 1 cent per quart on oil. Production and distribution account for another 1.2 cents per quart in taxes.

Tobacco is another very heavily excised article. The Federal excise tax amounts to 6 cents on a package of cigarettes, one-half cent on the ordinary cigar, and 1.12 cents per ounce on manufactured tobacco. In each of the three families covered by the Journal study there is only one smoker and none is a heavy smoker. Because of this tobacco taxes do not bulk so large in their expenditures as they would in many other families.

The heavy taxation of spirits and malt liquors does not show up in this study to any great extent, because almost none was consumed in any of the three families.

Public-service corporations pay out a very large percentage of their gross income in taxes. Six cents of every dollar paid for bus or trolley transportation is attributable to taxes, 7 cents of every dollar for railway transport, 10.26 cents of every dollar on your telephone bill, 12.50 cents of every dollar on your electric-light bill, and 14.70 cents of every dollar on your gas bill. As you can readily see, such taxes as these mount up to a considerable figure in the course of a year.

Taxes on insurance companies also run high. Those on life insurance run from 1 to 2 percent and on fire insurance from 3 to 5 percent on gross premiums.

Expenditures for outside meals bulk quite large in two of the three families. This was especially true in the Bateman family, where $5 was spent by the daughter in college on this item each week from September 1935 to February 1, 1936.

Taxes on outside meals were computed in the following manner: A well-known, well-managed, moderate-price restaurant submitted figures giving total receipts from the business and total purchases subdivided as to food, rent, salaries, gas, electricity, ice, water, telephone, laundry, insurance and other expenses. Applicable taxes were figured on some of the items. The ratio was thus found between total taxes and total receipts, and this percentage figure shows the number of cents in every dollar spent for outside meals that is attributable to taxes.

Many taxes hidden in price of article

In addition to all of the direct and indirect taxes mentioned above, there are many other excise taxes that we know nothing about unless we are told of them, because they are hidden in the price of the article.

These include an amusement admission tax when the charge exceeds 40 cents; a 2-percent tax on sale price of chewing gum; taxes ranging from one-half of 1 cent to 5 cents per thousand on matches; a 10-percent tax on the manufacturer's sale price of sporting goods; a 10-percent tax on the sale price of perfumes, toilet waters, cosmetics, and powders; a 5-percent tax on the sale price of dentifrices, toilet soaps, and tooth and mouth washes; a tax of 10 cents per pack of playing cards; a tax of 5 percent on each charge for telegrams.

WORKED 7 DAYS TO FEED INVISIBLE GUEST AT TABLE

Hidden tax collector consumed $57.87 worth of food on family in 1 year although no plate was set for him

In a year's time Frank A. Bateman, of 103 Calaman Road, Cranston, worked nearly 7 days to feed an invisible guest at his table.

That unbidden and relentless guest—the hidden-tax collector who has levied imposts on everything any of us eat or drink—consumed 57.87^{87}/_{100}$ worth of food in the Bateman family during the period from September 1, 1935, to September 1, 1936.

Although no plate was set for him, he, in effect, ate more than one and two-thirds eggs out of every dozen eggs purchased by the Batemans and more than two and two-thirds slices out of every loaf of bread on their table. In a year's period he might just as well have eaten 578 loaves of bread or 165 pounds of butter or 144 dozen eggs or 156 pounds of bacon. In other words, if it had not been for the taxes he had levied and which had been passed on to the consumer, Mr. and Mrs. Bateman and their three children could have eaten that additional amount of bread, butter, eggs, or bacon, or spent the money for something else.

Mr. Bateman, who earns $2,600 a year as office manager for a Providence concern, had to work 97½ days to pay his family's annual food bill of $827.19. Of this amount, 57.87^{87}/_{100}$, or 6.997 percent, went for indirect taxes imposed on the various articles of food consumed by the Batemans.

Other families also entertain "guest"

In addition to the more than a week which Mr. Bateman had to work to pay this tax bill on food, he worked an even longer period to pay the indirect taxes levied on every other commodity purchased by his family during the year. Just what he paid in taxes on clothing and various other expenditures will be shown in detail in ensuing articles of this series.

The same ubiquitous unbidden guest also was entertained by the families of Fred Green, 94 Chandler Avenue, Pawtucket, and Charles Allsup, 378 Vine Street, that city.

The Greens, who have only one child, spent $502.86 on food in the year's time. Of this amount, 37.07^{1}/_{100}$, or 7.37 percent, went for taxes.

Both Mr. and Mrs. Green work in a silk mill. The rent which they collect from a tenement in their house swells their annual income to $2,764.95. On the basis of this income they worked 55 days to pay their food bill. They both worked slightly more than 4 days to pay for the indirect taxes on their food. This means the income of 8¼ work days was necessary to pay their food tax bill.

The Allsups, who also have one child, likewise had to work 5 days each to foot the food bill of their invisible guest.

Both Mr. and Mrs. Allsup work in mills, and together they earn $1,877 a year. They spent $442.04 on food during the year. Of this amount, 30.75^{5}/_{100}$, or 6.96 percent, went for taxes.

The extent to which taxes imposed at every stage of production and marketing of various articles of food were passed on to the three families and incorporated in the prices they paid is shown in the tables appearing below covering their annual food bills.

These tables are based on the detailed accounts of expenditures submitted by the Batemans, Greens, and Allsups monthly to the re-

search department of the Providence Journal. They show the total amount spent by each family on every item of food it purchased during the year, to total tax incurred on that item of food, and the break-down of that total tax. The break-down shows in which stage of production and marketing each portion of the total tax on every item of food was incurred.

In reading the tables you must bear in mind that the figures given as tax payments on the food items show only the amount which went to governmental units.

Actually a far larger part of what each family spent for food was paid out because of the process known as pyramiding on taxes. Under this process, when a tax is levied on an article at any stage of production, the tax is passed on by the person who pays it as part of the cost of the article. When the article then passes on to the wholesaler or retailer and he adds his profit mark-up to the price he also adds the mark-up to that part of the price which is tax. Thus the consumer pays not only the tax but a considerable additional amount because of pyramiding prices on taxes.

If pyramiding were taken into consideration, the Bateman family total tax for milk and cream, for instance, would read approximately $8.09^{91}/_{100}$ instead of $5.88^{60}/_{100}$.

In the break-down of the total tax figure for each commodity, 4.185 percent of the cost to the consumer of agricultural products is representative of taxes paid by the farmer. In the case of milk, the distributor has to add 2.26 cents on the dollar to his selling price to cover the taxes on his business.

If the commodity passes through the hands of a packing company, as do meats, butter, cheese, lard, and eggs, the packing company has to add 0.579 cent on the dollar to cover taxes.

In the case of bread, pastry, and flour, 0.0073 cent per dollar is added by the miller to his selling price to cover taxes on his business. Bakers' taxes then must be figured on bread and pastry. For bread it equals 0.004 cent per loaf. On pastry it comes to 1.20 cents on the dollar.

The goods which pass through a wholesaler undergo a mark-up of 1.35 cents on the dollar to cover taxes on the wholesale business. The grocer must in turn add 1.80 cents per dollar to cover his taxes.

On outside meals the tax on the food consumed was figured as well as the tax on the restaurant business. The former amounted to 2.06 percent of the cost of the meal to the consumer, while the latter amounted to 3.28 percent of the cost, making a total tax on outside meals of 5.34 percent.

TAXES ON CLOTHING MEANT CURTAILMENT OF WARDROBE

Journal survey shows family could have bought with hidden levies another suit for son or year's supply of stockings for daughter

The indirect taxes which three Rhode Island families of moderate circumstances paid on the clothing they purchased in a year's time made an appreciable difference in their wardrobes.

Here is what these hidden taxes, on the item of clothing alone, meant to the three families whose detailed accounts for the period between September 1, 1935, and September 1, 1936, were analyzed by the research department of the Providence Journal:

In the family of Frank A. Bateman, of 103 Calaman Road, Cranston, which lives on an annual income of $2,600, the year's clothing bill amounted to $286.39. Of this expenditure, $18.51^{23}/_{100}$, or 6.46 percent, was representative of taxes imposed on the garments at various stages of production and marketing and passed on to the Batemans as the consumers.

Mr. Bateman worked 34 days to pay the year's clothing bill for his family of five. Two and one-fifth days of this time he spent in earning the money involved in the tax bill on this clothing item. That tax bill would have bought another suit for one of his two sons or a year's supply of stockings for his 20-year-old daughter.

It took almost 22 days' income from the joint labor of Mr. and Mrs. Fred Green, of 94 Chandler Avenue, Pawtucket, and the $7.50 weekly rental payments they collect for a tenement in their house to pay their year's clothing bill of $193.92. This clothing bill cost them $11.71^{30}/_{100}$ in taxes, or 6.04 percent of the total expenditure.

Clothing taxes eat up 1⅓ working days

This hidden tax bill on clothing ate up the income of 1⅓ working days by both Mr. and Mrs. Green. It was an amount sufficient to buy a winter coat for their young daughter, an only child, nine shirts for Mr. Green, or 19 pairs of stockings for Mrs. Green.

Mr. and Mrs. Charles Allsup, who are both employed in mills and together earn $1,877 a year, had to work 25 days to earn the money to pay their clothing bill of $153.33 during the year's time. Of this expenditure, $10.35^{1}/_{100}$, or 6.75 percent, was representative of taxes.

Mr. and Mrs. Allsup had to work 1⅑ days each to pay the tax bill on the clothing they bought during the year. With this money spent for taxes they could have bought 12 dresses or 4 pairs of shoes for their young daughter, also an only child.

When you bear in mind that none of these three families can afford to buy much more than the bare necessities of life, you can readily see what a difference it would have made to them if they could have used the money which went into taxes to buy dresses, suits, coats, shoes, or stockings.

But the tax figures on clothing given above by no means tell the whole story.

For instance, we show that the Allsups paid 83.63 cents processing tax on cotton goods. This amount was collected by the Government. If pyramiding were to be taken into consideration, this figure would be more than twice as large.

Pyramiding holds true in varying degree for all tax figures presented in this article on clothing, with the exception of retail tax figures, involving the final marketing stage. The extent to which pyramiding affects the ultimate amount of any tax figure varies directly with the number of production and marketing steps through which the commodity has to pass before it reaches the consumer.

Thus, when on cotton goods for the Bateman family we show a tax of 18.34 cents levied on the manufacturer of the gray goods, the first process of manufacturing cloth, it means that by the time the goods had reached the Batemans and the system of pyramiding had taken its toll, whereby each subsequent handler had considered the 18-cent tax a part of the cost and taken his profit on it, the figure was approximately $1.07, an increase of nearly 600 percent. On the other hand, pyramiding would only increase the wholesale tax figure of 80.23 cents to $1.06, a 32-percent increase.

For cotton and wool the portion of the tax levied against the farmer was ascertained by finding the amount of raw material in each garment and the price which was paid the farmer for this raw material. Then 9.3 percent of this raw-material cost was figured as the tax levied against the farmer and shiftable to the consumer. This 9.3 percent represents the ratio between the total farm income and the total amount paid by the farmer in shiftable taxes.

Dependable figures only are included

No satisfactory figure could be found in regard to rayon, and there is, of course, no farmer's tax to be figured on silk goods.

In this connection it might be reiterated that whenever it was impossible to obtain dependable figures on taxes on certain commodities, such taxes were omitted altogether by the Journal research worker in the interest of scientific accuracy. The figures given in this study therefore err on the side of understatement, not overstatement, of taxes.

After the farmer's tax had been figured on the various garments, the goods were carried through each step of production and the taxes on each step were figured on the basis of actual tax figures collected from many processing establishments.

The tax on shoes and shoe repairing was figured in the same manner. The only satisfactory figures that could be obtained in regard to the taxes on hats were the levies on the manufacturer, wholesaler, and retailer.

The 3-percent tax on laundry and pressing establishments includes Federal, State, and local taxes on the business and the indirect taxes paid by these establishments for electric power and for gasoline used in the delivery service.

The laundry business is a good example of what the Social Security Act taxes will amount to on concerns where wages are a relatively large item of cost.

Considering industry as a whole, it is estimated that the first-year tax of 1 percent now in effect under the unemployment insurance law will be equivalent to a one-sixth of 1 percent retail sales tax when it reaches the consumer. But it will mean a much heavier burden in industries with proportionately large pay rolls. One of the largest laundries in Providence estimates that the social-security tax will amount to $3.50 on every $100 of gross business. This is 50 cents per $100 gross business more than the present tax of $3 per $100. The total tax will thus be increased from $3 to $6.50 per $100, a jump of 116 percent, which will have to be passed on to the consumer.

TENANT PAYS REAL-ESTATE TAXES AS PART OF RENTAL

Would have paid $8 per month less rent but for hidden levies, survey reveals—Indirect property tax meant nearly 11 days' work

Frank A. Batman, of 103 Calaman Road, Cranston, does not own the house in which he lives but he pays taxes on it just the same. The only difference between him and the man who is a property owner is that while the latter pays his tax directly at city hall, Mr. Bateman pays his real-estate taxes to the landlord as a part of the rent.

In the period between September 1, 1935, and September 1, 1936, during which the accounts of the Batemans and of two other families were analyzed by the research department of the Providence Journal, Mr. Bateman spent $447.50 for house rent.

Of this rental, $92.42, or 20.65 percent, went for property taxes. To pay this indirect property tax bill, Mr. Bateman had to work 10.91 days. If it had not been for this tax, his rent would have been nearly $8 a month less.

In the year's time covered by the Journal study the Bateman family lived for 33 weeks in a house at 60 Blaisdell Street, Cranston, and for 19 weeks in the eight-room cottage which they now rent on Calaman Road. The proportion of the tax expenditure on the Bateman rental would have been considerably larger were it not for the fact that the owner of the Calaman Road cottage is a war veteran and therefore receives a $1,000 tax exemption. Largely due to this fact, the proportion of the Bateman rental which went for taxes is considerably lower than the national tax average of 24.7 percent for rent payments shown by a Nation-wide study conducted in January of this year.

Daughter's room rent also adds to tax

The $447.50 item is not the only rental expenditure made by the Bateman family during the year covered by the Journal study. During the first 19 weeks of that period Mr. Bateman's 20-year-old daughter spent $76 for room rent at Kingston, where she was a student at the Rhode Island State College. Of this amount $20.52 was representative of taxes. The Batemans also rented a summer cottage for a month for $35. Of this amount $8.64½ went for

taxes. That raises the Bateman indirect real-estate tax bill to $121.68½.

The two other families included in the Journal study—those of Fred Green, of 94 Chandler Avenue, Pawtucket, and Charles Allsup, of 378 Vine Street, that city—own the homes in which they live and pay direct real-estate taxes. The amount of real-estate and other direct taxes paid by these families will be shown in the next and final article of this series, in which the findings of the whole study will be summarized.

In a year's time the Batemans spent a total of $1,204.39 for a miscellaneous group of goods and services, including rent but exclusive of food and clothing. Expenditures for food and clothing were listed in previous articles of the series. This $1,204.39 expenditure cost Mr. Bateman, who earns $2,600 a year, $190.66⅕, or 15.83 percent, in taxes. To pay this tax bill Mr. Bateman had to work more than 22½ days.

In addition to food and clothing, the Greens, whose annual income is $2,764.95, spent $918.88 during the year on miscellaneous items. Their direct real-estate taxes are not included in this amount. The Greens' tax bill on the $918.88 was $116.72, or 12.70 percent of the total. They had to work 13 days to pay this tax bill. In view of the fact that both Mr. and Mrs. Green work, it means that the wages of 26 working days were required to pay this hidden tax burden.

In August the Greens bought a new car, for which they paid $225 in cash and received a trade-in value of $550 on their old car. If this $550 is considered as an expenditure, the Green total for miscellaneous items rises to $1,468.88. The tax bill on this expenditure remains at $116.72, or 7.94 percent of the total.

Wages of several days needed for tax

The Allsups, whose annual income is $1,877, spent a total of $614.42 during the year for goods and services, exclusive of food, clothing, and direct real-estate taxes. Of this amount, 36.88^{55}/_{100}$, or 6 percent, went for taxes. To pay these taxes the Allsups worked more than 6 days. As in the case of the Greens, both Mr. and Mrs. Allsup work. They therefore found it necessary to use the wages of more than 12 working days in paying this tax bill.

Six cents of every dollar spent for carfare is a tax charge. Out of every dollar paid for telephone service the telephone company passes 10.26 cents along to the Government in payment of taxes.

Out of every dollar paid to the electric light company, the Government takes 12.5 cents in taxes. Every time a dollar is spent for illuminating gas 85.3 cents goes to the gas company and 14.7 cents is divided up among the various governmental units, Federal, State, and local, taxing the company.

The tables show how the three families paid manufacturer's excise taxes, hidden in the price of the article, on matches, perfumes, dentifrices, toilet soaps, tobacco, cigars, cigarettes, playing cards, automobile parts, tires, radio tubes, refrigerators, and malt and spirituous liquors. Also shown are excise taxes on entertainments where the charge is more than 40 cents, on gasoline, and on oil.

But heavy as the indirect tax burden borne by the three families on their miscellaneous expenditures has been shown to be, the figures given above are decidedly conservative.

This is true for two reasons. First, because no account is taken here of the cost to the consumer of pyramiding, the process resulting from the repeated profit mark-up in the various stages of production on the part of an article's price, which is tax. Second, because, due to lack of accurate information, no figures are given for the manufacturer's tax on many items in the tables below and for a number of items it was impossible to figure out any taxes at all for the same reason.

MAN AND WIFE WORK 77.72 DAYS IN YEAR TO PAY TAXES

Family spent at least 14.39 cents of every dollar in levies on everything they ate, drank, wore, used, and enjoyed

If Fred Green, of 94 Chandler Avenue, Pawtucket, had been the only wage earner in his family of three, he would have had to work 77.72 days to pay his tax bill on a year's expenses of $2,430.99.

But Mr. Green himself does not earn enough to support his wife and 13-year-old daughter, and Mrs. Green, like her husband, works in a silk mill to supplement the family budget. Together they had to work 38.86 days in a year's time to earn the money which went into taxes on their extremely modest expenditures for the elementary necessities of life.

The Greens do not make enough money to pay income tax, but at least 14.39 cents of every dollar they spent went into taxes, a good deal of them hidden taxes passed on in the prices of everything they ate, drank, wore, used, and enjoyed. Their tax bill totaled 349.81^{1}/_{100}$. Their tax would be only 11.73 cents on the dollar if the $550 trade-in value of their automobile is considered as an expenditure.

Because the Greens own their home, 53 percent of their tax bill was paid out in direct taxes and less than one-half in indirect levies on food, clothing, and other necessities.

A sharply different proportion between direct and indirect taxes is shown in the case of the family of Frank A. Bateman, of 103 Calaman Road, Cranston, which lives in a rented house.

Pays $290.65 in taxes, spends $2,561.63 total

Mr. Bateman, who is the only wage earner in his family of five, paid a total of 290.65^{29}/_{100}$ in taxes on a year's expenses of $2,561.63. But because he did not pay directly any real-estate taxes, his tax bill consisted of 267.04^{29}/_{100}$ in indirect taxes and only $23.60 in direct taxes. The latter item covered the personal-property tax and the registration and driver's license fees on Mr. Bateman's car and his wife's poll tax.

Thus, only 8.12 percent of Mr. Bateman's total tax bill of 290.65^{29}/_{100}$ was paid out in direct levies. The remaining 267.05^{29}/_{100}$ were incurred as indirect taxes on everything the Batemans bought during the year.

At least 11.35 cents of every dollar spent by the Batemans went into taxes. Mr. Bateman had to work 34.31 days to pay this tax bill.

In the case of the family of Charles Allsup, of 378 Vine Street, Pawtucket, direct taxes also exceeded the indirect levies. This is because the Allsups, like the Greens, own the house in which they live.

The Allsup tax bill amounted to 160.71^{13}/_{100}$, or 10.13 percent, of the family total expenses of $1,584.93. This means that 10.13 cents of every dollar spent by the Allsups went into taxes.

Both Mr. and Mrs. Allsup work in mills. If Mr. Allsup had been the only wage earner in his family of three, he would have had to work 52½ days to pay his tax bill. But since his wife also works, it actually took their combined wages of more than 26 days of labor to pay these taxes.

Smaller tax bill due to thrifty mode of life

That a smaller portion of the Allsup dollar went into taxes than in the cases of the other two families included in the Journal study is primarily due to the fact that the Allsups own no automobile and in many other ways live even more thriftily than the Greens and the Batemans. The size of the indirect tax bill is determined to a large extent by the individual's spending habits, and considerable taxation may thus be avoided by simply abstaining from spending money on those goods and services that are heavily taxed.

If we add up the percentage of taxes paid on every dollar of expenditures by each of the three families, and divide that figure by 3, we get an average tax of 12.18 percent.

This tax percentage is exceedingly conservative for the following three reasons:

1. Pyramiding of profits upon taxes.
2. The failure, due to the lack of accurate information, to include any taxes at all for a certain group of expenditures and a part of the taxes for other purchases.
3. The extremely thrifty mode of life of the families involved.

As has been stated in previous articles of this series, no account was taken in the Journal study of the cost to the consumer of pyramiding, the process resulting from the repeated profit mark-up in the various stages of production on the part of an article's price which is tax. Only the amounts which actually went back as tax payments to the various governmental units have been figured. If the additional cost on each purchase due to pyramiding had been included, the tax figure would have been much higher.

Whenever it was impossible to obtain dependable figures on taxes on certain commodities, such taxes were omitted altogether by the Journal research worker in the interest of scientific accuracy. This further contributed to understatement rather than overstatement.

Tax estimates clearly under actual figures

In the case of the Greens no taxes at all were shown for expenditures totaling $628.50. If this group of expenditures is deducted from the Green family's total expenses of $2,430.99 and the tax bill is applied only to those items on which taxes have been figured, we get a percentage of 19.40 rather than 14.39.

Similarly, if we deduct from the Bateman expenditures of $2,561.63 the $221.51 for which no taxes at all were figured, we get a tax percentage of 12.42 instead of 11.35.

In the case of the Allsups deduction of the $292.68 on which no taxes were shown raises the tax-percentage rate from 10.13 to 12.43.

This would give an average tax of 14.74 cents on the dollar for the three families.

In August the Greens bought a new car. They paid $225 in cash and received a trade-in value of $550 on the old car. If the trade-in value is considered as an expenditure, then only 14.86 cents on the dollar spent by the Greens is traceable to taxes when we deduct the family's expenditures on which no taxes were shown.

An even more important contributing factor toward keeping the tax burden of the Green, Bateman, and Allsup families lower than that of millions of other families below the income-tax level is their extreme frugality. To a great extent all three of these families kept their indirect taxes down through being very sparing with or keeping entirely away from expenditures on heavily taxed goods.

The Allsups have no automobile, do not use gas, and manage without a telephone. The Greens also have no telephone.

During the entire year covered by the Journal study all three families spent a total of $5.69 for spiritous and malt beverages. The Allsups bought one bottle of whisky for 75 cents, the Batemans purchased one bottle of wine for $1, and the Greens bought $3.25 worth of beer and 69 cents worth of gin.

Despite the widespread interest aroused in Rhode Island in the past 2 years by horse and dog racing, neither the Batemans nor the Allsups spent a cent on that item during the year. The Greens made one trip to the race track, buying four $1 tickets. They did no betting.

A man who smokes a package of cigarettes a day pays $21.90 in taxes to the Federal Government in a year's time. But in none of the three families was a package of cigarettes or its equivalent in other tobacco products smoked per day. The Green family comes first with six packages consumed per week. Mr. Bateman smokes three packages of cigarettes, four cigars, and less than 10 cents' worth of pipe tobacco per week. Mr. Allsup smokes two packages of cigarettes per week and 10 cents' worth of pipe tabacco per month.

On no occasion during the year did any of the members of the three families buy a ticket to a moving-picture theater costing over 40 cents. They thus escaped the Federal admissions tax which is operative only on tickets costing more than 40 cents.

Neither were there any large expenditures for perfumes, powders, or face creams in any of the three families.

Mr. Bateman drives his car less than 7,000 miles per year and Mr. Green less than 8,000 miles, this despite the fact that motoring is the principal amusement in both families. By keeping the mileage down they save a great deal on taxes on gasoline and oil consumption and on tire, inner tube, and mechanical parts replacements.

Although the income of each of the three families is moderate, they all managed to show considerable savings at the end of the year.

During that period the Greens, who collect rent from a tenement in their house, had an income of $2,764.95 and spent $2,430.99 plus $144 for mortgage principal, which is not considered as an expenditure but as a shift in assets. They saved $189.96 in cash. If the trade-in value of their automobile should be considered as an expenditure, we find that the expenditures of the Greens exceeded their income by $360.04.

Mr. Bateman earned $2,600 and spent $2,561.63, saving $38.37.

The Allsups earned $1,877 and spent $1,584.93, plus $235.50 for mortgage principal, which is not considered as an expenditure but as a shift in assets. They saved $56.57 in cash.

Works 34.31 days to pay cost of taxes

As may be seen from the frugal mode of life of these families outlined above, the fact that they saved money does not mean that they did not do without a lot of things they could have used to great advantage. It merely means that, in keeping with their thrifty habits, they realize the need of saving as a protection against unemployment, disease, and old age.

A summary of the break-down of the tax bill of each family is enlightening.

Mr. Bateman paid 267.05^{23}/_{100}$ in indirect taxes hidden in the cost of the goods and services his family purchased during the year and only $23.60 in direct taxes on his automobile. It took him 2¾ days to earn the money to pay these direct taxes, but he had to work 31.52 days to pay his indirect tax bill—a tax bill which many people do not even realize is being assessed against them.

In 1934 this type of indirect taxation, which weighs heaviest upon the small-wage earner, made up 59 percent of the Federal tax revenue.

The Batemans spent 57.87^{87}/_{100}$ in hidden taxes on their food, 18.51^{32}/_{100}$ in concealed taxes on their clothing, and 190.66^{2}/_{100}$ in indirect taxes on various other goods and services, including their rent.

Mr. Green paid a property tax of $163.12 on his real estate and $4.18 on his automobile. His registration fee was $12 and his driver's license cost him $2. He also spent $3 on a New Hampshire fishing license. His total direct tax bill thus amounted to $184.30, making up 53 percent of his combined direct and indirect tax bill of 349.80^{1}/_{100}$.

Mr. and Mrs. Green worked 20½ days each to earn the money to pay their direct tax bill. It took their combined wages of 18.4 workdays to pay their indirect tax bill of 165.50^{1}/_{100}$. The latter item consisted of 37.07^{74}/_{100}$ in taxes on their food, 11.71^{30}/_{100}$ in levies on their clothing, and $116.72 in taxes on miscellaneous goods and services.

Mr. Allsup paid a property tax of $82.72 on his home. This was his only direct tax and made up 51 percent of his total tax bill of 160.71^{18}/_{100}$.

Mr. and Mrs. Allsup had to work 13½ days each to earn the money to pay their direct tax bill. It took their combined wages of 12.76 work days to pay their indirect taxes of 77.99^{15}/_{100}$. Indirect taxes on food cost them 30.75^{54}/_{100}$. They paid taxes of 10.35^{41}/_{100}$ on their clothing and 36.88^{50}/_{100}$ on other goods and services.

What did this heay tax burden mean to the three families in terms of human needs, ambitions, and happiness?

It mean that Mr. and Mrs. Bateman, who have always worked hard and lived thriftily, were unable to provide for their children some of the opportunities they had long hoped to give them.

Their 20-year-old daughter left Rhode Island State College at the end of the first semester last February. Although no tuition is charged at Kingston, she spent a total of $240.60 for room and board, fares, books, and laboratory fees during the 19 weeks she was at college. She was forced to discontinue her college education because her father could not afford to keep her there any longer.

The Bateman tax bill would just about have paid her second semester's expenses at college.

Tax bill will prevent son going to college

The Batemans also have two sons. One of them graduated from Cranston High School last summer and the other is now in his second year at the same high school. The older son also would like to go to college this fall but there is no chance of that, his father says, unless he can manage to earn his own way. There might be a chance, Mr. Bateman adds, if it were not for the high cost of living, which to a great extent is due to taxes.

All the efforts and hopes of Mr. and Mrs. Green are centered on their 13-year-old daughter, an only child, whose most cherished ambition is to get an education at the New England Conservatory of Music in Boston when she gets through high school and to become a concert pianist.

The girl is now taking piano lessons, but under present circumstances, despite their efforts to put aside as much as possible for her education, Mr. and Mrs. Green don't know whether they will be able to afford to send their daughter to Boston.

The piano course fee at the New England Conservatory of Music is $30 to $50 a semester for one lesson weekly and $54 to $100 a semester for two lessons weekly. Besides the tuition, other expenditures also are involved, of course, in sending the girl to Boston. But the Greens' annual tax bill of $349.81 would go a long way toward paying the cost of getting their daughter through the conservatory.

Daughter may be forced to forego education as dancer

The same is true in the case of the Allsups.

Their greatest ambition in life is to give their 10-year-old daughter, Kathleen, also an only child, a good education. Kathleen is tall and graceful. She hopes to be a dancer. She wants to take dancing lessons. But her parents don't know whether they will be able to send Kathleen to dancing school.

It usually takes from 2 to 5 years, depending on the pupil's ability, to train a girl for stage dancing, according to information obtained from a leading Providence dance studio. Students take from one to two lessons weekly, and the charge varies from 50 cents a lesson for beginners to $2 an hour for advanced instruction.

The Allsup tax bill of $160.71 a year could easily pay for Kathleen's dancing lessons.

Neither the Greens nor the Batemans or Allsups are very articulate people. They are too busy working and trying to live as decently and thriftily as possible to think at great length about much else than their immediate personal problems. But during the past year, as they accounted for every cent of their expenditures and submitted their budget to the Journal, they have begun to think about this ever-present problem of taxation and what it means to them in their daily lives.

Money spent on taxes surprises consumer

"I never realized we were paying out so much in taxes," Mrs. Green said the other day. "What could I do with the money we spent for taxes? Plenty. If there was nothing to spend it on, we could save it.

"We want to send Leatrice to the Conservatory of Music in Boston. With that money we could save enough to get her started, at least, and maybe see her through without too much trouble.

"It must be harder for lots of people who buy all their clothes. I make almost all our clothes, even underwear, using the goods I get from the mill. That saves a lot."

"Under normal conditions," Mr. Bateman declared, "a man earning $2,600 a year ought to be able to save something for a rainy day. But in view of this heavy tax burden we have found it impossible to save very much. Any surplus which might have been saved up has been eaten up in taxes. It is impossible for my children to go to college unless they can earn their own way.

"I do not believe that the average man or woman who does not pay very much income or property taxes realizes that he does pay as much taxes per dollar purchase for his food and clothing as does the rich man. For this reason, all those who are not fortunate enough to be rich, which of course, is the majority of people, should take as much interest in their Government and the men who represent them in Washington and in the State and city governments as do the rich, for the bulk of the taxes are paid by the average citizen and not the rich."

"Maybe I could do something more than just exist with some of the money I spend in taxes every year," Mr. Allsup said.

"Right now I could spend plenty on the house. There are a lot of things to do. With all the taxes I pay for one thing and another, we haven't all the conveniences we ought to have. We haven't even got city water, and I had to dig a well so I could pump water from the ground. It isn't the best thing in the world, but it has to do.

"It's kind of hard to say right off the bat what we could do with extra money. There is our daughter's education. There are so many other things. We could do more than just get along. It's a struggle to do even that right now, what with the higher cost of everything, taxes and insurance to pay for, and the house to keep up decently."

What taxes meant in days of labor as shown in Journal tax study

Findings of the Providence Journal tax study, showing the break-down of total taxes paid in a year's time by three Rhode Island families and the number of days they worked to earn the money to pay these taxes, are summarized in the following tables:

The Green family

Item	Expenditure	Tax	Workdays to pay the tax
Indirect taxes:			
Food	$502.88	37.07^{74}/_{100}$	4.12
Clothing	193.92	11.71$^{30}/_{100}$	1.30
Miscellaneous	918.88	116.72	12.96
Total	1,615.66	165.51$^{1}/_{100}$	18.38
Direct taxes	184.30	184.30	20.47
Grand total	1,799.96	349.81$^{1}/_{100}$	38.85

In addition to the $7.50 per week which they received in rent from their downstairs tenement Mr. and Mrs. Green together

worked 38.85 days each, or more than 6⅓ weeks each, to earn the money with which to pay their total tax bill. Since Mr. and Mrs. Green both work this means that taxes took the earnings of 77.70 workdays plus $48.72 which was the portion of rent income that went for taxes.

The Bateman family

Item	Expenditure	Tax	Workdays to pay the tax
Indirect taxes:			
Food	$827.19	$57.87⁷⁄₁₀₀	6.83
Clothing	286.39	18.51²³⁄₁₀₀	2.19
Miscellaneous	1,304.39	190.66²⁰⁄₁₀₀	22.61
Total	2,317.97	267.05²⁹⁄₁₀₀	31.63
Direct taxes	23.60	23.60	2.79
Grand total	2,341.57	290.65²⁹⁄₁₀₀	34.42

It took Mr. Bateman 34.42 days, or more than 5⅔ weeks, to earn the money to pay the family's total tax bill.

The Allsup family

Item	Expenditure	Tax	Work days to pay the tax
Indirect taxes:			
Food	$442.04	$30.75⁴⁴⁄₁₀₀	5.03
Clothing	153.33	10.35⁴⁄₁₀₀	1.70
Miscellaneous	614.42	36.88⁴⁵⁄₁₀₀	6.04
Total	1,209.79	77.99¹³⁄₁₀₀	12.77
Direct taxes	82.72	82.72	13.53
Grand total	1,292.51	160.71¹³⁄₁₀₀	26.30

Mr. and Mrs. Allsup together worked 26.30 days each, or more than 4⅓ weeks each, to pay their tax bill. Since Mr. and Mrs. Allsup both work, this means that their taxes took the earnings of 52.60 work days.

The Preservation of Peace

EXTENSION OF REMARKS

OF

HON. HENRY C. LUCKEY

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 24, 1937

RADIO ADDRESS BY HON. HENRY C. LUCKEY, OF NEBRASKA, ON NOVEMBER 23, 1937

Mr. LUCKEY of Nebraska. Mr. Speaker, under leave to extend my remarks in the RECORD, I insert an address delivered by me over the Intercity Network, Washington, D. C., on November 23, 1937, as follows:

Ladies and gentlemen of the radio audience, can we keep our country out of war? This is a question of the most vital importance to us all. Well do we remember the fateful days of 20 years ago. Under a wave of emotionalism and hysterics fanned to a white heat by a most adroit propaganda, we embarked upon a crusade to make the world safe for democracy and to fight a war to end all war. After the armed conflict was over and the facts gradually leaked out, we found that the major propelling force which drew us into that war was to protect our foreign investments and to protect and expand our commerce. That is putting it bluntly. But the facts are that our commercial and foreign policy gradually but inevitably drew us into the world conflict.

Twenty years have passed, and the world is again thinking of war. Nations are preparing for war. Never in all human history has the armament race been carried on on such a gigantic scale as today. All the loss of the millions of young men and all the destruction of billions of dollars of property have seemingly been for naught. Wars have not ceased nor are democracies secure. All this supreme sacrifice has been in vain. Instead, in its wake we have the most unprecedented world depression with its suffering and despair. Friendly trade relations have almost been destroyed. Fear has driven nations to intense nationalism. Huge national debts are breaking the backs of the people and the heels of the dictators are crushing out the last vestige of human rights and liberty. The sum total of that supreme effort has been hate, fear, loss, despair, chaos.

The present evils and national differences cannot be corrected by force. If that were attempted, it would result only in another carnage. Only justice based on due respect for mutual rights can heal the wounds of a bleeding and sick world. Then if more war is not an antidote against future wars, what are we going to do about it?

Let us be realists and look the situation square in the face. If we subject the European situation to an honest and unbiased scrutiny, we find that the present condition is due to the injustices of the Versailles Treaty and the short-sightedness of the so-called statesmen who were in control during the post-war period.

Not force, not war, but justice, will promote peace among nations. Tempted as we may be to use force, we must keep our country from using force and the threat of war in its relations with other nations. We are living on a planet from which we cannot escape. Modern science and technology have made this a small world, where the human family can live in peace only if each respects the rights of the other. Therefore we must adopt a national policy in our foreign relations that will give us the utmost protection.

Our foreign policies are formulated and made in Washington by the President, the Department of State, and the Congress. When these policies are based on the inevitable use of war, they will not save us from that use. But we do not have to make such policies. We can make policies that are based upon the strengthening of peace rather than the strengthening of war methods.

Twenty years ago, early in 1917, a Congress was in session. Policies were made by that Congress and the President and by the preceding Congresses which gradually led us into the World War. Today again Congress is in session, and again the Congress and the President are formulating policies—policies that may keep us out of war or that may lead us into war.

What should some of these policies be if we are to stay out of war?

First. Due respect for the rights of all nations. No controversy is ever settled permanently unless it is settled on the basis of justice. That fact is proven by the present situation in Europe. Fascism in Germany would have been unthinkable if it had not been for the injustices of the Versailles Treaty and post-war mistakes.

Second. A constitutional amendment to give our citizens a right to vote on the declaration of war before we can send our soldiers to fight on foreign soil. This does not apply to an invasion of the United States. In such a case we would need no draft and no forced enlistment. Amendments to the Constitution to effect this are now pending before Congress.

Third. The constitutional right to declare war vested in Congress should not be delegated to the President and the State Department. The delegation of any policy-forming power should be protected with the utmost safeguard. The fact that the present neutrality law is not being invoked indicates a clear contravention of the intention of Congress and of its constitutional rights. The present neutrality law should be invoked or so revised or amended as to meet conditions in the light of the present experience.

Fourth. Promote and stimulate international trade. To ease the tension now existing between nations, it is necessary to divert war activities back into normal peacetime activities. This, of course, will be a slow and tedious process. My observations in traveling abroad recently have been that the greatest factors in the promotion of peace would be the increase of foreign trade and the cultivation of good will between nations.

Fifth. Another peace policy would be the declaration by Congress of the reasons for our national defense. Congress has never declared this. We continue to build battleships and other armaments for what is called adequate defense. In this armament race we are setting the example for war by being in the front rank. A peace policy will ask, "Adequate for what?" The answer should be, "Adequate for the defense of our soil as laid down clearly by Congress." Proposals for such a declaration of policy are before Congress now. I myself have introduced a resolution to this effect.

To summarize: A peace policy is one that reduces strains between nations, a policy that avoids giving offense to other nations, a policy that provides for the use of our armaments only to defend our soil, a policy that strengthens internal democratic processes, a policy that avoids involvement in other wars, a policy that gives the fullest American aid to peaceful adjustments undertaken by other countries, a policy based on justice and good will.

As I have said, Congress is in session. Congress is making policies. These policies must be peace policies in foreign matters or we will inevitably have to use the war method. And if we use the war method, we will forfeit every democratic value which we cherish.

Question by Mr. HARRIS. Congressman LUCKEY, this has been an exceedingly interesting outline of peace policies. I should like to ask two or three questions, if you please. The first one is this: Since many people fear that democracy is endangered by dictatorships, do you think the United States can help save democracy by basing its foreign policy upon a readiness to stand by other democracies if they are at war with dictatorships?

Answer. I think that would be dangerous. It would be using war to make peace. The only result would be that we would lose democracy, not only for the duration of the war, but we would endanger it for many years afterward. Surely one unsuccessful war to save democracy should teach us that another would be a worse failure.

Question by Mr. HARRIS. This is very interesting, Mr. Congressman. Another question has been forced upon me recently. Many people, in fact nearly everybody, wants peace. They earnestly desire it. I wonder if you think that peace will cost us anything or if it can come to us without sacrifice?

Answer: Nothing valuable comes without a price. Peace will cost. It will cost our Nation and it will cost each one of us as citizens. Our Nation will have to withdraw from some positions it now holds, will have to give up certain ideas of prestige and certain of its resources, will have to give up war profits if we are to have a peaceful world. And every citizen will share in that cost. Indeed, there is an immediate cost which every citizen should pay, and it is this: He shoud give time and effort now to work for peace. He cannot bring peace by sitting in an easy chair and hoping it will come.

Question by Mr. Harris: Mr. Congressman, that raises another question. What can the ordinary citizen do to keep our country out of war?

Answer: That is a very pertinent question, Mr. Harris. In the first place, he must have facts. Newspapers and radio addresses are helpful, but they are not enough. There now are well-known and reputable organizations in this country who devote all their time to preparing facts on foreign questions for the ordinary citizens. Reports and books dealing with peace and war should be studied by every citizen who is interested in the promotion of peace. This is the greatest problem before the world today, and therefore each club, labor organization, farm organization, etc., should have leaders who will present peace programs and thus get the facts before the people. An enlightened and peace-conscious citizenry can do much to strengthen the hands of the Congressmen, Senators, and the President when they are working on peace policies. We must know the truth if we expect to collaborate in an intelligent way for world peace.

The Antilynching Bill

EXTENSION OF REMARKS

OF

HON. NAT PATTON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 24, 1937

Mr. PATTON. Mr. Speaker, ladies and gentlemen of the House, I wish to join with other Texas Representatives in paying tribute to our able and distinguished Senator, TOM CONNALLY. Senator CONNALLY is recognized in Washington as an outstanding statesman who is fearless in the expression of his honest convictions. His outstanding ability, deep sincerity, and undaunted courage have made him a national figure that Texas should be justly proud of. Senator CONNALLY has assumed a leadership in the Senate in his advocacy of measures to give the farmers of our country a fair deal and to provide opportunities for tenant farmers to acquire their own farms. He is ever alert to protect the interest of the people of our State. Those of us who realize how vicious and destructive the antilynching bill will be to the best interest of the people of the South and the entire Nation appreciate his leadership in marshaling the forces of the opposition to defeat this iniquitous measure, or, if this cannot be done, to arouse the Nation to a realization of the great danger of measures of this kind. His masterful speech on the antilynching bill should be read by every man and woman who believe in the fundamental principles of American democracy.

Ground-Breaking Exercises of Crooked Creek Flood-Control Dam

EXTENSION OF REMARKS

OF

HON. PETER J. DEMUTH

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 24, 1937

Mr. DEMUTH. Mr. Speaker, Pennsylvania is blessed with many valuable resources. We have a climate second to none. We have a most interesting topography—level lands, rolling lands, foothills, and rugged mountains. Our climate is a most valuable resource. Because of the climate the surface of our lands are covered with fertile fields and extensive forests. The beauty of the vegetation and the forests of Pennsylvania are greatly due to our climate. A necessary element of our climate is rain in proper proportion. This rain contributes greatly to Pennsylvania's ability to support its citizens. It is a great and natural resource. Rain results from a condition of the atmosphere when evaporated water becomes distilled and sprinkled like a blessing over our State. It is pure distilled water. We need and have in Pennsylvania an abundance of good pure water. In certain seasons we have an abundance of rain. Some years, because of unusual atmospheric conditions, because of the condition of the surface of the earth, and together with the accumulation of snow in the mountains, these heavy rains have resulted in superfloods. The floodwaters rush down the valleys to reclaim as their own those parts of the valleys that from time to time they have always used. For a number of years much of this land has been occupied by our people. We have built our homes on these lands. Great cities and industries have located on some of these lands. Today men by use of the intelligence and ability with which he has been endowed by God, by the use of the arts and sciences he has developed, has devised methods of controlling these floods. Today, after many years of planning, hoping, and wishing, we are actually starting this program of flood control. Dams at Crooked Creek and Tionesta are being constructed. Channel work at Johnstown and another dam will soon be started.

Pennsylvania has become a great industrial State, Pittsburgh the world's greatest industrial center. Other States now using their natural resources have developed hydroelectric power and are threatening our industrial supremacy. Hydroelectric power is a perfect supplement to steam power plants for peak power. Already great industrial cities are offering cheap peak hydroelectric power to attract new industries. This peak power has also afforded a much lower rate structure for home use. Three hundred and twenty million dollars is already being spent on the Tennessee River.

This dam is a purely flood-control dam, and will be operated as such. We have hydroelectric resources which will probably have to be put to use as supplemental to our steam power plants in order that we maintain our industrial supremacy. Progress is a relative thing. We must not close our eyes to the progress made along these lines in other States. Industries near the Tennessee Valley development are offered cheap peak power through the T. V. A. Later, power and flood-control dams will be built on the Clarion River, for which will find a waiting market for the cheap peak hydroelectric power.

The waters impounded back of this mammoth dam will be released into the streams in a gradual and orderly manner. It will prevent the loss of lives. It will prevent the destruction of homes and other property, and they will prevent the disturbance of orderly routine of life and business. This control of these waters will also aid navigation and result in a reduction in the percentage of stream pollution.

The time is not far distant when we will no longer permit the pure waters of our streams to be contaminated by the dumping into them of raw sewage and industrial waste.

Today we are only beginning the task of controlling the waters to prevent floods. Later, no doubt, we will reclaim for our people from our rivers other natural benefits which are and should be theirs.

An Ominous Railroad and Utility Parallel

EXTENSION OF REMARKS

OF

HON. WALTER M. PIERCE

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 24, 1937

Mr. PIERCE. Mr. Speaker, the current amazingly active and widespread propaganda campaign of the private utilities is a reminder of the similar campaign through the metropolitan press and certain business groups leading up to the

passage of the Transportation Act of 1920. They are alike in being richly subsidized efforts to change and mold public opinion through the influence of those people and organs which have caught the public attention.

The railroads today are paying dearly for the results of their campaign. The farmers and laborers have, in the intervening years, paid for the stakes of that game and will continue to do so. As the result of this propaganda, about $7,000,000,000 were frozen into the railroad capital structure, or about 33 cents out of every dollar of present book value. Harking back to the railroad construction era and the period of the Credit Mobilier, we find railroad land grants, Government subsidies, bond and stock issues totaling around $2.50 for every dollar of actual bona fide cost. Part of the costs of this fraud were unloaded on the people and then washed out in the 1893 panic, when 192 railroads went through receivership. A good part of this water has always been carried in the railroad rate structure, and the farmer has paid a continuing and burdensome charge on his production to support this frozen rate base. Think of the 158,000,000 acres of railroad land grants, about equal to the combined areas of Oregon, Washington, Illinois, Massachusetts, New Hampshire, and Connecticut! No honest man contends that the spending of this amount of our national resources helped the farmers or the laborers. Commissions and courts, in their efforts to protect solvency, are loathe to disturb rates; hence, it is obvious that the farmers and other shippers will continue to pay toll.

Why is it that propaganda allowing such malpractice can get by practically unnoticed and without public reprimand and revulsion? Is it because the protests of those who must eventually assume the debt payment are of necessity unheard? Spanning the years to unjustly burdened posterity, we are obliged to pay the wages of this debt.

The utility struggle today is nothing more than a repetition of that freeze of railroad capital through the 1920 Transportation Act. From authoritative sources we learn that the total outstanding electric securities amount to about $13,000,000,000. Of this sum, about six and one-half billion dollars represents water, "junk and jokers." To support this excess debt, users of electricity are paying about $1,000,000,000 annually in excess rate charges. This annual excess debt charge would, at 3-percent interest compounded, retire the entire national debt in about 21 years. Think of this, gentlemen.

The real issue in the utility problem today is not the few competitive public power plants upon which business seeks to place some responsibility for the slacking of recovery. The real issue is the danger of freezing of this six and one-half billion dollars in the rate structure. This will reach far into the future.

Regulation by State and Federal agencies has not prevented investors from being victimized, nor consumers from paying practically a 100-percent overcharge. Senator BORAH, as long ago as 1913, at the beginning of the regulation period, predicted in a speech on the floor of the Senate that regulation would not or could not succeed in this country.

These observations need not disturb us if we use the obvious way out and demand that the utility industry start to thaw out the frozen water and capitalize on a fair basis with amortization and redemption, and then start the same amortizing process on the prudent investment base. I have on numerous occasions pointed out to my colleagues the basic economics of this complex problem, namely, debt redemption, and recognition of the relationship between price and volume. Today the market value of the holding company stock control of all the utilities in the country is around $500,000,000. This sum amounts to the total excess charges in the national electric bill over a period of about 6 months.

Heads of private utility companies have not kept their pledges to the American people, made after the Federal Trade Commission's investigation from 1928–33. For our own protection we should provide and hold a few national yardsticks to police the job. Out on the Pacific coast the debt-redeeming, low-rate public electric plants at Seattle, Tacoma, Eugene, Los Angeles, and elsewhere have had a wholesome and beneficial effect on the capital and rate structure of the private utilities, as compared with national averages. These private companies have been forced by public opinion to trim ship and dispose of nonrevenue ballast. Efficient and honest private operators have little to fear from the yardstick. No advocate of the yardstick or of wider public ownership wants to confiscate investment or to destroy values or impair credit. We do want the beneficent educational influence of the yardstick. With this yardstick the people who use electric power can gage the situation and act for themselves.

On August 21 last, I placed before this body a speech on Public Power Projects, Power Costs, and Investments. I therein mentioned the remarkable record of the Eugene, Oreg., municipal plant, which has operated under the two economic principles that I have repeatedly stressed, namely, debt redemption, and the relationship between price and volume. In the speech I pointed out that the Eugene plant's outstanding debt was now only 18 percent of its cash investment, with reserves almost equal to this debt. I also set out in tabular form comparative electric bills of the home owners of Oregon, as of October 1936.

The Federal Power Commission has just released its 1937 Rate Series B for Oregon. To bring my previous presentation to date, I am presenting their latest comparison, which forcibly demonstrates how the violation of these two principles has resulted in upping the customers' bills in an area which is better off than the rest of the country, as far as comparative figures are concerned.

Examples of typical monthly bills and average incremental charges for residential service, Jan. 1, 1937

[Asterisk (*) denotes community served by publicly operated utility; double dagger (‡) denotes bill for 500 kilowatt-hours has been computed under a rate which limits the use of water-heating devices]

Community	Population	Average charge in cents per kwh for—							
		Lighting and small appliances	Lighting, small appliances, and refrigeration	Lighting, etc., refrigeration, and cooking	Lighting, etc., refrigeration, cooking, and water heating	25 kwh typical bill (principally lighting)	Incremental charge between—		
		25 kwh	100 kwh	250 kwh	500 kwh		25 and 100 kwh typical bills (principally refrigeration)	100 and 250 kwh typical bills (principally cooking)	250 and 500 kwh typical bills (principally water heating)
Ashland*	4,544	$1.70	$3.70	$6.20	$8.70	6.80	2.67	1.67	1.00
Astoria	10,349	2.04	4.74	8.24	[1] ‡10.24	8.16	3.60	2.33	[1] ‡.80
Baker	7,858	2.25	5.00	8.75	‡12.00	9.00	3.67	2.50	‡1.30
Beaverton	1,138	1.38	3.76	6.46	[1] ‡8.46	5.52	3.17	1.80	[1] ‡.80
Burns	2,599	2.75	5.80	9.10	[1] ‡11.60	11.00	4.07	2.20	[1] ‡1.00
Eugene*	18,901	1.00	2.55	4.50	7.13	4.00	2.07	1.30	1.05
Grants Pass	4,666	2.00	6.50	7.25	‡9.88	8.00	6.00	.50	‡1.05
Hillsboro	3,039	1.38	3.76	6.46	[1] ‡8.46	5.52	3.17	1.80	[1] ‡.80
Klamath Falls	16,093	2.00	6.50	7.25	‡9.88	8.00	6.00	.50	‡1.05
La Grande	8,050	2.25	5.00	8.75	‡12.00	9.00	3.67	2.50	‡1.30
Lakeview	1,799	3.00	6.40	9.90	[1] ‡12.40	12.00	4.53	2.33	[1] ‡1.00
McMinnville*	2,917	1.50	3.20	6.20	‡8.95	6.00	2.27	2.00	‡1.10
Medford	11,007	2.00	6.50	7.25	‡9.88	8.00	6.00	.50	‡1.05
Milton*	1,576	1.57	3.37	5.62	‡7.62	6.28	2.40	1.50	‡.80
Oregon City	5,761	1.38	3.39	6.09	[1] ‡8.09	5.52	2.68	1.80	[1] ‡.80
Portland	301,815	1.38	3.39	6.09	[1] ‡8.09	5.52	2.68	1.80	[1] ‡.80
Reedsport	1,178	3.00	7.50	8.50	[1] ‡11.00	12.00	6.00	.67	[1] ‡1.00
Roseburg	4,362	2.00	6.50	7.25	‡9.88	8.00	6.00	.50	‡1.05
Salem	26,266	1.38	3.39	6.09	[1] ‡8.09	5.52	2.68	1.80	[1] ‡.80

[1] Bill for 500 kilowatt-hours has been computed using a rate which limits the sizes of the water-heating elements to less than 100 watts per gallon of tank capacity, thereby necessitating a larger tank or small heating element than required under standard specifications.

To clarify the issues in this complex situation, I am also placing in the RECORD a letter I recently addressed to the columnist Miss Dorothy Thompson. I feel it will be useful at this time because of the unhappy situation in regard to the utilities of Washington, D. C., and the application for permission to issue further bonds for the benefit of the holding company:

I have read with interest your two recent articles on the utility problem in the Washington Star. In last night's issue (Novem-

ber 19), commenting on the spirit of Justice Brandeis, whose "acute sense of equity" all true liberals revere and accept, you make reference to the Boston sliding-scale rate plan. You are, no doubt, familiar with the later failure of this noble initial remedial effort in Massachusetts, partly through holding-company manipulations. The Massachusetts Sliding Scale Act of 1906 was repealed in 1926. The manipulations of the holding company are covered in the report of the board of commissioners appointed by the Governor of Massachusetts in 1916.

I am attaching copy of a speech I delivered in the House July 22 last on The Fallacies of the Washington, D. C., Sliding Scale Rate Plan, which was modeled after the Boston plan. I have shown therein where the people's interests were submerged through legal legerdemain. If you have the time, I would like to have you read it and give me your comments.

The wave of propaganda now being put out is, in my opinion, confusing the real issues. It is an exact parallel of what took place before the passage of the Transportation Act of 1920, and the railroads today are suffering because of this.

The real issue, stripped to the bone, is this: Shall the six and one-half billion of water junk and jokers in the thirteen billion of electric utility securities outstanding be frozen into the rate base for all time, and such method be continued, or shall the debts of these companies be redeemed and amortized over a reasonable period? Tacoma, Wash., has amortized and redeemed to date over 70 percent of the plant investment while giving the lowest electric rates in the country. Their residential average rate is about one-third of the national average.

The private companies generally never redeem or pay their debts, but refund instead, building up the rate base to the detriment of the consuming and investing public. It is not a question of greed or socialism but an honest and reasonable approach by all to a complex problem, so that in the end the public interest will be faithfully served.

The N. L. R. B. and the Senate Civil Liberties Committee

EXTENSION OF REMARKS

OF

HON. CLARE E. HOFFMAN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 24, 1937

COPY OF LETTER AND COMPLAINT

Mr. HOFFMAN. Mr. Speaker, under leave to extend my remarks in the RECORD, I insert herein the following letter received by me on November 20, 1937, from Raymond D. Trautman, editor of the Hosiery Examiner, together with the enclosures to which he refers.

THE HOSIERY EXAMINER,
Reading, Pa., November 19, 1937.

Hon. CLARE HOFFMAN,
House of Representatives, Washington, D. C.

DEAR CONGRESSMAN HOFFMAN: I enclose a copy of a complaint of unfair labor practices, which I filed with the N. L. R. B. at both Philadelphia, Pa., and Washington against the American Federation of Hosiery Workers, a C. I. O. affiliate.

The N. L. R. B. at Washington wrote me saying they would turn it over to the La Follette committee. I had a letter from Mr. Robert Wohlforth, secretary to Senator La Follette, asking for more details on this complaint.

I enclose also a letter (copy) which I sent to the La Follette committee. This letter explains the crux of the story. I was subpenaed last summer before this committee. They asked a thousand questions, but shut me up and wouldn't let me talk on what I wanted to tell them about union violence, burning freight cars, forcing workers to pay tribute, beatings, etc.

This American Federation of Hosiery Workers is the C. I. O. outfit that committed the terrible atrocity on the Apex Hosiery Mill, of Philadelphia, last summer. They also treated our community to a reign of terror in which 1 was killed, 125 injured, 442 homes paint bombed, and over 300 cars damaged. They have a record that for violence and illegality is almost unparalleled in labor history.

I am led to believe that the La Follette committee doesn't want me to tell the full story. For that reason I hesitate to cooperate with them, and wrote them accordingly, as per the enclosed copy. Yet I feel that Congress in order to pass fair laws should know the full truth of all this terrible labor-strife business.

I wish you would take time to read both the copy of the complaint which I made against the union and also the copy of the letter which I sent the La Follette committee. After that write me. If they want to hear me at Washington, I shall be glad to oblige and will call upon you. With kindest regards and best wishes, I am,

Yours very truly,

RAYMOND D. TRAUTMAN,
Editor, The Hosiery Examiner.

[Copy of letter to La Follette committee]

THE HOSIERY EXAMINER,
Reading, Pa., November 19, 1937.

Mr. ROBERT WOHLFORTH,
Secretary, the La Follette Committee,
United States Senate Office Building, Washington, D. C.

DEAR MR. WOHLFORTH: I acknowledge your letter of yesterday and thank you for writing.

I'll tell you frankly, I think your committee was unfair to me when you subpenaed me last summer—not in the fact that I was subpenaed but in the fact that I wasn't allowed at that time to present evidence of union violence and many other matters which it would seem to me would be most vital for an impartial committee to obtain a full picture of much of this labor matter.

Mr. Van Arkel shut me up and ordered the secretary to strike from the record all such matters I said and did want to say about the hosiery union. What's more, it appeared to me that your committee was used, either willingly or otherwise, as part of a smear campaign against me and the Hosiery Examiner.

The Hosiery Worker, the union's paper, printed 3 weeks before I was subpenaed that I was a notorious character and that you would call me. Now how did they discover that?

In my case, I stand ready and willing for a complete and thorough investigation at any time the American Federation of Hosiery Workers does likewise.

If you can give me the assurance that you will be fair and impartial and hear what I have to say, I will gladly come to Washington and give you some facts and leads that will enable you to conduct a really worth-while investigation, to get the two sides of this labor-controversy matter. However, if you can't do this, I must work toward the end of placing this material in such congressional hands who will treat it for what it is really worth.

Awaiting your reply, I am,

Yours very truly,

RAYMOND D. TRAUTMAN,
Editor, the Hosiery Examiner.

[This is a copy of a complaint of unfair labor practices, filed with the National Labor Relations Board by Raymond D. Trautman, editor of the Hosiery Examiner, against the American Federation of Hosiery Workers]

NATIONAL LABOR RELATIONS BOARD,
1432 Bankers Security Building, Philadelphia, Pa.
(Attention Maj. Stanley W. Root.)

DEAR SIR: Through the medium of this letter, I am bringing to your attention certain complaints of unfair labor practices, which I, as a citizen and taxpayer, would wish to lodge with your agency against the American Federation of Hosiery Workers, some of its branches, officials, members, and agents.

I trust you will use your good offices to investigate these complaints thoroughly, so that the general public may be fully informed of any possible unfairness in these complaints. Following is a list of complaints, which I wish your Board would investigate.

1. During the past year I have estimated the total loss in wages suffered by hosiery workers as a result of strikes pulled by the hosiery union at $2,700,000. Many of those strikes were illegal strikes—not voted for by the workers, but simply promoted by outside interests. Against those losses I estimate that the hosiery union, through a charge of 2 percent dues and an additional 3-percent assessment, has gathered unto itself somewhere between $800,000 and $1,000,000. I think it is unfair to amass such stupendous sums of money without any accounting to the public. Won't you please investigate the wage losses caused and the amount of money amassed by this organization during the past year?

2. Several workers at the Colonial Mills, Mohnton, Pa., have told me that they were forced, against their wishes, and under penalty of losing their jobs, into the union. In addition, they were fined $50 and $60, respectively, and now have to submit to a system of having a certain percentage checked off from their pay. I charge that it is unfair to coerce, force, and intimidate any worker to join any organization and make him pay tribute for the privilege of working. I specifically call your attention and urge an investigation of the situation at the Colonial Hosiery Mills, Mohnton, Pa., as a case of strong-arm, forceful methods wherein workers against their wishes are forced to join the union and forced to submit to a system of levies on their pay envelopes. In addition, I charge that forceful and illegitimate means were used to destroy the Colonial Employees Association, an independent labor organization, which is contrary to the Wagner Act, which allows any worker to join any organization of his own choosing.

3. I complain against the practice of chiseling in hosiery mills which sign a so-called union check-off agreement. I have heard that several union mills are paying from 10 to 12 to 20 percent under the regular scale of wages. Please try and investigate why it is all right with the union to chisel on wages when the closed shop and the check-off is provided for, but terrible when the unionists don't get their dues.

4. At the 1935 convention of the Hosiery Union, it was reported that $1,500,000 was spent by the union in one strike. This was printed in all Philadelphia newspapers. Please investigate how this money was spent and who got it.

5. At the same convention, newspapers carried reports that the union claimed $285,000 was spent at the Aberle (Philadelphia) strike. Please investigate who got this money and how it was spent.

6. A freight car loaded with knitting machinery was set afire several years ago, following a strike at the Merrill Hosiery Mill, of

Hornell, N. Y. Local newspapers of that section in reporting the case stated that an organizer of the hosiery workers' union and several members plead guilty, and the local prosecutor there, in newspaper accounts, is reported to have said that he understood the hosiery workers' union paid all costs and damages. I complain that burning freight cars loaded with knitting machinery is an unfair labor practice and I urge a full investigation on this matter.

7. I would like to bring to your attention the terroristic tactics and the shameful reign of terror that accompanied the Berkshire Knitting Mills strike during the latter several months of 1936. One person was killed, 124 were injured, 442 homes were damaged, and 356 cars were damaged. This was the most shameful and disgraceful series of events ever perpetrated in Berks County. The records of the Berks County courts will attest to the guilty parties. I urge you to investigate who furnished bail for most of the culprits arrested. I urge you to investigate who instigated and incited this shameful spectacle of affairs.

8. I am informed a veritable reign of terror exists at present as a result of a campaign to force and intimidate Apex (Philadelphia) hosiery workers into the union. I am told more than 130 homes have been attacked by vandals. Won't you please investigate who is responsible for this disgraceful condition in and about Philadelphia?

9. I charge that the Hosiery Worker, official paper of the A. F. H. W. deliberately falsified and brought the name of Mrs. Eleanor Roosevelt, First Lady of the land, into disrepute. This paper reported that Mrs. Roosevelt would speak for the cause of the Berkshire strikers at a meeting in New York City. At that meeting she never in her speech mentioned the word Berkshire. It was a deliberate lie. Mrs. Roosevelt gave a fair, impartial speech, but the union's paper lied and misrepresented. I think they did the First Lady of the land a great injustice by misrepresenting. I suggest an investigation to ascertain how extensively the practice of lying and falsifying is indulged in by the hosiery unionists.

10. I invite your investigation to the actual functioning of union principles. In 1931, 46 full-fashioned hosiery mills signed so-called union agreements. Since that time 18 have either failed or been liquidated and 6 more have moved from their former locations. Now, if 24 out of 46 mills, with contractural union arrangements suffer business fatalities, wouldn't it make an interesting investigation why over 50 percent of the union mills fail? You know bankrupt mills can't offer employment or pay wages. An investigation along this line would really be helpful to the workers of the industry.

11. I should like to have you investigate whatever political contributions, if any, were made by the hosiery union during the past several years.

12. I would like to have you investigate how many workers were forced into the union during the past 2 years, and today unwillingly are paying 2 percent, 3 percent, 5 percent, 7 percent, just for the privilege of working. I believe this practice is a violation of the civil and constitutional rights of citizens. I call your attention to a number of smaller mills in and about Philadelphia and throughout eastern Pennsylvania on this score.

13. I ask that you investigate for any possible cases of dues splitting with managements of mills where the check-off exists, if there be any such. I ask that you investigate for any possible cases of mill foremen getting extra pay to aid the union cause, if there be any such.

I could list a considerable number of additional complaints—matters that I have heard and been told about by hosiery workers—but I feel the 13 points I have raised for an investigation will be sufficient to start this investigation of unfair practices by the union and at a later date I can submit more complaints.

I trust you will use your good offices to start this investigation immediately for the benefit and welfare of all the hosiery employees in the industry.

I am,

Very sincerely yours,

RAYMOND D. TRAUTMAN,
Editor, The Hosiery Examiner.

Let's Bury the Hatchet

EXTENSION OF REMARKS
OF
HON. W. D. McFARLANE
OF TEXAS
IN THE HOUSE OF REPRESENTATIVES
Wednesday, November 24, 1937

LETTER FROM HON. W. D. McFARLANE, OF TEXAS, TO WILLIAM GREEN AND JOHN L. LEWIS

Mr. McFARLANE. Mr. Speaker, under permission given me I desire to insert in the RECORD a copy of a letter I have written Hon. William Green, President of the American Federation of Labor, and Hon. John L. Lewis, Chairman of the Board, Labor's Non-Partisan League.

WASHINGTON, D. C., *November 23, 1937.*

Hon. WM. GREEN,
President, American Federation of Labor,
and
Hon. JOHN L. LEWIS,
Chairman of the Board, Labor's Non-Partisan League,
Washington, D. C.

GENTLEMEN: I have your letters of November 22 with enclosures regarding petition to discharge the Rules Committee on the fair-labor-standards bill, giving your views regarding same. I signed this petition to discharge the committee last Wednesday. It seems to me that the A. F. of L. and the C. I. O. should get together and bury the hatchet in the ground rather than in each other, so that you can fight the common foe that, right now, seems to have you hopelessly divided, thus destroying the effectiveness of your organizations. Grant's remarks concerning the Democratic Party, I think, are equally applicable to your organizations. Why can't both of you see that capital has and is driving a strong wedge between you and the opportunities you now have of really cooperating and doing something constructive for labor. Besides, you are crucifying the friends of labor in Congress who desire to do something worth while for labor.

Very truly,

W. D. McFARLANE.

The Pathway to Peace

EXTENSION OF REMARKS
OF
HON. JENNINGS RANDOLPH
OF WEST VIRGINIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, November 25, 1937

RADIO ADDRESS BY HON. JENNINGS RANDOLPH, OF WEST VIRGINIA, ON SEPTEMBER 26, 1937

Mr. RANDOLPH. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include my radio address delivered during the radio program dedicated to the Gold Star Mothers over the National Broadcasting Company's red network, on Sunday, September 26, 1937, as follows:

It is with a deep sense of personal gratification that I come before you today to join in expressing honor and tribute to the crystallized personification of an American ideal and symbol. In the course of our daily existence, concerned as we are with the many problems which perplex all of us, our perspective unwittingly becomes narrowed, and we are more or less apt to overlook the presence of important, vital realities in our midst. It is wholly fitting, therefore, that the President of our Nation should set aside this day by Executive proclamation, thus giving us opportunity to pause for a moment, and with a humility as great as their devotion, tender deserving tribute to the Gold Star Mothers of the World War.

No organization within the boundaries of our Republic is more worthy of honor, not so much because of whom the group is constituted, but because of what each member of that group has done and for what each mother in it symbolizes. Collectively, these mothers comprise the soul of our country—the spiritual entity whose love is all embracing, whose anguish is borne in silence, and whose measure of sacrifice knows no bounds. Individually, they are women endowed with all the human passions and prejudices—proud of their country, jealous for their loved ones, and hateful to war.

Their passions are motivated by a reason and an understanding which they alone can comprehend. They know by bitter experience the soul-sickening gruesomeness of war. To them the blare of trumpets and the roll of drums sound hollow notes devoid of martial melody and they are reminded of the tolling of a death knell. To them the color and pageantry of war are but the drab trappings of a grim reaper who seeks to rob them of their loved ones. To them war is the melancholy sadness of parting, the gnawing pain of anxiety and fear, and the despair of death. They are unwilling actors in a devastating tragedy whose lines they take no part in writing yet in whose enactment they are assigned the roles most difficult to play and least rewarded in applause.

What then must be the thoughts in the minds of all mothers today? We read in the newspapers that Spain already in the throes of a bloody civil war is threatening to become the powder keg of Europe with any one of a half dozen nations prepared to apply the torch. We find that the Mediterranean loses its attractiveness as a world playground when we read of acts of vicious piracy perpetrated in violation of every tenet of international law. In the Far East, we see China and Japan locked in a death struggle and, as usually is the case, helpless noncombatants paying the

awful price in slaughter and carnage. On all sides of the world, except in our own hemisphere, we can view the frightful realization of every fear which is conjured in the minds of mothers the world over by that brief, horrible word "war."

In each of those countries there are mothers today bearing their burden of grief, and in their agony of suffering they cry out to Heaven and the civilized world for nothing more than the blessings of peace. For the mothers of America we are determined to preserve and guarantee those blessings by a strict policy of nonintervention and neutrality.

That is the course to which the present administration, under our able Chief Executive, has committed America in the field of international affairs. In its own forward-looking policy, the Government has pledged itself to the policy of the good neighbor, and I think I can say without fear of contradiction that practically every citizen in this Nation ardently desires and earnestly favors the absolute independence, the unimpaired sovereignty, the utmost equality, and the political integrity of every nation, and they in like manner wholeheartedly oppose every form of aggression. The United States of America is determined that this policy of enlightened liberalism in international affairs shall be recognized and respected by the entire world. With all the agencies at hand for the peaceful settlement of disputes between nations, war is unnecessary even as a last resort, and any attempt or desire to engage in one is repulsive and odious, and a direct challenge to society and civilization. The useless shedding of blood should have neither place nor countenance in the age in which we live.

The mothers of America remember too well the lessons learned in the last frightful war. This gathering today bears testimony to the impress which those lessons have left upon our national consciousness, and as a result we have become imbued with a passion and zeal for peace that has tinged our entire policy. Our President has defined the good neighbor as one who "resolutely respects himself and, because he does so, respects the rights of others." Our duty is to breathe the broad spirit of this revitalized policy, and to make the present day the beginning of a new era which will witness a glorious revival in American cooperative effort to promote our entire material, mental, and moral welfare, and to erect a solid structure of peace which will endure forever.

As an integral part of this policy, we are dedicated to the resolution that not only must we keep out of war, but we must lead the way in actually preventing war. The means which we have adopted to this end are, first, the proclamation of our neutrality fortified by Congressional enactment; second, the adoption of a strict policy of nonintervention; and third, the agreement to pacts whose sole purpose is the outlawing of war. These are acts of our Government, but to make them effective instruments of peace the peoples of the world must be educated to the necessity and desirability of rational and sane settlement of international disputes. Public opinion should be guided to a "peace preserving and promoting" rather than to a "war avoiding" frame of mind. Then, and only then, will peace be insured to the nations, and the common aspiration for its attainment will draw people together in closer bonds of international amity and good will.

Thus, while the Oriental and European nations labor under the burdens of militarism, cling to the vicious and cruel institution of war, and raise their sons to be cannon fodder rather than peace-loving citizens, we in America stand ready to advance in the spirit of the Golden Rule, and desire nothing more than the true good will of the true good neighbor. Such a rule of conduct is an old and universal maxim, but the American Government and the American people have given it new meaning. And it is high time that the belligerent nations of the world took heed of it and helped restore its ancient and powerful meaning.

Peace and economic rehabilitation must be our objectives. The availability of the processes of democracy give the people of this Nation an unparalleled opportunity to spread the doctrines of peace, and in a world which seems again intent upon its own destruction we cannot work too hard or too long in a cause so vital to our national welfare. Our individual and combined efforts are needed for the preservation of democratic forms of government. The crisis is thus thrust upon the New World—the American republics. The Old World looks hopefully and longingly in our direction. Our common ties with them strengthen our desire to do our best in the molding and achievement of a new world order. We have the opportunity and the duty to persevere in our efforts to secure a permanent and enduring peace.

Our course is charted for us. It is our duty to see that nothing causes us to deviate from that course. We are agreed that war is a blot upon civilization, an outworn relic of barbarism, wholly unjustifiable in the light of the adequate machinery for the peaceful settlement of all disputes among nations. We must now consecrate all our efforts and emotions by concrete actions to the cause of peace. I cannot stress too strongly the need of constant, concerted efforts on the part of all serious-minded people to avoid our past mistakes. We as a Nation know the effects of the World War, and we have already paid too high a price for what we then thought was worth any cost. We are determined that this, the greatest and richest nation on the face of the globe, shall take no further part in so-called legalized murder and leave the flower of our manhood strewn upon bloody fields to no avail.

I can think of no more effective mouthpieces for the gospel of peace than the Gold Star Mothers of the World War. Into the characters of each one of you there has been ingrained an abiding sense of the futility of war. On the hearts of each one of you there has been impressed the sorrow which is known only to those who have lost loved ones on the field of battle. Into the lives and homes of all of you the angel of death has come unbidden and unwelcome—because of war.

I urge you, therefore, to hold yourselves forth to the world not only with the righteous pride of mothers who have given the greatest gifts at their disposal to their country, but also as living examples of self-sacrificing heroines who have suffered because of the selfish brutality of war. None are better qualified than you to give to America and the world the message which your Government has preached since the last war. Moreover, if the hearts of men are not altogether turned to stone, you will be heard.

If in this fashion you can bring home to the hearts and minds of men a strong sense of the uselessness of war, your brave sacrifices will not have been in vain and the future generations of American mothers will remember you with everlasting gratitude.

Thanks for Congress—Thanks for the Private Employment Still Left in America

EXTENSION OF REMARKS

OF

HON. RALPH E. CHURCH

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 25, 1937

Mr. CHURCH. Mr. Speaker; on yesterday, after I was permitted to complete a short statement, I withdrew my objection to the Majority Leader's request to adjourn over, and so notified him long before adjournment.

I rise today, Mr. Speaker, in sincere reverence to extend my thanks that still in America we have Congress.

In the same deep reverence, Mr. Speaker, I extend my thanks that there is still left in America some private business and some private employment.

Thanks for this Congress, courageous, returned from contact with its constituency, proud of its victory last summer in saving the Constitution.

Thanks for this Congress, willing to stand on its hind legs, with the courage of its convictions, asserting its right to equal voice in this our American Government—a Congress returned to the scene of battle, to the Capital City of the greatest democracy on earth, determined to save that democracy from a self-willed ruler, who by taxation has driven millions onto the dole.

Mr. Speaker, I predict that the working men and women of this country, if they were here, would flood us with their thanksgiving, and prayers that we not stifle, but that we encourage private enterprise—by removing the tax burden from their backs and the backs of their employers, in order to give them and their brothers work—work with a decent wage instead of a dole.

They believe and they pray, Mr. Speaker, that by the orderly processes of democracy, under our Constitution, and with the spirit of Christ, all can prosper, in this great democracy of ours.

Mr. Speaker, I say, thanks for Congress, thanks for the private employment still left in America.

Tribute to America's Dead in the World War

EXTENSION OF REMARKS

OF

HON. ALLEN J. ELLENDER

OF LOUISIANA

IN THE SENATE OF THE UNITED STATES

Friday, November 26 (legislative day of Tuesday, November 16), 1937

SPEECH BY HON. CLAUDE PEPPER, OF FLORIDA, ON NOVEMBER 11, 1937

Mr. ELLENDER. Mr. President, I ask unanimous consent to have printed in the RECORD a speech delivered on November

11, 1937, at Tavares, Fla., by Senator PEPPER in tribute to America's heroic dead in the World War.

Without objection, the speech was ordered to be printed in the RECORD, as follows:

This is the eve of the day when we shall pay tribute to America's heroic dead in the World War. We come not to mourn them but to honor them. Thank God that America has such heroes to honor. Wherever they may be in sacred dust, there lies the spirit of this people. In a true sense these young men, like that young man who trod the Galilean hills, gave their lives that others might live after the high destiny of man.

Two decades ago America was called in derision a decadent nation and her people degenerate successors of a noble past. They beyond the seas who looked upon this paragon of power, the accumulation of our wealth, the vastness of our industrial system, the terrible fervor with which we entered into the business of life—a little envious, perhaps, of it all—said that America had lost her heart; that her idealism, once as pure as a baby's smile, had been consumed in the fierceness of her lusts and passions; that her instincts of freedom and love of liberty, her boasted experiment of democracy, had been blasted on the iron feet of Mammon and machine. No more did Pilgrims' feet tread this treasured land, won by countless sacrifices; no more did patriots' hearts beat in the breasts of this people whose fathers had dared to ordain this soil as the birthplace of hope, the cradle of liberty, and the home of freedom.

Then came the chaos of war, war waged with all the terrible and destructive energies of civilization and none of its refinements; war so terrible that it, like a hideous monster, opened its jaws to devour all that ages had attained or eons ennobled.

For 3 terrible, anxious years America looked upon this maelstrom aghast, unwilling to believe it possible that the twentieth century, boasting the proudest civilization of history, should be the end of it all and mark the time of man's destruction by his own hand, to leave again barren, stark, and cold the lands he had made to flow with milk and honey.

We were a nation devoted to peace; we cherished a tradition that we had never warred save for the divine right of freedom and in defense of the weak and oppressed. But this thing could not go on; it was too terrible, too horrible, too unthinkable to be endured; and, fired by the leadership of that great President who spoke with a prophet's fire and passion, who saw with a prophet's eye, America again saw ahead of her, distinct and clear as a prophet's dream, her path of duty. She would not war for war but against war. She would guarantee to generations yet unborn that never again should this monster raise its ghastly head to devour mothers' sons and loved ones' hearts. Let the sacrifice be what it might, she would not shirk. With a Christian fervor and crusader's zeal, she threw herself into the affray. Her sons came from their peaceful pursuits to the training camps, and those who in June were despised civilians, in January were the first soldiers of the earth. From her mighty machines poured in ceaseless streams the tools of war, and her financial system took on its shoulders the weight of an impoverished world. A vicarious sacrifice never seen in history's annals, save on Golgotha's Hill—a nation unloosing its terrible energies in war, not for the grandeur of a throne, not for the garlands of fame, not to expand its territory or increase its bursting wealth, but to serve an ideal, eternally to destroy the philosophy that might makes right, to keep alive in human hearts the gleam of hope and continually to refresh the fires of freedom.

What a passion did that event stir in the heart of the world! Suppressed peoples threw off the yokes of a thousand years of slavery and dreamed again visions of a nation's destiny. Races torn into warring groups by conqueror's hand saw visions of being reunited. Poets, dreamers, and philosophers, despairing of a debauched world, had kindled again in their hearts a conviction that nobler and finer things of the spirit, once thought lost beyond recovery, yet were nurtured in the human heart.

How they carried on in that struggle is the brightest gem of history, an inheritance of glory to generations yet unborn. In the face of battle, in the jaws of death they marched with a soldier's courage, a patriot's heart. A battered foe, a score of battlefields, a thousand guarded and impregnable entrenchments torn into a thousand fragments, attested with what valor they carried on, insensible of any aim save victory, heedless of death or destruction.

Grateful governments have erected shafts and mausoleums in memorium. These are the expressions that are customary in remembrance of departed heroes. But those heroes who sleep out there beneath the crosses, their remains blended with Nature's soil, or rest in sailors' graves, their souls at peace with God, and that one who sleeps beneath the Unknown Soldier's Tomb, to the steady tread of sentinels' feet, they fought not for shaft nor mausoleum; they fought for remembrance in the human heart, for memorials of gratitude in the souls of men living and generations yet to come; an inheritance of honor from generation to generation to be cherished, esteemed, and defended.

Their work is done, ours remains. They have been vindicated, we remain to vindicate ourselves. They have given us new vision, the right to entertain new hopes, a feeling of brotherhood and human responsibility before undreamed of in our individualism. They have brought into one great family the nations of the earth. They have given themselves as hostages for peace that all of man's splendid energies might be devoted to the services of his higher self. They have torn away the shackles of the mind, broken down the prejudices of eons of antiquity, and made for all mankind one common purpose to be defended, to be fought for, to be cherished by all the races of the earth.

To the men who are in the hospitals of the Nation tonight, we want you to know that your Nation—the nation of that flag which you followed, to which you gave your devotion—is thinking of you tonight and tomorrow and all days and nights to come.

We in Congress want you to know that we are trying to give you all possible care and attention and will continue to do so.

We want the veterans to know that we are trying to make provision for your families, for those you may leave behind.

And to all of you be assured that the Senate Military Affairs Committee has reported to the Senate favorably the bill sponsored by the American Legion to take the profit out of war.

How well have we who live kept the faith with those who, for us, have died? One who looks upon the international scene today sees again the fiery dragons of war dashing over the Orient and Europe, breathing death and destruction everywhere. The ditches, the fields, the swollen streams run red with human blood. Homes are destroyed, temples, cathedrals, "all that beauty, all that wealth ere gave," have come to "the inevitable hour" of death and the grave from the foul hand of war. Old jealousies have been revived, the instincts of greed have again come to guide nations' courses. The heavy hand of the dictator has fallen upon the liberties of the people and crushed them. Human hopes which, by the stimulus of the idealism of America, stood upon the peak of world moral heights in the days of 1917 and 1918 and viewed the prospect of a parliament of men, now languish in disappointment, almost in despair. Yet, with all these tragedies before us, we who look upon the scene can see that the heroic idealism of America in those war days has yet left its indelible impress upon the hearts of men. There is not a completely effective body yet, but there is a League of Nations which it is to be hoped will become an agency through which eventually international conflicts may be peacefully adjusted. But even greater in effectiveness than the League of Nations is something of imperishable, intangible force left to us by the idealists of the world of 1917 and 1918; that is to say, a world consciousness and a world conscience. Nations today whose selfish ambitions lead them to trample under unfeeling feet the rights of nations and weaker peoples find themselves, whether they like it or not, arraigned before the bar of world opinion and answerable to the world conscience for the reasonableness and the righteousness of their conduct. Today the moral forces of the earth stand unitedly for peace and decency and fair regard for the rights of others in international as well as national and personal affairs. Even dictators shall eventually tremble before the righteous wrath of outraged world opinion.

It is in this respect, therefore, that the United States can render an invaluable yet peaceful service. It was in this spirit that the President spoke at Chicago. He was Assistant Secretary of the Navy and lived close to Woodrow Wilson. Upon this experience the President said recently that he learned in those war days what to do and what not to do. He learned from the example of Woodrow Wilson how the moral force of the world can be marshaled and how effective is that force. He knows how the words of Woodrow Wilson behind the German lines did almost as much to break the resistance of the Germans in 1918 as did the allied cannon in front of those lines. In the same manner did the President in his Chicago speech appeal even over the heads of dictators to the men in the factories and in the fields, in the homes and on the seas of foreign countries for an international morality which shall condemn national wrong in the way that a wholesome public sentiment condemns and suppresses private wrong.

But let me, my friends, as a Senator from Florida and as a member of the Foreign Relations Committee of the United States Senate, tell you every one—you mothers and fathers, sons and daughters, brothers and sisters—we are not going to let this Nation get into war except it be necessary to defend at home this sacred soil against the feet of the hostile invader.

The idealism of 1917 and 1918 is alive not only in the field of international relations but in the national life of the United States. Our Nation was founded upon the principle of a liberty under law which could be found in no land under the sun. That aspiration for an ordered liberty found its security in the contents of our organic, constitutional law. By the provisions and the assurances of that organic law, under the protection and the inspiration of those guaranties which have come to us from generations ahead of us and which we are determined to hand down equally sacred and unsullied, equally pure and undefiled, to generations yet to come, we have reached in our history great moral heights in our national course. Yet there has never been a time when the conscience of America was so sensitive to social wrong as now. There has never been a period when the heart of this Nation was so sympathetic to the need of the indigent, the physically and mentally handicapped, and the spiritually depressed as in the period since the 4th of March 1933. There has never been an era in which the righteous wrath of the social conscience has turned with more and sterner vigor upon him who would oppress and destroy his fellow man than in this era when the spiritual idealism of Franklin D. Roosevelt has inspired this Nation's course. A hundred thousand indigents upon new hospital beds, tens of thousands of crippled children restored to normal bodies, endless

lines of old men and women, sad eyed and poverty stricken, who have received old-age assistance, the blind, whom a sympathetic Government has taken by the hand, widowed mothers with dependent children, who have found succor and support, those suffering from tuberculosis who have found refuge at such splendid hospitals as the one which we have just opened in Orlando—these countless thousands give their eloquent testimony to an American idealism which is not only abroad but at home, in Nation, State, county, and city.

We have learned a lesson in cooperation, in what we can do for our fellow man to lighten the load of toil upon his back, to give him a better home, a more stable income, better health conditions, and a more secure place in the social order. And yet along with that humanitarianism—with that principle of helping the man on the way to Jericho—we have also learned that in such cooperation there is a greater personal gain. For in helping the man at the bottom of the economic ladder to be more prosperous we build a prosperity which shall insure a greater prosperity for all. In strengthening the weak places in the fabric of our national life we give the whole cloth a strength which it did not have before. So just as we still yearn for a day of international peace, when war shall be no more, when men shall settle their national differences in peaceful tribunal as they do now their private differences, we yearn also for a time when groups in national life can live peacefully with competitive groups, when interests will dwell amicably with conflicting interests, and when the common aspiration shall be the common good, the welfare of all.

Thus do these objectives challenge our generation. Back to us from those heroes of 1917 and 1918, as they sleep in Flanders fields and on the bottom of the seas, comes a message of reminder in matchless song, clear as a bugle call:

"In Flanders fields the poppies blow,
Between the crosses row on row
That mark our place, and in the sky
The larks still singing bravely fly
Scarce heard amid the guns below.

"We are the dead. Short days ago
We lived, felt dawn, and sunset glow,
Loved and were loved, and now we lie
In Flanders fields.

"Take up our quarrel with the foe;
To you with falling hands we throw
The torch, be yours to hold it high;
If ye break faith with us who die
We shall not sleep, though poppies grow
In Flanders fields."

Let this occasion be one of those which shall in immortal print engrave on the hearts of all peoples, and particularly of the citizenry of this Nation, the refrain of the deathless song of remembrance:

"Lord God of Hosts, be with us yet,
Lest we forget, lest we forget."

Newly Mined Domestic Silver and Its Relation to Agriculture

EXTENSION OF REMARKS

OF

HON. EDWIN C. JOHNSON

OF COLORADO

IN THE SENATE OF THE UNITED STATES

Friday, November 26 (legislative day of Tuesday, November 16), 1937

RADIO ADDRESS BY HON. ELBERT D. THOMAS, OF UTAH, ON NOVEMBER 26, 1937

Mr. JOHNSON of Colorado. Mr. President, I ask unanimous consent to have printed in the RECORD an able and interesting radio address delivered today by Senator THOMAS of Utah on the subject of Newly Mined Domestic Silver and Its Relation to Agriculture.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

The Senate is discussing an agriculture bill and I am asked to discuss a Presidential Executive order regulating the price of newly mined domestic silver. Immediately you ask, What is the connection? Is there a relation between the two? My answer definitely is "Yes."

There are about 20 States in the American Union entirely dependent upon agriculture. There are several States which are very complex industrially or occupationally speaking. There are States like the great States of the West, sparsely settled, where stock raising and mining are the chief means of gaining a livelihood. There are States, like my own, which have great mines, but which are predominantly agricultural and which also have ranges and forests and several industries which have to do with the products of the mines, the range, and the forests.

Thus my State in a small way represents the complexities of the whole Nation. We have a laboring population; we have a farming population; we have an industrial population. We have the industrial, the professional, and the banking class, none of which thrives, though, unless all thrive. Agriculture is dependent upon mining because it is the laboring man in the mine and smelting camps who is the consumer of our farm products. The cities thrive only when profits from the field, the mine, and the range are obtainable. Our best-paid laboring classes are the men who work in the mines and the smelters and for the transportation companies which carry the products of the hills and the mountains to the cities and the great manufacturing centers.

Thus definitely a Presidential Executive order dealing with the price of silver does affect agriculture. If our mines are running, if our smelters are going at full blast, if labor is being fully paid, then the farmer and the stockman thrive. Therefore less money is spent for relief and fewer people are on the relief rolls.

Probably without exception the Executive order placing the price of newly mined domestic silver above the world price has done more to keep and to put more men to work and to keep from the relief rolls more men and women than any other single effort of our Government since it started seriously in 1933 to cope with the problems of the depression. And in addition to this the Government—not only the Federal but also the State and the county—has gained much in taxes as a result of this aid to newly mined silver. And in addition to that, too, the Federal Government itself has realized a profit from the product purchased. For every 77.57 cents expended, it has received $1.29 worth of dimes, quarters, half dollars, and dollars.

You ask how that can be done. Under our present money bill, the President is authorized, within certain bounds, to place by proclamation the price of gold and of silver. He is instructed to purchase silver on the world market. He has followed the custom—a very good one indeed—of differentiating between silver obtainable on the world market and newly mined domestic silver. This differential was brought into our money scheme primarily to put men to work, and it has put to work and kept working since the President's first proclamation anywhere from a half million to a million persons, thus providing for the maintenance from labor of several million people. This labor has produced wealth. This labor has consumed the products of the factories and field. This labor has paid taxes. This labor has allowed boys and girls to return to school. This labor has made it possible for closed schools to reopen and run full time. This labor has brought a restoration of decent pay for teachers, for store clerks; and this labor has kept the economic machinery of many Western States in a prosperous condition. When the West profits, the whole country benefits.

But, you say, it must be impossible for one little proclamation to do all this. It would be impossible if our economic life were not so interdependent. You ask, "How can it be that silver is the key to the activity of the mining life of the West?" The answer is a simple one to those who understand metal mining. It is a difficult one to those who are not familiar with metal mining in the West.

Silver is generally found in conjunction with other metals, seldom alone. It is mined from the same rock in which copper, zinc, and lead are found. These coarser metals used in industry can be mined profitably only when the prices are good. The minute copper, for instance, falls below 7 cents a pound, or zinc or lead below 4 cents a pound, copper, zinc, and lead mines have to close because it costs more than that to operate them. But if in a ton of rock taken from a copper or a lead or a zinc mine there can be found from 5 to 8 ounces of silver at the present price of newly mined domestic silver, one can readily see that the copper, zinc, and lead mines can be kept running, even if the commodity prices are down, if the silver content and the price of silver are high enough to cover the losses on copper, zinc, and lead. Now, as most of our mines in the West are mines producing more than one metal, it can thus be seen that the great copper mines and smelters are kept running and kept running profitably with the small allowance given to silver. Our great zinc and lead mines, too, can remain open and their products stored awaiting a better price, providing silver helps to pay the cost of operation. Thus, without offering a subsidy to copper, or to zinc, or to lead, the gross metal products required in our industrial life, the slight aid to silver makes the mining possible and keeps thousands of men at work.

But, you say that the Government is paying too much for this. I have stated above that the Government makes a profit, an actual money profit, on the seigniorage which it charges for coining the newly mined domestic silver, a charge which is too great, all things being considered, but which the mine producers do not object to because they realize that in time and the working out of our present money legislation ultimately the silver price will be high and silver universally used as money. The aid given newly mined American silver is merely a legal recognition of what is an economic fact. For there is an economic difference between newly mined American silver and ordinary silver purchased in the world market.

The amount of silver produced as a result of this aid given to newly mined American silver cannot be estimated, but we do know how much money the Government has used in the purchase of newly mined domestic silver since the President's first proclamation. It is in the neighborhood of $112,000,000 ($112,705,000).

For this $112,000,000, the United States actually has one-hundred-and-eighty-odd million dollars' (approximately $187,600,000) worth of dimes, quarters, halves, and dollars. Thus from the expenditure of $112,000,000 the Government made a profit of about $75,000,000 worth of dimes, quarters, halves, and dollars, and the taxes derived by the Federal and the State Governments as a result of the activity in the mines has more than compensated for the purchase. This simple aid has brought to Government easily double its cost.

Looked at simply as a relief measure, may I repeat what I said in the beginning, what other action of the Government has paid so well? And yet not a cent of this money paid for newly mined domestic silver has been used as a dole or for a make-work project. Every man who has gone back to work has been employed on the regular industrial basis.

I would not, though, allow it to be assumed that I am justifying the President's Executive order solely on the basis of putting men to work. That is sufficient justification, to be sure, and it is enough to grant a continuation of the present silver program. But the program has a bigger and greater meaning not only to national monetary practice, but also to world-wide recovery and money stabilization. While many nations of the world, forced through economic circumstances and the exhaustion of war and the depression, are resorting to many different forms of managed currency, America is building a monetary base for money and controlling it in such a way that monetary inflation would be almost impossible even were it attempted. America is also controlling this base in such a way that the moment world moneys become stabilized she can start the free flow of gold and silver over the world, and be able to redeem in specie upon immediate demand. The present money policy of our Government is not only giving us the soundest money that America has ever had or known but also by this policy America is preparing the way for world stabilization and redemption on demand whenever the time becomes auspicious.

We must never forget that the capitalistic system has been able to be maintained only in those places where there has been an even flow of gold and silver, and that the individual has been assured lasting accumulated profits from his labors only in those lands where and at those times when his profits have been readily convertible into either gold or silver. Let no man be so economically foolish as to assume that individual wealth can last unless it can be readily converted into something that is universally recognized and into something which will freely be exchanged no matter where it is. So far in the history of the world the only two commodities which have always been acceptable are the two precious metals. Excess wealth in land cannot be transported. Excess wealth in products of the field and the farm is destroyed by overabundance or too much surplus. Excess wealth in property is dependent upon too many factors. Gold and silver are the two commodities that have been recognized throughout history in periods of depression, in periods of prosperity, in periods of peace, and in periods of war. America's monetary strength today is assured as long as she keeps her money based upon gold and silver. Let it never be forgotten by all Americans that if America goes off a metal-base money and adopts what has been adopted in other countries through force of necessity, a strictly managed currency system, internationally speaking, the measure of American wealth will be the mass of American labor as it is compared with the mass of labor in other countries.

Therefore that nation which is nearest the ultimate consumer and which has the greatest abundance of surplus labor and which has the cheapest labor will have all the advantage; and that nation would not be America, because the United States of America has of all the great nations the least surplus labor. She is the farthest from the ultimate consumer and her labor costs are the highest. It is only by our continued use of metal money that we can compete with the rest of the world. These are the plain facts of history; these are the plain facts of our American economic life today. Dispute them, if you will; but disprove them, you cannot.

We have then in our great and continuously growing gold and silver monetary base that which, to me, and I know to you, is definitely worth retaining—the surest guaranty of the preservation of American democracy.

Conferences Between the President and Utility Officials

EXTENSION OF REMARKS

OF

HON. GEORGE W. NORRIS

OF NEBRASKA

IN THE SENATE OF THE UNITED STATES

Friday, November 26 (legislative day of Tuesday, November 16), 1937

ARTICLE FROM THE WASHINGTON EVENING STAR

Mr. NORRIS. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in today's Washington Star commenting on the conferences that have been held between the President and utility magnates. The article is written by Joseph Alsop and Robert Kintner.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Evening Star of November 26, 1937]

THE CAPITAL PARADE—LEFT-WING PRESIDENTIAL ADVISERS SEEM TO HAVE WON BATTLE ON APPROACH TO DEPRESSION

(By Joseph Alsop and Robert Kintner)

In a struggle as intense as the one now in progress between the right- and left-wing Presidential advisers, no secret keeps very long. Too many people are too personally interested in the struggle's outcome, on which will depend the whole administration approach to the problem of the depression. Therefore, the real story of the recent Presidential conferences with utility executives, which marked the first round of the struggle, is already on its way through the administration's whispering galleries.

The conservative White House advisers hoped that the conferences would be the first step on the road to an administration peace with the utilities companies. They had strongly urged conciliation on the President on the double grounds that a peace with the utilities would soothe the present panic fears of business, and that it would encourage the utilities themselves to spend hundreds of millions of business-stimulating dollars on construction work.

Therefore, three things stick out of the real story of the conferences like so many sore thumbs:

1. The President made no peace offer to the utilities executives.

2. A peace program was brought down by at least one of the utilities executives, Wendell L. Willkie, of the Commonwealth & Southern Co.; and, although the Willkie program involved such concessions as a general write-off of $1,400,000,000 in the national utilities capitalization, and future acceptance of the President's "prudent investment" theory of rate making, the President seemed to pay little or no attention to it.

3. The President devoted considerable time to lecturing the utilities men, blaming them for unreasonable terror, and arguing that, in spite of the Government competition sponsored by T. V. A. and the other things which have upset the utilities business, there was no excuse in the world for their hesitant attitude toward new investment.

The first and most important of the conferences—that with Mr. Willkie—must have been downright funny. The utilities man, rather naturally, went to it hoping to see an olive branch or so waved in his direction. As the story comes from the most reliable Washington whispering galleries, he found instead a slightly contentious President, with Frank R. McNinch, the able power expert, who now heads the Federal Communications Commission, there to support the Presidential contentions.

The President opened up by asking just how much construction spending Mr. Willkie thought the utilities could do in the next year. Mr. Willkie replied that he thought $1,200,000,000 was a fair guess, but added that unless the utilities companies were convinced that the administration was no longer hostile the guess would have to be around $1. Mr. McNinch then revised Mr. Willkie's guess to $1,500,000,000.

Then the President wanted to know just what percentage of the total power produced in this country came from publicly owned plants. Mr. Willkie thought 12 percent. Mr. McNinch said 10. Finally the President asked what percentage of the population could be served by publicly owned power plants. Mr. Willkie thought 22 percent. Mr. McNinch said 18.

Taking the McNinch figures as his text, the President proceeded to his lecture, which must be taken as the key to his attitude on the importance of conciliating business until evidence to the contrary is produced.

He said roundly that the great majority of the utilities in the country were not and could not be affected by the Government competition which they cried out against.

To all this Mr. Willkie replied that the reasonableness of the utilities' attitude was not the important question. He argued in his turn that the attitude was there, that it could only be cured by an adjustment in the relations between the companies and the Federal Government, and that in view of the advancing depression some adjustment was vital.

He then presented his peace program. Its first two points were concessions, smaller than the critics of the utilities have wanted but larger than the utilities have been willing to make hitherto.

First, he suggested that the utilities accept without dispute all the charges of write-ups in their capitalization preferred up to the present by the Federal Trade Commission.

Second, he proposed that the capitalization having been adjusted in this fashion, all increases in the rate base by new investment be hereafter calculated on the "prudent investment" system, rather than by "reproduction cost", as in the past.

The concessions he asked for in return were, first, that the death-sentence clause of the Holding Company Act should be modified, so that, while all intermediate holding companies would be eliminated from the utilities structures within 3 years, the top holding companies would still be left in control of their operating properties.

And second, he asked that a number of changes be made in the administration of the T. V. A., all intended to minimize the threat of Government competition with the private companies, to remove the inequities charged to Government competition by the private

companies, and to insure the utilities an opportunity to sell their existing properties when public ownership of distribution lines is desired.

The President listened to the program in silence and made no special comment on it after it had been presented. The meeting broke up with pious hopes on both parts that some agreement might be reached, but without any concrete step of any sort in that direction.

The second conference, with Floyd L. Carlisle, of the Consolidated Edison, ended with Mr. Carlisle professing satisfaction in his talk with the President and promising to try to start a construction program with his company's funds, but actually it was not much different from the first.

Thus the President's left-wing advisers, whose views were almost exactly echoed by the President in his talks to the utilities men, seem to have won by a clear knockout in the first round of their fight for dominance in the approach to the depression.

Earl Godwin Discusses the Proposed Referendum on Participation in Foreign Wars

EXTENSION OF REMARKS

OF

HON. LOUIS LUDLOW

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 25, 1937

RADIO ADDRESS BY EARL GODWIN, OF THE WASHINGTON TIMES, ON NOVEMBER 23, 1937

Mr. LUDLOW. Mr. Speaker, Earl Godwin, of the Washington Times, brilliant radio commentator whose discussions of public topics are heard and enjoyed by millions, chose as his subject for a broadcast day before yesterday the resolution I have introduced—House Joint Resolution No. 199—which proposes to amend the Constitution so that those who have to do the dying and the suffering and to bear the indescribable burdens and griefs of war shall have a vote on participation in foreign wars.

If the amendment I propose is adopted our national defense will not be in any way, sense, or degree impaired, but the people shall have a right to say whether the blood of our boys shall redden the soil of foreign countries in the settlement of quarrels of alien origin.

There is a demand coming from all over the country for the adoption of this constitutional amendment, and if enough Members of Congress sign a petition I have filed at the Speaker's desk (Discharge Petition No. 11) the peace measure I propose will be brought up for consideration and a vote.

In his stirring address Mr. Godwin described the situation in respect to this proposed constitutional amendment as follows:

In Congress yesterday a significant thing occurred. It happened off the main legislative highway, as it were, * * * and whether the Ludlow plan for a referendum of the people before we declare war is wise or not * * * it now has so much support in the Nation and in Congress that to me it is one more indication of the return of democratic independence in the law-making body, which is the heart of a true democratic government. * * *

I think it is wise * * * but there are so many men who know so much more about government than I do I would certainly not put myself up against any of these, our great lawmakers and officials who seem to take it as a personal insult that the making of war should be taken out of officials' hands. * * * The boys who go to war should not be given any part in saying yes or no to the negotiations which lead them to the trenches. * * * They know so little. * * * And they would know even less if they depended on some sections of government to find out just what is going on as to war. * * *

Under the Constitution, Congress declares war. * * * The Ludlow resolution, amends the Constitution so that a Congressional declaration of war must be backed by a referendum of the people. * * *

The Ludlow resolution has been gaining national strength over the years. * * * It now has millions of supporters in the country. * * * has almost enough Members of the House endorsing it to bring it out on the floor and debate it. * * * A total of 191 members have signed a petition giving it the right of way * * * needs 27 more. * * * LOUIS LUDLOW received permission under a special rule yesterday to speak about his bill * * * and he certainly did talk. * * * LOUIS is a great character. * * * We know him so well * * * because he was a newspaper reporter who stepped down from the press gallery to take a seat in the House several terms back. * * * He represents Indianapolis. * * * When he was first elected he was the only Democrat to defeat a sitting Republican * * * and he's been coming back regularly * * * doing a swell job. * * *

LOUIS LUDLOW to me represents the ideal type of democratic lawmaker * * * he listens to the voice of inspiration * * * that inner wisdom which we all might as well admit now and stop being embarrassed about religious faith. * * * Because a resurgence of that method of gaining wisdom in Congress is what is going to restore the proper balance between the people and their representatives here. * * *

Well, all that Louis suggests is that the people be given a chance to say "yes" or "no" about war * * * and that we embark on no aggressive war without a vote of the people. * * * It seems to me to be the most powerful suggestion made in Congress since the days of the crisis of 1860. * * * It contains the first tremendous new sweep of democracy in our lifetime. * * * And yet we find many leaders of the House and administration against the idea. * * * For sincere reasons, too * * * for instance DAVID J. LEWIS, silver-haired Congressman representing the Sixth Maryland * * * many of you listening to me now are in LEWIS' district. * * * LEWIS opposes LUDLOW's plan * * * because LEWIS is so thoroughgoing a pacifist he does not think a referendum on war * * * will offer any protection. * * * Apparently Mr. LEWIS thinks somehow, some day, we can wipe out war * * * and there will be no need for any method of declaring war. * * *

Still and all * * * I welcome this return to real democracy at a moment when we are likely to grow gradually into a government with the power all at the top * * * simply because we are so nationally lazy we give all our power to the President * * * and then run off and play golf * * * while the President assumes all the responsibility and all the power. * * * If that happens in America it is our own fault. * * *

Electricity For Every Farm Home At the "Yardstick" Rates

EXTENSION OF REMARKS

OF

HON. JOHN E. RANKIN

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Monday, November 29 (legislative day of Thursday, November 25), 1937

SPEECH DELIVERED BY HON. JOHN E. RANKIN, OF MISSISSIPPI, BEFORE THE STATE MEETING OF THE OHIO FARM BUREAU FEDERATION AT COLUMBUS, OHIO, ON THURSDAY, NOVEMBER 18, 1937

Mr. RANKIN. Mr. Speaker, under permission granted me to extend my remarks in the RECORD, I insert below a copy of an address which I delivered before the State meeting of the Farm Bureau Federation at Columbus, Ohio, on Thursday night, November 18, 1937.

There were 7,000 farm men and women present, the largest crowd it has ever been my good fortune to address on an occasion of this kind, and the intense interest which they manifested in the subject of rural electrification further convinced me that this is one of the greatest questions, if not the very greatest question, now confronting the farmers of America.

The address follows:

Mr. Chairman, ladies, and gentlemen, I first wish to thank my distinguished friend, Mr. Lincoln, for his gracious introduction, and to congratulate him and the Farm Bureau Federation of Ohio for the great work they are now doing to bring cheap electricity to the farmers of your State.

I assure you that nothing could afford me more pleasure or give me a greater inspiration than to stand before this magnificent audience on this auspicious occasion and address you on one of the greatest economic questions of this age—electricity for every farm home at the "yardstick" rates.

Some of you may wonder why I came to speak to you tonight when the Congress is in session. In an unguarded moment last summer I promised Murray Lincoln to attend this convention and address you on this occasion; otherwise I would not be here. At that time I did not know that we would have an extra session. I have made it a rule not to leave Washington when Congress is in session. I am told the RECORD shows that I am the only man who ever served in either House of Congress from the first Continental Congress to the present day, who answered every single

roll call for 10 consecutive years. [Applause.] From 1922 to 1932 I never missed a single roll call, even on a point of no quorum. Some of my colleagues have said that it was unnecessary to try to be present when no serious business is being considered, but Holy Writ tells us to watch as well as pray, and there never was a group who needed watching worse than did that crowd in Washington during those years. [Laughter.]

The farmers of this country have heard so much about electricity that I am confident they have come to feel a good deal like the old colored man down in Mississippi who got lost one night in a thunderstorm. He was trying to follow a path by the flashes of lightning, but he would tremble with fright as the thunder crashed about him. He wasn't getting along very fast and the storm was getting worse. He didn't know just what to do. In his bewilderment it occurred to him that he had better pray. About the time the notion struck him the lightning struck a tree pretty close by and shivered it into splinters. He dropped down on his knees and said, "Oh, Lawd, I rekin you knows whut you is doin'. I spec you knows mo' 'bout whut's bes' in a case like dis den I does, but ef it means all de same to you, I'd be powerful glad ef you would gimme less racket and mo' light." [Laughter.]

I am sure the time has come when the farmers who are clamoring for electricity are expecting less racket and more light. [Applause.]

As I have said before, electricity is the lifeblood of an advancing civilization. The cheaper its rates, the more freely it flows, and the more freely it flows the greater are its benefits to mankind. It is the greatest servant humanity has ever known, and the only one the poor man or the poor woman can afford, and then only when the rates are reasonable. It is the purest commodity on the market today. It does not matter whether it is generated by wood, coal, water power, gas, or corncobs, it is always the same—pure and undefiled. It cannot be polluted. It cannot be corrupted. It cannot even be watered, or diluted in any way; although some people often succeed in watering the stock of the corporation that generates and distributes it.

It is not only the cheapest servant on earth, but it is the safest and surest one. It obeys implicitly the will of the Master, and will work in a dozen, or a hundred different places at the same time—even while we sleep.

There is nothing degrading about electricity; its every impulse is purifying and elevating, and there is enough of it for us all, as I will show in the course of these remarks.

Electricity is something new under the sun, so far as its use by man is concerned. Throughout uncounted centuries, Almighty God wrote His name in fire across the face of the storm cloud. His thunders issued a challenge to mankind to come and investigate that great mystery which humanity mistook for the wrath of God. Yet man, in his ignorance and in his stupidity, stood with fear and trembling, or fled in terror, before that terrible, awe-inspiring, scintillating, and sometimes death-dealing apparition.

About 200 years ago, Benjamin Franklin, experimenting with his key and kite, unlocked that ancient mystery of the storm cloud, brought down from the lightning's flash an electric spark and revealed to the world a new energy that was destined to change the civilization of mankind. And even then it took humanity more than 150 years to take advantage of that greatest of all discoveries.

A little more than 50 years ago, Thomas A. Edison, probably the greatest inventive genius of all time, inserted a loop of wire into a vacuum tube and generated into it a spark of electricity, thereby creating the first electric light, the first incandescent lamp. When he did that, he did more to change the course of civilization than has any other man who ever lived in all the tide of time. He illuminated this earth and made it to mock the starry splendor of the skies. He gave us the light that lights our halls and our homes, our streets and our highways, our automobiles and our passenger trains. But that is not all; he give us the spark that fires the gas that makes the motor machine possible. He made possible the automobile, the radio, the X-ray, the airplane, and the submarine. He made possible our new system of overland transportation, and enabled us through the X-ray to see through objects that were formerly supposed to exclude all light. He made possible the radio that eliminates time and space, taught us to navigate the air, and enabled us to roam with safety on the bottom of the seas. And that is not all. He made possible that great wealth of industrial machinery that has made possible our system of mass production, and lightened the burdens of men engaged in industrial toil. Yet that is not all. He made possible that great multiplicity of electrical appliances that add so much to the comforts and conveniences of our homes, and lifts from the shoulders of struggling men and women the great weight of drudgery under which they have labored since the beginning of time. In other words, he made possible this great electric civilization into which we are now moving, the like of which mankind had scarcely dreamed.

What we are trying to do is to give to the average man and woman, to every man and every woman, the benefits of this great progress. That is what we are driving at in our efforts to have electricity generated, transmitted, and distributed to every home and every business establishment in America, at the yardstick rates, or rates based upon the cost of production, transmission, and distribution.

There is enough hydroelectric power in our navigable streams and their tributaries to electrify every home in America, whether in the city, in the town, or on the farm, and to electrify every business establishment in this great country and then probably have enough left to run all the industrial machinery of the Nation.

Throughout ages past and gone, this great wealth of hydroelectric power has been running waste and wanton to the sea. It is the greatest natural resource in all the world outside of the soil from which we live, and if properly utilized will add to the comforts, happiness, and prosperity of every human being under the flag.

There are two schools of thought with reference to the power in these navigable streams. One of them takes the position that it is private property and should be used by private interests for private gain. That is the attitude of the majority of private power companies. That is the attitude of those great holding companies, and super-holding companies that are siphoning money out of the pockets of every consumer of electric energy by imposing unjust and unreasonable rates. The other school believes that the power in these streams is public property, national wealth that belongs to all the American people and should be used for the benefit of all. I belong to that school of thought, and I believe that a vast majority of the American people will agree with me when they understand the facts.

I live within less than 100 miles of Muscle Shoals. I would rather have that great dam situated that close to the people I represent, and they have access to the power generated there, than to have the dam destroyed and replaced by the diamond mines of Golconda. I would rather have that one dam situated that close to the people I represent and they have access to the power at the yardstick rates than to see it destroyed and an oil field discovered covering that entire section of the country. I would not exchange it for all the gold mines of Alaska or South Africa, if I knew that it could never be replaced. An oil field, a gold mine, or a diamond mine, enriches a few, impoverishes many, and demoralizes all, and when it is exhausted it leaves a wrecked and depleted country.

This power enriches everybody, and demoralizes none. It contributes to the happiness and well-being of all. Its every impulse is uplifting, and it is there for generations, aye for centuries to come.

It is inexhaustible. We are not exhausting a natural resource by using this water, but, on the other hand, we are conserving a natural resource and making it to serve many different purposes. In addition to generating electricity, we are controlling floods, improving navigation, and conserving the soil from which we live.

A great drive is now being made by selfish interests of the Nation against the Tennessee Valley Authority, and against its yardstick rates. What they are after is to destroy that yardstick to prevent you from getting electricity at what it is worth, at rates you can afford to pay.

A recent article in the Saturday Evening Post attacking the Tennessee Valley Authority said that every American citizen was a stockholder in the T. V. A. It went ahead to say what you had put into it, but intimating that you had not gotten anything out of it. There could never have been a more flagrant misrepresentation of a great and successful undertaking. The T. V. A. is the most profitable investment the American people have ever made. It pays for itself several times every year that rolls around in reduced light and power rates to the masses of the American people. The savings on light and power last year, as compared with the rates they would have paid in 1932, before the creation of the T. V. A., amounted to $556,000,000. During the year ending February 28, 1932, we used 62,653,000,000 kilowatt-hours of electricity, for which we paid $1,803,000,000. During the year ending February 28, 1937, we used 91,555,000,000 kilowatt-hours, for which we paid $2,086,080,300. If we had paid the same rate for that 91,555,000,000 kilowatt-hours that we paid in 1932, the year before the T. V. A. was created, the cost would have been $2,642,000,000, or $556,000,000 more than we actually paid.

Every individual who turns an electric switch in his home or in his place of business has received a part of that reduction, because we have forced rates down in every State in this Union. You are still overcharged more than a billion dollars a year, and the power interests are making a frantic drive to prevent bringing these rates down to a proper level and supplying electricity to the American consumers at reasonable rates such as the yardstick provides.

The people of the State of Ohio are overcharged for electric energy $50,488,261 a year. If they received their power at the yardstick rates, as they have a right to do, they would save $50,488,261 a year, and you would double the consumption of electricity in a year or two and thereby double the savings, to say nothing of the benefits you would derive from the increased use of electricity and the employment of additional electrical appliances.

You are being overcharged more than $50,000,000 for electric lights and power, and yet the average farmer in your State receives no electricity at all. If I had my way, we would build a high-power line from the Norris Dam, on the Tennessee River, to Columbus, Ohio, lay T. V. A. power down here at the yardstick rates, and distribute it to the farmers in every community in your State. That would not only reduce the burdens of the present consumers of electricity but it would double the values of the farm lands in Ohio. You people are just as much entitled to cheap electricity as are the farmers in the South or the far West. Some people tell you that such a line should not be built for the reason that power will be developed on the Ohio River. But you could be using this power in the meantime and could switch over to the Ohio River when the dams on that stream are completed. But they tell you this is too far to transmit electric energy, and that such a line would not be feasible. My answer to that is that we are generating power at Boulder Dam, on the Colorado River, and transmitting it 266 miles to Los Angeles, Calif., where it is laid

down wholesale for less than 4 mills a kilowatt-hour, and it loses only 6 percent in traveling that 266 miles.

A line directly from Norris Dam to Columbus, Ohio, would be less than 266 miles long. Electricity can easily be transmitted, according to the Army Engineers, 350 miles. A line 350 miles long from Norris Dam would reach almost to Toledo, on the Great Lakes. A line of sufficient voltage to transmit this power to Columbus from Norris Dam could be built for something like $6,000,000, and would reduce the electric light and power rates to the people of Ohio more than twice that amount the first year, with the possibility of increasing those reductions to where they would amount to more than $50,000,000 a year for the present consumers of electric energy in your State.

There are three principal steps in producing and distributing electric energy—generation, transmission, and distribution. Hydroelectric power can be generated, as a rule, for about 2 mills a kilowatt-hour or less. The report of the Army engineers for 1930 stated that power could be generated at Muscle Shoals at a cost of 1.352 mills, or approximately 1½ mills, a kilowatt-hour. At Boulder Dam power is being generated at 2⁷⁄₁₀ mills a kilowatt-hour. Power is being generated and sold at wholesale for a profit by private interests at the Conowingo Dam on the Susquehanna River in Pennsylvania for 2⁷⁄₁₀ mills a kilowatt-hour. Now, since this power is transmitted from Boulder Dam to Los Angeles and laid down for 4 mills a kilowatt-hour, it proves conclusively that the transmission cost is not more than 2 mills a kilowatt-hour; and, remember, that the entire investment at Boulder Dam is to be amortized over a period of 50 years by the sale of power alone. The Board of Army Engineers to which I have referred showed that power could be generated at Muscle Shoals and transmitted 300 miles at a cost of 2.625 mills a kilowatt-hour. Since it only costs 1.352 mills to generate it, it would cost less than 2 mills a kilowatt-hour to transmit it the 300 miles. Therefore, it can be easily seen that this power can be transmitted from Norris Dam and laid down in Columbus, Ohio, at something like 4 or 5 mills a kilowatt-hour.

We are buying it laid down in Tupelo, Miss., my home town, about 100 miles from the Muscle Shoals Dam, and paying on an average of 4.9 mills a kilowatt-hour. We own our own distribution system and are distributing that power to the people of the city at T. V. A. yardstick rates, which are as follows:

Three cents a kilowatt-hour for the first 50 kilowatt-hours per month.

Two cents a kilowatt-hour for the next 150 kilowatt-hours per month.

One cent a kilowatt-hour for the next 200 kilowatt-hours per month.

Four mills a kilowatt-hour for the excess over 400 kilowatt-hours per month.

Last year our distribution system paid into the city treasury in lieu of taxes $9,546.64; gave to the city to pay on its investment $4,390.03; paid interest on our bonds to the amount of $1,906.09; paid off maturing bonds to the amount of $5,911.39; and still had a net profit of $26,235.66. At the same time the people of Tupelo, a small town of 8,000, saved $349,000 on their light and power bills, compared with what they would have paid under the old rates in force before the T. V. A. was created.

Only about 30 percent of the domestic consumers of electricity throughout the United States have electric refrigerators. In Tupelo it has climbed to 88 percent. Think of it, 88 percent of the domestic consumers of electricity in that town now use individual electric refrigerators. The uses of other electrical appliances such as ranges, electric irons, heaters, etc., have increased in proportion. This bears out my statement that the cheaper the rates the more freely electricity flows, and the greater benefits it brings to the ultimate consumer.

But the greatest phase of this program is that of rural electrification—providing cheap electricity for the farm home.

Some years ago I was speaking in the State of Ohio when one of your leading citizens made a statement to me that I will never forget as long as I live. He was lamenting the fact that some of the best farm homes in Ohio were being sold under the hammer, homes were being foreclosed and people were leaving the farms and moving to the cities where they might find employment and enjoy some of the comforts and conveniences of life. He said that a short time prior to our conversation he was traveling down the old highway on which he was reared and he saw those magnificent old country homes falling to ruin—homes from which had come the great men and great women of Ohio. He said he stood in front of the one in which he was reared and took inventory. The fields were laid waste, the fences were gone, and the barn was falling down. The house was empty, the doorsteps had disappeared, and the veranda was caving in. The yard and garden had grown up with weeds and brambles. He said he walked in through what had once been an open gate and peered through the paneless window into a room that had once contained a happy fireside and saw the rats and mice chasing each other across the vacant floor, while from the dying top of a shade tree in the yard in which the birds once sang, and beneath which the children had played, a lonely crow looked out over the desolate landscape and solemnly croaked his mournful message to his mate.

He was describing the conditions of the farm homes in every State in this Union. The agricultural people were being destroyed. The economic conditions were making it impossible for them to live and pay their debts and taxes and enjoy a reasonable measure of the comforts and conveniences of life.

I thought of Goldsmith's lines:

> "Ill fares the land, to hastening ills a prey,
> Where wealth accumulates and men decay.
> Princes and lords may flourish or may fade,
> A breath can make them, as a breath has made;
> But a bold peasantry, their country's pride,
> When once destroy'd can never be supplied."

Our people were leaving the farms in those days and crowding into the cities. Today the picture has changed; our farmers have nowhere else to go; the cities are filled to overflowing; and white-collared men are filling the bread lines or crowding the relief rolls. Our farmers have their backs to the wall. Where they are living now their children will live for the next 500 years. We must do something to improve their conditions and to make their homes more pleasant, more profitable, and more attractive. We can do that by electrifying every farm home at the T. V. A. yardstick rates.

Owing to the fact that we have to go to the additional expense of building rural distribution lines, we add 1 cent a kilowatt-hour up to 100 and make the rates to the farmers as follows:

Four cents a kilowatt-hour for the first 50 kilowatt-hours a month.

Three cents a kilowatt-hour for the next 50 kilowatt-hours a month.

Two cents a kilowatt-hour for the next 100 kilowatt-hours a month.

One cent a kilowatt-hour for the next 200 kilowatt-hours a month.

Four mills a kilowatt-hour for the next 1,000 kilowatt-hours a month.

We can electrify every farm home in Ohio and practically every other State in the Union at these rates, just as we are doing throughout the immediate Tennessee Valley area. More farm homes have been electrified in the district which I represent within the last 3 or 4 years than in probably any other district in the United States. Nothing that has ever been done has added so much comfort, so much light and hope, or relieved so much drudgery as the electrification of these farm homes at these rates. We are taking to the farmer everything to be found in the city except the noise, the smoke, and the city taxes. We are giving him every convenience to be found in the congested centers and doubling the value of his home. I want to see us do the same thing for the farmers of every community in America. When we do we will make this the richest and most prosperous nation the world has ever seen.

Some time ago I saw a little woman in one of these old run-down farm homes, out in the yard, doing the family washing. Conditions in that home had gone from bad to worse until it reminded one of Shakespeare's expression, "unfenced desolation." This little woman was standing by the side of a large pot of boiling water pushing the clothes down in it with a long stick. She had three or four children around her. She wasn't over 30 years old, yet she looked to be 50. She would take those clothes out of the pot and put them in a tub of hot water and then bend down over them and scrub them until it looked as if she would fall. Then she would lay them up on a block and take what they call a "battling stick," and it looked to me as if she was beating all the buttons off. I imagine she sat up at night and sewed them back on—while she rested.

I saw that home a few months later. A rural power line had been built out to it. It had been electrified. That little woman looked 20 years younger. Even the old man had woke up and cut the weeds and painted the house. It looked like a new place. Through the Electric Home and Farm Authority they had been able to buy certain electrical appliances, among which was a washing machine. She could now put the clothes in that machine, close the lid, turn one switch, and go on about her other household duties. In a couple of hours those clothes were washed and hanging on the line. The cost of running the electric washing machine to do the washing for a family of five for 1 whole year at the T. V. A. yardstick rates was less than $1. A water pump had been installed which gave them running water all through the house. They had an electric iron and electric refrigerator. As she showed me through the home and pointed out these various appliances and conveniences, she said: "We have just begun to live."

I remember when we were debating this subject in Congress, one Member who was opposing my position said that "if the gentleman from Mississippi had his way we would build power lines to all the farm homes in the country," and, he said, "What effect would it have? The first thing a farmer would do would be to buy a radio." He thought that was ridiculous. I said that, of course, he would buy a radio; if he didn't, his wife would make him get one. Why shouldn't a farmer have a radio? Nothing brings so much joy, so much wholesome entertainment, so much music, so many good speeches, so many good sermons, or so much news into a farmer's home as a radio. One woman said to me that one of the greatest things about their radio was that it helped them to keep their children at home and entertain them in their own house.

The radio keeps a farmer informed. Probably that's what some people don't want. A year or two ago an old farmer came to town one morning and one of the young men on the street said to him, "You've come to town to get the news, have you?" He looked at

the young fellow a minute and said, "No, son; I've come to bring it. I got it before you woke up." [Laughter.] That is something for the opposition to think about. The farmers are becoming better informed today than they have ever been before, and when we get every farm home electrified and a radio in every farmhouse, the rural people of this country will come back into their own as the dominating force in the life of this Republic.

As I said a few minutes ago, the farmers of this country have nowhere else to go. They are going to have to improve their own homes and their own surroundings for the occupation of their children. Our young people in the farming districts have been rushing through school to get away from home. Where this program has been carried out, that situation is entirely reversed. They are now rushing through school to get back home. We are building for the future—laying a foundation for a grander day when the farmers of this country will occupy a higher place in the social, economic, and political affairs of this Nation, and will enjoy "a more abundant life."

Wherever we construct these rural power lines, I have urged that every schoolhouse be electrified and that a room be set aside and equipped with electrical appliances so that one of the teachers can instruct the children in their use. I especially want them to learn to read the meter, before they attempt to learn to read Greek and Latin. We have let the other fellow read the meter too long now.

We are just in the beginning of this program. We are lagging far behind other countries. Only about 10 percent of our farmers have electricity in their homes, while even Japan has 90 percent of her farms electrified. Norway, Sweden, Denmark, France, and Germany all have electricity in 90 percent of their farm homes, while in Holland and Sweden they have reached approximately 100 percent.

I should like to see $100,000,000 provided for rural electrification next year, to be allocated equitably to the people of the various States. It will all be repaid in time and will repay the Nation a hundredfold in increasing the national wealth and adding to the Nation's prosperity.

When we shall have developed all the hydroelectric power in our navigable streams, and provided for its transmission to every section of the country, when we shall have distributed that power to the farm homes of the Nation, we will have given them something that will last throughout all time to come. We will have laid the foundation for the building of the real America in which our people will enjoy the blessings of the greatest civilization the world has yet known. We will have stored up for our children and our children's children a treasure that moths and rust will not corrupt nor thieves break through and steal. [Applause.]

Relationship of Federal Government to Education

EXTENSION OF REMARKS

OF

HON. F. RYAN DUFFY

OF WISCONSIN

IN THE SENATE OF THE UNITED STATES

Monday, November 29 (legislative day of Tuesday, November 16), 1937

RADIO ADDRESS OF HON. ELBERT D. THOMAS, OF UTAH, ON THE WEEKLY PROGRAM OF THE OFFICE OF EDUCATION OF THE DEPARTMENT OF THE INTERIOR, NOVEMBER 26, 1937

Mr. DUFFY. Mr. President, I ask unanimous consent to have printed in the RECORD a brief address delivered by the Senator from Utah [Mr. THOMAS] over the National Broadcasting System on November 26, 1937, relative to legislation affecting education.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Our task in guiding an educational measure through the Senate is one of seeing to it that those habits of thought and of action which have grown out of our American system of government shall be preserved.

Federal governmental theory has for its primary purpose the preservation of local institutions and privileges and the development of national institutions where the interests of all the people are a common concern. Thus throughout 150 years the American Government in general has evolved around the theory that those things which are of primary local concern shall be preserved in the States and in the communities, while those things which are of common concern to all shall be given over to the Federal Government. For example, Indian affairs, and therefore Indian schools, are of general interest, so that the Federal Government from the beginning has had control of the Indian schools; and education in the Territories, after the creation of the Northwest Territory, became a concern of the whole Government instead of any one State.

The American educational scheme has grown up around certain great fundamental theories: First, that the home shall have a place in it; second, that the proper relationship between the church and the state shall be maintained; and, third, that the national and local sphere shall be preserved. Thus we see that our great educational fundamentals reflect those principles of the American democracy which are fundamental to it. While it is left to the individual States to prescribe the educational programs for the States, the Federal Government must present and maintain the ideals, for if the National Government, which represents all of the States, shall lag behind, the States themselves might become backward in their attitudes toward the importance of maintaining the educational scheme. It is well that that institution which represents the whole shall be an example to those institutions which represent only a part, but it is only an example that we seek, for never should the weight of the whole be used in such a way against the will of the part that the Federal Government should attempt to dictate either policy or attitude. If this were done, one of the most important factors which tend to preserve the republican form of government in our States, which is, of course, a constitutional guaranty to the States, might be destroyed.

The States are responsible for the education of their people. Therefore the Federal Government must not encroach upon State privileges and responsibilities. In the evolution of our Federal system more and more we have discovered that the best welfare of all the people is attained by a partnership between the States and the Nation, rather than by an antagonistic contest between the two. Thus, in the sixties of the last century the plan for the creation of the great land-grant colleges came into existence. Cooperative action between the States and the Nation followed.

It will be seen, therefore, from these few remarks that the problem of education in America is not a simple one but a complex one, but in the aims the problem becomes very simple, because all of the jurisdictional entities are aiming at the same end; that is, the welfare of the men, women, and children of America. All the following are our concern: The furtherance of adult education, education for handicapped and underprivileged persons, special education in vocational lines for those who are anxious to find a place in industry, and the educational aspects of such institutions as the C. C. C. and the Army and the Navy, whose primary purposes are not educational.

In our great relief programs members of the Educational Committee feel that if these programs rest upon strong educational bases and purposes there will be more done constructively toward the upbuilding of American citizenry. The future growth of America depends upon a trained citizenry. The fundamental aim of all of our educational endeavor, be it in the State or in the Nation, is for character building in the individual and the promotion of political morality in the Nation.

Crop Control Favored By Tobacco Men

EXTENSION OF REMARKS

OF

HON. AUGUSTINE LONERGAN

OF CONNECTICUT

IN THE SENATE OF THE UNITED STATES

Monday, November 29 (legislative day of Tuesday, November 16), 1937

ARTICLE FROM HARTFORD COURANT

Mr. LONERGAN. Mr. President, I ask unanimous consent to have printed in the RECORD an article from the recent issue of the Hartford Courant, headed "Crop Control Favored by Tobacco Men."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Hartford (Conn.) Courant.]

CROP CONTROL FAVORED BY TOBACCO MEN—NEW ENGLAND GROWERS' DIRECTORS TAKE UNANIMOUS ACTION BUT NO SPECIFIC BILLS ARE MENTIONED

The directors of the New England Tobacco Growers' Association Saturday afternoon unanimously voted to go on record favoring bills now before Congress "to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce and for other purposes."

Though neither the Flannagan bill now before the House, nor the Pope-McGill bill which pends in the Senate, were incorporated by name in the motion, it was understood that the action was to embrace them and any other measures that might be introduced the purpose of which is to regulate the production of basic agricultural commodities so that the farmer will receive prices on a parity with those received by other economic groups.

VOTE ON CUBAN IMPORTS

Meeting for 2 hours in the Hartford County Building, the directors also took a unanimous stand on the tariff on Cuban tobacco imports. For their motion they took bodily the third point of the National Grange agricultural program for 1938 that was adopted this week at Harrisburg, Pa. "Agriculture," this phase of the program reads in part, "should be given equal protection with labor and industry under the tariff, and those reciprocal trade treaties which are harmful to the farmer should be repealed."

While there was expression of an inclination to ride the fence on the question, the general sentiment was friendly to the bills before Congress. The principal difficulties, the directors observed, have been in keeping prices uniform.

Belaboring the present economic system as unethical, unmoral, "cockeyed to the worst degree," and one in which the dominating idea is to "get all you can, regardless of how you get it," H. F. Farnham, a director from East Windsor Hill, warned the meeting that "each group has to look out for itself."

"A bill of this kind," he went on, alluding to the Pope-McGill measure, "makes it possible for the farmer to put his house in order. It requires a certain amount of police supervision to enforce the rules on the non-cooperating minority." This group, he assured his listeners, is very small.

Presiding at the meeting was George A. Peckham of Suffield, president of the association.

Agricultural Relief

EXTENSION OF REMARKS

OF

HON. BENNETT CHAMP CLARK

OF MISSOURI

IN THE SENATE OF THE UNITED STATES

Monday, November 29 (legislative day of Tuesday, November 16), 1937

LETTER FROM THE PEMISCOT COUNTY AGRICULTURAL CONSERVATION COMMITTEE, OF CARUTHERSVILLE, MO., ON THE SUBJECT OF THE PENDING AGRICULTURAL BILL

Mr. CLARK. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD a letter addressed to me by the Pemiscot County Agricultural Conservation Committee, of Caruthersville, Mo., on the subject of the pending agricultural relief bill.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CARUTHERSVILLE, MO., *November 26, 1937.*

Senator BENNETT C. CLARK,
Washington, D. C.

DEAR SENATOR CLARK: It is the opinion of the majority of the cotton producers in Pemiscot County that the percentage of cultivated land in cotton and the percentage of production by quotas will not coincide. Goals should be made to counties on production and prorated to individual cotton farms within a county on a percentage of land in cultivation. We approve the provision in Senate bill 2787, page 35, line 19, of 5 acres per family but desire it to include 5 acres for each family on the farm.

We unanimously agree that any cotton crop control program is unsound that does not consider the most profitable method and localities for the the production of cotton. The history of Pemiscot County shows there is and has been for the past several years a large migration of cotton farmers from the old Cotton Belt to this new-drained alluvial soil of Pemiscot County. As an example, in 1930 the census shows that we had 206,000 tillable acres and the year 1937 shows that we have approximately 244,000 tillable acres, showing a raise of 38,000 acres in tillable soil for which we have no base. The increase in acreage and production in this alluvial drained swampland in the past 7 years shows definite provisions of the economic trends in cotton production in Pemiscot County.

And that under any control program adopted, an adequate quota nationally, both in acres and pounds, be allocated to each State in this drained swampland opened up for cultivation. By an adequate quota is meant for each State an acreage equal to the 1937 planted acreage plus such acreage as was diverted under the 1937 conservation program and a yield per acre equal to the average of 1933 to 1937.

That State and county committees be granted sufficient authority to assign and adjust county and individual bases within the State quota so as to protect the farmer who has cooperated with the present program and to effect a fair and equitable distribution of acreage and production among the several counties of each State and the individual farmers in each county.

The Pemiscot County S. C. D. A. Committee has contacted a great number of cotton producers and they, with the committee, have discussed at great length the merits and demerits of this bill and we want to especially extend to you our sincere thanks for your interest in sending us a copy of the bill and a request for the data that we are enclosing for your information.

We are sending a copy of this data to Senator TRUMAN and Representative ZIMMERMAN.

As it is a matter of life and death with us in Pemiscot County we urge you to support these recommendations. Don't forget, Senator, that cotton represents the largest cash crop in the whole State of Missouri.

Very truly yours,

CHAS. W. REED, JR.,
Chairman,
J. SAM EDWARDS,
Vice Chairman,
Pemiscot County Agricultural Conservation Committee.

A Right-About-Face Deserving of Approval

EXTENSION OF REMARKS

OF

HON. CLARE E. HOFFMAN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, November 29 (legislative day of Thursday, November 25), 1937

Mr. HOFFMAN. Mr. Speaker, the press of November 24 quotes Gov. Frank Murphy, of Michigan, as saying:

We should all strive with one accord to preserve the advance we have made. With business conditions at present causing concern, and with facilities provided for peaceful settlement of disputes, there is no adequate excuse for taking violent or extreme measures to redress minor grievances.

Both the management and workers should have a sense of responsibility about avoiding summary action that might aggravate conditions.

What we need right now is stability in employment and business. The worker needs this as much as the employer does. While the rights of workers must be respected and guaranteed, businessmen must have freedom of management and assurance that they can operate without frequent and unwarranted interruptions.

Otherwise, as a matter of safety, they must avoid large commitments and curtail operations. When this happens, business slows down, unemployment results, workers and their families suffer reduction or stoppage of income, and trade stagnates.

POINTS TO LAST WINTER'S TROUBLE

Last winter, with business at high tide, the people of Michigan passed through a critical period of labor unrest and happily emerged without loss of life or sacrifice of political liberty. With other conditions favorable, business was able to withstand the resulting disturbance. Our difficulties then were due largely to lack of effective organization and definite governmental authority to deal with labor disputes.

Conditions have changed since last winter. In large measure intelligence and reason have been substituted for the rule of force in the solution of labor troubles. The right of workers to organize and bargain collectively has now been definitely affirmed. Through agreements entered into by their own organizations and because of new governmental agencies, facilities have been provided for the orderly presentation and settlement of grievances.

The great majority of American workers, like the great majority of American businessmen, are law abiding. They want stable business and steady employment. To them, and to the public at large, the Government owes a duty not to permit a small minority to take the law into its hands and stop production because of local grievances that can be settled by negotiation. The solution of grievances should be undertaken by the management promptly and properly. The work should go on while grievances are being adjusted.

The proper way to settle grievances is not to suspend the authority of law by taking possession of a shop or factory. That is not collective bargaining. The proper way and the American way is the way of friendly conference and negotiation in a spirit of reason and good faith. The other way leads to anarchy, and eventually to arbitrary and despotic rule.

DEMANDS ORDER BE PRESERVED

While the State government stands ready to help both sides in settling disputes, it is prepared to do whatever it finds necessary to preserve order, protect legal rights, and restrain unlawful acts on either side. The local governments should stand ready to do the same.

It is expected that both employers and workers will keep agreements entered into by their authorized representatives, and have recourse to the public authority for necessary protection and assistance, instead of employing arbitrary or violent measures.

It is noted with satisfaction that the men in the Fisher Body plant at Pontiac have decided to resume work while their grievances are being considered in conference between representatives of the union and the management. Their decision is commended.

The Government has shown every consideration for the rights and interests of workers, and this Government will continue to do so. But it also has a duty to see that the laws of the land are observed and governmental authority is maintained. Otherwise democratic rule will not endure, and individual liberty will perish in the land of its birth.

The foregoing statement, while it does not, in terms, condemn the sit-down strike as illegal, such is a fair inference, for the Governor said—let me repeat—

The proper way to settle grievances is not to suspend the authority of law by taking possession of a factory.

It is regrettable that the Governor was not of that opinion at the time he permitted armed men from other States to take possession of the factories of General Motors at Flint and to hold that possession in defiance of the orders of the court for 44 days.

It is regrettable that, when Judge Gadola made a court order, under which the sheriff of Genesee County might, and probably would, have caused those factories to be vacated, the Governor, instead of declaring that the law must be obeyed, that it was not proper to take "possession of a shop or factory," threw his influence on the side of the law violators.

A firm statement made at that time that the law would be enforced, the calling upon the National Guard to uphold the law of the land, would have caused the evacuation of those factories without the shedding of a drop of blood, for that has been the result elsewhere.

Witness what followed Governor Davey's action when C. I. O. threatened to take possession of factories in that State and Governor Davey called upon the National Guard to stand by. The proposed unlawful seizure of the Ohio plants was indefinitely postponed.

Governor Murphy's words are fair upon their face and for them he is entitled to the thanks of every law-respecting citizen of Michigan and we should, assuming that he means to follow his words, if necessary, by action, express our approval.

We cannot overlook the fact, however, that, while those strikes were on in the city of Detroit, the Governor, while declaring in favor of the enforcement of the law, took no steps to make that declaration effective, but permitted strikers to seize factories and business places.

It is extremely unfortunate that the Governor's declaration in favor of the enforcement of the law, his condemnation of the sit-down strike, did not come prior to the recent sit-down strike staged by the workers of Pontiac contrary to the orders of Homer Martin of the U. A. W. A.

Coming subsequent to that event, some will see in the declaration a desire to aid Martin, head of a C. I. O. affiliate, while the same aid was withheld from employers earlier in the year.

Be the purpose what it may, let us, for the present, assume the Governor to be sincere in his statement that he intends hereafter to protect the man who wants to work, whether or not that man has signed on the dotted line for Homer Martin and John L. Lewis.

Let us congratulate the Governor for his stand in favor of law and order, even though he arrives at that position somewhat belatedly and only after the prestige, power, and influence of Homer Martin and C. I. O. have been threatened by a sit-down strike.

That the Governor's course is meeting with the approval of citizens generally throughout Michigan is quite evident, and Editor Banyon, in the News-Palladium of Benton Harbor, Mich., so well gives the opinion of the average Michigan citizen, that I quote:

MURPHY'S RIGHT-ABOUT

Gov. Frank Murphy is beginning to talk a bit differently about sit-down strikes. The useless and senseless and unauthorized sit-down in Pontiac, wherein a few threw thousands out of employment, appears to have annoyed the Governor. He's even gotten around to the point where a sit-down isn't collective bargaining.

"What we need right now," says the Governor, "is stability in employment and business. The worker needs this as much as the employer does."

The Governor speaks wisely and well these days, as business runs downhill instead of up and a recession, if perhaps only temporary, widens and deepens to national proportions.

The tragic phase of the Governor's apparently new attitude on labor relations is that he wasn't thinking these thoughts last winter and spring, when the first sit-downs spawned in Flint and Detroit and eventually led on to a period of almost open anarchy. Then the Governor was playing a free-and-loose hand with the C. I. O. boys. He let them hold the automobile plants against even court orders and called out the State troops to see to it that nobody molested the trespassers.

Before this disgraceful chapter in Michigan's industrial history finally ended, the sit-down nuisance had spread across the country. It finally washed up on the rocks of inflamed public opinion, with Congress condemning this means of industrial warfare and even President Roosevelt finally in a gesture of disgust voicing "a plague on both your houses."

The sit-downs cost workers millions of dollars in wages; industrial and other managements lost heavily from interrupted business and actual damage to plants and goods; the taxpayers were out a pretty sum, what with standing the bill for troops and other law-enforcement activities; and business recovery generally was substantially hurt, what with all the accumulated losses and, even more important, the feeling of dismay and discouragement that prevailed among law-abiding people of all ranks when they saw law and order defied, private property seized and held, and the courts ignored.

Perhaps we should be thankful that Governor Murphy is seeing the sit-down and its misshapen fruits in a new light. But what a tragedy it is that his conversion, if it is a conversion, comes so late. And what a name the Governor could have made for himself, with all of Michigan and all of the country, if last winter, when the first Flint plant was seized, he had announced that in Michigan, at least, private property was going to be secure, that men who wanted to work could work, and that while labor's rights in any industrial dispute would be scrupulously protected, the same protection and the same privilege would be accorded to the employing managements. That's the American way of fair play and the American system of democratic government.

Many Businesses and Thousands of Jobs Can Be Saved

EXTENSION OF REMARKS

OF

HON. BRUCE BARTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, November 29 (legislative day of Thursday, November 25), 1937

Mr. BARTON. Mr. Speaker, here are brief extracts from the letters of small-business men whose businesses are being murdered. I have a basketful of such letters and more arrive by every mail. Why is not it possible for us to repeal the undistributed-profits tax at once—today? The repeal will not affect some of these little employers directly but the psychological value will be tremendous. As a signal to the Nation that Congress is legislating again to help instead of hinder industry, it will banish fear and inspire fresh courage. I read in the newspapers that this law will be taken off the books next session, but that there is not time to act this session. Why? The Congress has shown in the past that it can do unwise things quickly; why cannot it do a wise thing quickly? Every day of postponement means that more little businesses fold up and more men are out of work. Why cannot we put aside every partisan consideration and act unanimously, and at once? We can save thousands of little businesses and tens of thousands of jobs.

First. From a small manufacturer:

As a constituent of yours, may I take a few moments of your time to lay before you the business difficulties that beset me? I employ 10 people earning from $20 to $70 weekly, one-half unionized. The recent slump in business is costing me about $100 a day, and unless a pick-up is experienced soon, it will mean the closing up of this business, with the result that these people will lose their jobs.

Second. From a builder:

Ours is the oldest building construction firm in New York City, but due to high prices, the unwarranted demands of labor, and lack of demand for additional space, we have not done any building in 7 years. I have devoted my entire time to the management

of our properties, which have been in my family for 50 years; now, due to the "crackpot" schemes and ideas and schemes put forth in Washington, it looks very much as if we might lose our life savings.

Third. From a very small specialty manufacturer:

Since moving here last June I haven't been able to pay 1 month's rent out of my business. It is unbelievable that there is absolutely no season. I have been in business 6 years, and this is the only time there's no season.

Fourth. From a manufacturer of lace:

Since the United States signed the reciprocity agreement with France, our industry has been sick. The duty on laces was reduced from 60 percent to 90 percent, and at the time the agreement was signed the franc was about 6½ cents, and now the franc is 3⅜ cents.

A clause in the agreement provided that if the exchange is reduced or if it falls, each country has the right to advance the tariff to conform to the reduction of the exchange, or give 30 days' notice to discontinue the agreement. Nothing was done by the administration at all.

Merchandise is coming over in large quantities to such an extent that we are forced to close down some of the mills, and some are working part time. The people that were employed are out of work eating up what little resources they had to fall back on.

Fifth. From a distributor of sewing machines:

There are in New York City alone over 400 sewing-machine dealers with a total invested capital of possibly $10,000,000. The almost complete stoppage of manufacture in all industries using sewing machines (such as manufacture of dresses, shirts, work garments, shoes, men's clothing, corsets, underwear, etc.) has not only made it virtually impossible for sewing-machine dealers to secure new business, but has put them in a precarious financial condition, because they have not been able to collect outstanding moneys due them on business they have done in the past. Our entire industry, employing in the neighborhood of 4,000 people, is on the verge of a complete collapse.

Sixth. From a manufacturer of paper boxes:

During the 3 years ending this December 31 our company will have spent in new additions to our plant, including machinery, over $150,000. Most of this amount was spent within the past 15 months. We have also placed an additional $30,000 for spring 1938 delivery, covering additional machinery, in spite of the undistributed-profits tax which we knew would present us with a serious financial problem.

In order to house this new machine we have to erect an additional building but we find now that no matter how attractive our improvements may seem we are absolutely stopped from erecting this additional building because of the destructive force of this tax.

Seventh. From the owner of a chain of stores selling low-priced clothing:

Recently our organization leased and improved a store which was to open October 16. After the alterations were completed, and prior to the opening of the store, we were forced to negotiate with a window trimmers' union (a mushroom union just sprung up recently).

They forced us to sign under threats that unless we signed at once the demands tomorrow would be $10 more for each man. They were ready to picket the stores at a moment's notice. While their agent was talking to us the pickets were waiting at our various stores ready to start parading.

We have learned since that several of our competitors signed contracts with the same union, giving their men $35 for a presser, $40 for an assistant, and $55 for a window trimmer, on a 45-hour week. Then other competitors settled for the same jobs at $40, $45, and $60 for a 40-hour week. We were made to pay for the same jobs $42, $45, and $75 a week for a 35-hour week and 5 days only. We also had to take three men for this job whereas previously we had only one with a part-time assistant. How can we now employ three men?

They demanded that we hire another man at $65 per week for the store, even though we did not have work for him. The average cost for trimming a store window of this size is about $200 per year. Still they wanted to force upon us an annual expense of $4,480, although we cannot possibly keep the other three men busy for 35 hours per week.

Finally we were forced to drop our investment, and the store was not opened. This "closing before the opening" has kept several men out of prospective jobs. This also has forced us to cancel our order for merchandise and our entire advertising program, ultimately causing a loss to everybody who would profit from the opening of this store.

We originally operated 15 stores, but recently closed 4 due to the fact that unions boosted our overhead to such an unreasonable extent that we could not stand it, and it still continues to rise in spite of the fact that at this time the salaries of our people in most cases are more than doubled and hours reduced 33 percent.

We can quote a countless number of firms that were forced to curtail their business for the same or similar reasons; some who have been forced out of business and many more who will definitely be forced out of business unless there will be some encouragement in sight for immediate relief.

It is urgent that immediate action be taken to save millions of merchants and their employees from starvation, particularly retailers who are in a tough spot right now and cannot wait. Otherwise we, as well as thousands of retailers, will be forced out of business, and the merchants, together with their employees, will be added to the relief rolls.

Mr. Speaker, on Monday morning, November 15, the President of the United States sent us this comforting message:

The present decline [in business] has not yet reached serious proportions.

Mr. Speaker, these small-business men would agree with the President that the present situation is not "serious." They would say that "serious" is far too mild a word. To them the present crisis means the loss of their life savings, the discharge of their employees, and the destruction of their hopes. They are fighting for their lives. We ought to help them now before it is too late.

Stop Helping Japan

EXTENSION OF REMARKS

OF

HON. DAVID J. LEWIS

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, November 29 (legislative day of Thursday, November 25), 1937

LETTER WRITTEN TO THE WASHINGTON POST BY HON. HENRY L. STIMSON, FORMER SECRETARY OF STATE

Mr. LEWIS of Maryland. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter written to the Washington Post by Hon. Henry L. Stimson, former Secretary of State:

STOP HELPING JAPAN—STIMSON

(By Henry L. Stimson, former Secretary of State)

(A letter to the Washington Post)

Americans are shocked and outraged at what is taking place in the Far East. But to many of them it presents merely a confused picture of distant horrors with which they think we have no necessary connection and to which they can close their eyes and turn their backs in the belief that we owe no duty to the situation except to keep out of it and forget it. It may be useful under such circumstances to try to recall briefly certain broad features inherent in this situation which relate to us and our ultimate future.

In the first place, many of us do not adequately appraise the size and character of the Chinese Nation; the influence of its civilization on Asia in the past and, what far more important, the influence for good or evil which it may have on the rest of the entire world, including ourselves, in the years and centuries to come. For 4,000 years China has maintained what is far and away the most persistent cultural solidarity which has existed in the world. In all those centuries no foreign conquest and no passage of time has been able permanently to materially change or deflect her development.

In the next place, the dominant characteristic of this culture of these four hundred fifty millions of people, devoted mainly to agriculture, has been for centuries inherently peaceful. As one evidence of this, their culture has produced for themselves a status where the individual Chinese has required less government than the individuals of any other nation. Although covering an immense territory with enormous numbers, their personal relationships have remained virtually upon a family or patriarchal basis as distinguished from the various forms of community and national government existing elsewhere. Recent Chinese wars have been purely defensive and internal. No outside nation has any reason to fear any armed attack from China provided China continues her own peculiar methods of development and organization. On the contrary, all such nations could look forward to profitable commercial intercourse with the millions of Chinese who are as keen, capable, and honest in business as they are peaceful as neighbors.

HISTORY OF "OPEN DOOR" POLICY IS RECALLED

During the past century when the age of steam and electricity brought the modern western world into close contact with the Far East, China was at first regarded as an easy prey for the imperialistic ambitions of the more warlike nations. During the close of the nineteenth century a scramble commenced among such

nations to seize and divide up her territory. The effort produced a great rebellion in China known as the Boxer Rebellion. At this juncture our own Nation, the United States, successfully put forward a policy designed to arrest this scramble and its disastrous consequences. John Hay, as our Secretary of State, succeeded, with the warm concurrence of Great Britain, in pledging the other nations to an "open door" policy toward China. This policy was based upon two principles: (1) Equality of commercial opportunity among all nations dealing with China, and (2) as necessary to that equality, the preservation of China's territorial and administrative integrity.

Twenty years later, after the downfall of the imperial government of China and the effort of the Chinese to set up a republican form of government were again producing civil war and chaotic conditions in China, our government again stepped forward at the Washington conference in 1921 and succeeded in having the principles of the open-door policy of Mr. Hay embodied in a formal treaty to all of the nations having possessions in the Far East, including Japan. This became known as the Nine Power Treaty. All of its signatories agreed:

"1. To respect the sovereignty, the independence, and the territorial and administrative integrity of China.

"2. To provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government.

"3. To use their influence for the purpose of effectually establishing and maintaining the principle of equal opportunity for the commerce and industry of all nations throughout the territory of China.

"4. To refrain from taking advantage of conditions in China in order to seek special rights or privileges which would abridge the rights of subjects or citizens of friendly states and form countenancing action inimical to the security of such states."

FIFTEEN NATIONS HAVE AGREED TO UPHOLD TREATY

This was one of the most admirable and far-sighted treaties in the history of modern civilization. It has been joined in not only by ourselves, the British Empire, China, and Japan, but also by France, Italy, Belgium, the Netherlands, Portugal, Norway, Sweden, Denmark, Mexico, and Bolivia. Germany also signed it, though her Parliament has not yet ratified it. It at once stabilized the post-war jealousies and fluctuations in that part of the world.

The United States and Great Britain agreed to limit the size of their fleets and to refrain from further fortifications in the Far East in reliance upon the Japanese agreement to leave China alone and thus to preserve the opportunities of other nations for peaceful commerce with China.

The treaty was based upon a recognition of the importance of giving China a free hand in her gigantic task of economic and political reorganization and constituted a deliberate policy of renunciation of the aggression against her during that process. It represented a common faith that only by such a process under the protection of such an agreement could the fullest interest not only of China but of all nations who had intercourse with her best be served.

Furthermore, this treaty correctly represented the personal attitude of the American people themselves toward China and our sympathy with and interest in her growth and future. For many years our people have been conducting in China the greatest humanitarian and educational effort which has ever been unofficially conducted by the people of one great nation toward another.

AMERICAN ASSISTANCE TO CHURCHES, SCHOOLS CITED

From hundreds of American towns and cities thousands of Christian missionaries and American educators and scientists have gone to devote their lives to the assistance of China and the Chinese people on their new entry into the modern world. By American sacrifice and American money colleges, schools, hospitals, and churches have been built throughout Chinese territory in its most remote and inaccessible portions.

Simultaneously in scores of our own schools and colleges for over half a century we have been receiving thousands of eager Chinese students and educating them according to American social and political principles. The personnel of the Nationalist Government of China today shows marked results of these American efforts. Many of her leading statesmen, directly or indirectly, have been influenced by our work and principles.

For 10 years China remained in lawful and recognized occupation of her territory. During that time Japan, being then herself under the government and leadership of statesmen of liberal and responsible views, was faithful to her treaty obligations and maintained toward China a policy of moderation and international good citizenship. Unfortunately the historical background of Japan was entirely different from that of China. Ninety years ago Japan was a purely military autocracy organized upon feudal lines of the medieval ages. And although during the past century she has made marvelous and gigantic strides in the technical arts, in commerce, and industrialization; although she adopted a constitution with parliamentary features and has been extending suffrage among her people, she was far from having reached the stage of liberal democracy. For 7 centuries prior to 1850 her privileged class had been that of the soldier, and underneath the veneer of her modern parliamentarianism could be found military leaders, cherishing grandiose ambitions for military conquests as well as a general population which was very sensitive to the appeal of military fanaticism.

DEPRESSION BROUGHT IMPERIAL OPPORTUNITY

To such imperialist leaders in Japan the depression of 1930 brought their opportunity. They had long cherished plans for a military exploitation of China and on September 18, 1931, defying the civil leaders of their own Government, the Japanese Army seized Manchuria. Within 3 months they had torn away from China provinces having an aggregate territory as large as Germany and France combined and which were occupied by a population of 30,000,000 of Chinese. A few weeks later, in January 1932, a Japanese expeditionary force attacked Shanghai, aiming a blow at the very center of China's territory and commerce. But meeting an entirely unexpected, courageous, and stubborn resistance by the Chinese Nineteenth Route Army, as well as with vigorous protests from the American Government and the League of Nations, and possibly because the total American fleet was held united at Hawaii on the flank of the Japanese aggression, Japan in a few months withdrew her forces from Shanghai with her objective unattained.

Since then there has ensued a 4-year interval during which significant changes have occurred. In Japan militarism has consolidated its hold upon the Government partly by a campaign of terrorism, which involved the assassination of the moderate Japanese statesmen, and partly by the appeal which the successful military conquest in Manchuria has made to such an emotional population as the Japanese.

With militarism thus fortified at home, Japan has boldly claimed an economic and political hegemony over China, which is in complete disregard of her former promises in the Nine Power Treaty. Simultaneously she has been pushing forward partly disguised military and political steps to effectuate it. She has instigated attempts to break away some of the northern Provinces of China proper and to form in them separate autonomous governments. She has engineered invasions by Manchukuoan troops into inner Mongolia.

CHINESE RESISTANCE STEADILY STIFFENED

In these steps she has not been very successful and has found the Chinese resistance to her aggression steadily stiffened. Under the cautious but skillful leadership of Chiang Kai-Shek and inspired by the dangers which now so clearly confront them, the people of China have been making unprecedented progress toward the achievement of national unity and administrative cooperation, and this fact has not escaped the notice of Japan.

Simultaneously events have been occurring in the outside world which might well make Japan think her opportunity had arrived for a new attack on China. The Fascist dictators of Italy and Germany have boldly and successfully carried through coups involving in Ethiopia, the Rhineland, and Spain acts of treaty violation and indefensible aggression. On the other hand, the peaceful democracies of the world, being absorbed with the work of recuperation from the depression and other consequences of the great war, have yielded to these lawless acts of the dictators with a lack of their customary spirit.

In Britain and America, usually in the van of matters of international morality, the people have seemingly been smitten by a temporary seizure of nervous "jitters." This has been excusable in Britain, faced as she has been, and is now, with an extremely perilous European condition within range of her home cities. But in America, occupying the most safe and defensible position in the world, there has been no excuse except faulty reasoning for the wave of ostrich-like isolationism which has swept over us and for the erroneous form of neutrality legislation which has threatened to bring upon us in the future the very dangers of war which we now are seeking to avoid.

INTERNAL DISORDERS HAMPERING RUSSIA

Finally last winter in Russia, the one nation whose great and growing power lies within reach of North China, and which is feared by Japan, there occurred domestic incidents which were widely interpreted in the outside world as evidencing grave internal disorders.

Evidently taking advantage of these conditions, Japan has struck again, aiming both at North China as far as the Yellow River, and also at the center of China at Shanghai. No excuse worthy of a moment's consideration has been given for the attack. On the contrary, the statements emanating from Tokyo make abundantly clear that there is no such excuse. The Chinese Government is denounced as infamous for not yielding to Japan's wishes in North China, and the announcement is made in the press that the attack will continue until the government at Nanking is destroyed.

The methods of the attack also indicate that this is the objective. China's coasts are blocked and her shipping seized and a widespread campaign of bombarding the civilian Chinese population, huddled into great defenseless cities and remote from any military movement or objective, is put into effect. These steps make clear a deliberate and systematic attempt by Japan by a general campaign of terrorism practiced upon the civilian population to force the Chinese Government to yield.

Making all allowances for imperfect information, the general scope of what Japan is attempting is abundantly clear. We can also forecast some of the effects which her attempt may have upon the outside world, including ourselves.

In general Japan is trying to take control of the development of modern China and to twist its form and nature to suit her own aims, both political and economic. She is trying to develop China in a way which is the exact opposite of the purpose and policy of the "open door" and the Nine Power Treaty. Japan makes no secret of this. We do not have to guess. We have a perfectly

frank exposition of her plan in what she has already done in Manchukuo and North China.

COMMERCIAL MONOPOLY HELD CHIEF AIM

She does not contemplate "the preservation of China's territorial and administrative integrity." She is actually engaged in carving up China's territory and herself taking over China's administration. She does not propose equality of commercial opportunity among all nations dealing with China. She is seeking to monopolize that opportunity and has already taken effective steps to do so in Manchukuo.

She is thus trying completely to transform China's own business methods and character and culture and to dominate them to her own national ends. Furthermore, she is not seeking to do this by persuasion or education or other peaceful means but by force and terrorism of the most brutal and barbarous kind.

Japan is not a good colonizer even of backward races. Her colonizing methods have been recently described by an able student of the Far East.

"What capacity she possesses for construction is counterbalanced by a lack in the intangibles of ruling. Her notorious psychological deficiencies have never been more conspicuous. * * * Not only are the inhabitants of Manchukuo unreconstructedly hostile, * * * Japan has not the capacity to win loyalty by sharing benefits and rewards. * * * Japanese can command but they cannot cooperate." These words were from The Price of Japanese Imperialism, by Nathaniel Pfeffer, in Foreign Affairs, October 1937.

FINANCIAL RESOURCES LACKING FOR COLONIES

Japan has not even the financial resources which are notoriously necessary for colonial exploitation. Her efforts in Manchukuo have already strained her own national resources to the uttermost. Before she made the present attack her unstable economic condition was known to all students. Her credit was impaired, her currency in jeopardy, and her foreign trade, upon which she was dependent for the necessary exchange to carry on her imports, had been curtailed by drastic restrictions. The conditions of her industrial workers have been becoming progressively more difficult. Real wages in Japan are nearly 20 percent below 1931, while the cost of living has risen by 25 percent.

In short, this headstrong little nation, herself on the verge of bankruptcy from the efforts of her previous adventure in Manchukuo, is seeking to recoup herself by a brutal attempt to conquer and exploit a population over four times her size and composed of men who are individually as brave and tenacious as her own people, and who are at least their equal in mentality and civilization.

In such a situation, what is the forecast for us and the rest of the world? Japan probably cannot succeed in permanently dominating the whole or even a major portion of China. But she may temporarily force into her armies large masses of the good fighting power of the Chinese to use in making trouble elsewhere in the world. And certainly she can disastrously embarrass and retard the efforts which China has been making for development in her own peaceful commercial way.

Japan thus can cause immense loss to all nations commercially interested in China and for a time she may make herself a stronger military power than she is at present, with the result of causing great apprehension and danger in the area of the North Pacific. For a considerable time, if Japan is able to proceed in her own way, there will be a great storm center in Northeastern Asia, with grave possible threats and disturbances to us and our interests. For our Pacific States already occupy ringside seats at this battle.

Such, in brief, is the situation across the Pacific which confronts our Nation. It is one of those acute international crises which force the people of this Nation to think hard and clearly on subjects which they are not accustomed to deal with in normal times. Our Amerian people are aroused and angry at the callous brutality of the Japanese. There is apparently no difference of opinion in their minds as to the merits of the controversy. Their abhorrence of injustice and oppression causes them immediately and universally to sympathize with China, but they do not see how anything can be done about it. They seem to be getting steadily more angry without knowing whether there is any proper outlet for their indignation.

No one knows better than I the difficulties which confront our Government in such a situation. No one has a keener desire than I to avoid making more difficult the position of my successor in the State Department, for whom I have the greatest respect. But in every democratic nation the task of those entrusted with guiding its course in such a crisis would be made easier or harder accordingly as the attitude of the public is intelligent and farsighted or the reverse. I therefore conceive it to be a time when every effort should be made by citizens to contribute to the general discussion which is taking place in such a way as to help the understanding of his fellows to the end that it may be intelligent and farsighted. It is with this object that I venture these reflections upon the subject. In them I shall continue to remain as far away as possible in the realm of generalities. It is usually best for the Government itself to propose specific measures without being hampered by specific proposals from the public.

In the first place, let me make it perfectly clear that, in my opinion, this is not a case where there should be any thought of America sending armies to participate in a strife that is going on in Asia. Not only is such a course probably militarily impossible; not only would be abhorrent to our people, but to attempt it would do much more harm than good.

The future character of the civilization of Asia must be determined, whether peacefully or by war, by the men of Asia themselves. If China is to be saved from domination by force, it must be saved by the courage and sacrifice of armed Chinese men. The problem of the preservation of China's peaceful civilization cannot be solved by the armed intervention of the Occident.

DEMOCRACIES LENDING INVALUABLE ASSISTANCE

But that is very far from saying that the only alternative is inaction or a passive and shameful acquiescence in the wrong that is now being done. The lamentable fact is that today the aggression of Japan is being actively assisted by the efforts of men of our own Nation and men of the other great democracy in the world—the British Commonwealth of Nations. It is not only being actively assisted but our assistance is so effective and predominant that, without it, even today the aggression would, in all probability, be promptly checked and cease.

Let me explain this and make it absolutely clear. Japan's position as a war-making nation is far from being self-contained. She is peculiarly dependent upon the outside world for her ability to attack China. While she has ample facilities for manufacturing weapons of all kinds, she is extraordinarily lacking in the raw materials with which to carry on such manufactures. In that respect she is extremely vulnerable. She has no supplies of oil worthy of the name. She has no supplies of rubber whatever. She has very little iron ore—about one-seventh of what she uses even in peacetimes, and she has almost no cotton.

A further peculiarity of Japan's economic condition is that she purchases her supplies of these vitally essential commodities from a very few nations and by far the principal sellers are Great Britain and ourselves. During the 18 months prior to June 1936 she purchased 75 percent of her oil from us and one-half of her importations of iron ore and scrap iron also came from us. During the same period over 80 percent of her imports of raw cotton came from the United States and British India and the principal supplies of her rubber came from the British Straits Settlements.

Again, in Japan's present tottering financial condition she is able to make these purchases of raw material for her guns and ammunition only by selling enough of her own products to obtain the requisite foreign exchange to pay for her purchases.

UNITED STATES BUYS 85 PERCENT OF JAPAN'S RAW SILK

One of these principal Japanese exports is raw silk. This is one of the most generally distributed crops of the Japanese Empire, the production of raw silk taking place in virtually every peasant home and farm. Of that crop the United States in 1935 purchased 85 percent and in the first 6 months of 1936, 81 percent; with Great Britain taking nearly all the rest. With the foreign exchange thus obtained Japan is purchasing from us, as I have said above, the raw materials for her guns.

It is not necessary to go further into the picture. Today hundreds of thousands of brave Chinese are fighting a desperate and hopeless battle. The press reports teem with evidences of their desperate valor and heroic self-sacrifice. But modern war is a matter of machinery and munitions. These brave men are virtually armed only with the rifles and machine guns which they carry. Even their supply of cartridges for these weapons is pitifully inadequate. Their artillery is woefully insufficient, their planes merely a fraction in number of the planes of their opponents, and they have no tanks.

Day after day there are being rained upon them bombs from an unobstructed hostile air force and shells from an overwhelming mass of artillery, while their lines are being pierced at intervals by tanks which they have no means of stopping. Yet they have made a resistance so far which has won the admiration of the world. The odds against which they are fighting are being made possible by us.

So I say that the first glaring fact which stares us in the face in our analysis of the situation is that China's principal need is not that something should be done by outside nations to help her, but that outside nations should cease helping her enemy. Given a situation in which the supply of munitions was only somewhat less unequal, China's bravery has already shown that Japan's task would be hopeless.

In the light of these facts, the first question that I should ask of the American and British people is: Does the safety of the American Nation and the safety of the British require that we go on helping Japan to exterminate, by the methods she is daily employing, the gallant Chinese soldiers with whom she is confronted—not to speak of the civilian Chinese population that she is engaged in terrorizing? Is the condition of our statesmanship so pitifully inadequate that we cannot devise the simple means of international cooperation which would stop our participation in this slaughter? I for one do not think so. I believe it can be done, and done effectively, without serious danger to us.

PEACE HAS BEEN PUT ABOVE RIGHTEOUSNESS

The second great fact which the present situation brings out is the deep-seated error which has pervaded recent American thinking on international matters. I have heard Theodore Roosevelt say that he put peace above everything except righteousness.

Where the two came into conflict he supported righteousness. In our recent efforts to avoid war we have reversed this principle and are trying to put peace above righteousness. We have thereby gone far toward killing the influence of our country in the progress of the world. At the same time, instead of protecting we have endangered our own peace.

Our recent neutrality legislation attempts to impose a dead level of neutral conduct on the part of our Government between right and wrong, between an aggressor and its victim, between a breaker of the law of nations and the nations who are endeavoring to uphold the law. It won't work. Such a policy of a moral drift of such a safe and powerful nation as our own will only set back the hands of progress. It will not save us from entanglement. It will even make entanglement more certain. History has already amply shown this last fact.

As if to teach us the folly of our ways, since this legislation was adopted, fate has paraded before our shocked consciousness two instances of glaring aggression in Ethiopia and the Far East. Progress is not made in the world by attempting to exclude a consideration of the difference between right and wrong, nor is it wise legislation to attempt to impose upon the President, to whom the Constitution gives the duty of the conduct of our international affairs, shackles of restraint to hold him helpless in all future conditions, no matter how complex or unanticipated.

Finally, in this grave crisis in the Far East we not only must not fear to face issues of right and wrong, but we must not fear to cooperate with other nations who are similarly attempting to face those issues. The League of Nations was founded upon a covenant which almost for the first time in human history attempted to base our international civilization upon a reign of law and to make a distinction between a lawbreaker and its victim. Five years ago, on Japan's first aggression into Manchuria, the League, while failing to stop the aggression, did not hesitate to pass judgment upon it in unmistakable language after a full investigation of its facts.

UNITED STATES GAVE SUPPORT TO LEAGUE IN 1933

The League did not fail to distinguish between right and wrong in the Far East then, and the American Government, on February 25, 1933, did not hesitate to range itself alongside of the League in that judgment and to declare that its understanding of the facts was in accord with the findings of fact arrived at by the League and that its conclusions were in accord with the conclusions of the League.

Today on China's appeal the League is again engaged in an examination of the present crisis and the formulation of its judgment thereon. Our Government should not hesitate, if the facts are as we believe them, to support the League again by a statement of its concurrence. Such a judgment is not futile. In the process of time law is built up both within and without national boundaries by such decisions and such precedents. Japan is far more friendless today before the tribunal of world opinion than she would have been except for the investigation and judgment which was rendered against her 5 years ago. We should not fail to take our part in laying such foundations of the structure of international law of the future.

Since the writing of the foregoing letter has come the President's Chicago speech. I am filled with hope that this act of leadership on his part will result in a new birthday of American courage in facing and carrying through our responsibilities in this crisis.

HENRY L. STIMSON.

Theodore Augustus Walters

EXTENSION OF REMARKS

OF

HON. JAMES P. POPE

OF IDAHO

IN THE SENATE OF THE UNITED STATES

Monday, November 29 (legislative day of Tuesday, November 16), 1937

MEMORANDUM ISSUED BY THE DEPARTMENT OF THE INTERIOR ON THE DEATH OF HON. THEODORE AUGUSTUS WALTERS, FIRST ASSISTANT SECRETARY OF THE INTERIOR

Mr. POPE. Mr. President, I ask unanimous consent to have inserted in the Appendix of the RECORD a memorandum for the press issued by the Department of the Interior on November 27, 1937.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

Theodore Augustus Walters, First Assistant Secretary of the Interior, died this morning in Naval Hospital, Washington, D. C. Death was due to pneumonia, which developed following an operation last Wednesday.

Mr. Walters, who was 61 years of age, came to Washington from Idaho early in the Roosevelt administration to serve as First Assistant Secretary of the Interior. Only a few weeks ago he made an extended inspection tour of the grazing districts of the West, covering 9,000 miles in 31 days. Mr. Walters was familiar with the problems of the West and had been assigned by Secretary Ickes to direct grazing administration and land matters generally.

Mr. Walters was born in a two-room log house on a farm 40 miles from Dubuque, Iowa, in 1876. He received his education in the public schools and the Upper Iowa University at Fayette. He put himself through this university and through the law school of the University of Iowa by teaching.

At the age of 29 Mr. Walters abandoned teaching to enter into the practice of law at Caldwell, Idaho, where he remained until his appointment as First Assistant Secretary of the Interior in 1933.

Mr. Walters was active in Democratic politics in his State. He was elected attorney general of Idaho in 1916. He was appointed a member of the State board of education in 1914, was reappointed to the same position in 1931, and became president of the board in 1933.

Surviving Mr. Walters are his widow and two daughters, Mrs. Robert Van Uden, of Washington, D. C., and Mrs. Robert Coker, of South Carolina, and a son, John Walters, of Boise, Idaho. Mr. and Mrs. Walters made their home in Washington at the Roosevelt Hotel.

Funeral arrangements will be announced later.

Secretary Ickes, when informed of Mr. Walters' death, made the following statement:

"Theodore A. Walters was a fine public servant—devoted, sincere, and loyal to the people whom he served. As First Assistant Secretary of the Department of the Interior I had come to rely greatly upon him. He was willing to shoulder responsibility, he was a man of sound judgment, and he never complained, however great the burden that he was called upon to carry.

"As a citizen of Idaho, he was particularly interested in the development of the West, which he knew so well. One of the greatest services that he has performed has been in connection with formulating and helping to carry out the new grazing control program. Only 2 weeks ago he returned to Washington after a 9,000-mile trip through the grazing States in the interest of the conservation of the public range. On this trip he addressed many gatherings of stockmen and sheepmen. He understood their problems and they understood his language.

"The death of Mr. Walters is a personal loss to me and a serious one to the Department. All of those who have worked with him will miss him."

F. R. Carpenter, director of the Grazing Division, said:

"First Assistant Secretary Walters took a great and effective interest in the Division of Grazing, which was assigned to him for supervision.

"As the owner of several ranch properties in Idaho and as a former member of the State land board and the former attorney general of the State of Idaho, he had an exceptional fund of knowledge and background for directing the activities of the division of grazing.

"His interest in all matters extended far beyond his necessary official duties, and he went into the details of all cases and gave freely of his time and knowledge for the carrying out of this important new work.

"At the recent series of meetings in the nine Western States, his courteous and dignified manner of presiding, together with his rough and ready western way of meeting all comers on their own ground, won for him a host of friends among the stockmen of the West as well as endearing him to the members of the Division of Grazing, who were working even more closely with him."

Thanksgiving Day Sermon

EXTENSION OF REMARKS

OF

HON. SOL BLOOM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, November 29 (legislative day of Thursday, November 25), 1937

SERMON DELIVERED BY THE RIGHT REVEREND JAMES E. FREEMAN, D. D., LL. D., IN WASHINGTON CATHEDRAL AT THE NATIONAL THANKSGIVING SERVICE IN COMMEMORATION OF THE SESQUICENTENNIAL OF THE FORMATION OF THE CONSTITUTION OF THE UNITED STATES

Mr. BLOOM. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following sermon delivered by the Right Reverend James E. Freeman, D. D., LL. D., in the Washington Cathedral at the national thanksgiving

service in commemoration of the sesquicentennial of the formation of the Constitution of the United States, sponsored by the Bishop of Washington and the dean and chapter of the Cathedral and the Grand Lodge of Free and Accepted Masons of the District of Columbia and under the auspices of the United States Constitution Sesquicentennial Commission:

St. Luke 12: 48. "Unto whomsoever much is given, of him shall be much required."

Such a statement seems obvious and axiomatic. To measure responsibility by the standard of privilege and opportunity, is on the face of it normal and consistent. Advantage of any kind, education, the acquisition of gifts and material gain, these we conceive to carry with them an obligation measured by their volume and content. It is a cardinal rule that runs the gamut of all life. A rich, highly cultivated soil must yield a bountiful crop; a pruned and carefully nurtured orchard must yield choice fruits; a youth long trained in classroom and academy must contribute his just share to the good of his fellows. This applies with like force to a favored community or a favored State. America, blessed above nations, occupies a place in the world that lays upon it heavy and ever-increasing obligations. Those of us who share its gifts and bounty are not alone recipients, we are responsible dispensers of these gifts and we dare not shirk our responsibility, else we shall prove unworthy of our place and Nation. It is this that moves us on this Thanksgiving Day not only to acknowledge the blessings that are ours, but to make searching inquiry as to the consistent discharge of our duties and obligations and to appraise them in the light of the favors and gifts we have received.

It is such a day as this that calls us away from our individual successes or failures to think in terms of our life as a people. It is a day designed to efface all distinctions and it compels us to acknowledge that we share in equal or unequal measure the blessings that have come to us from a beneficent and ever-mindful God and Father of us all. However through our selfishness and self-seeking we may have contravened the operation of His just laws, however inequitable to our vision may seem the apportionment of His gifts, it is from Him, and Him alone, that we continue to enjoy the bounty that is ours and the gifts and blessings that we commonly share. Responsive or unresponsive as we may be in our praise and gratitude, still in the reckoning of our blessings we are compelled to recognize that beyond all our cleverness and cunning resides a power that determines our strength or our weakness, our prosperity or our adversity. What our hands may fashion, our factories produce, or our inventive genius create must be reckoned apart from the favors and gifts that make life possible and its vitality and being secure.

Widespread prosperity brings its gifts and blessings to every home. Misfortune and disaster cast their dark shadows across every hearthstone. Great as is the extent of the Republic, varied as are its enterprises, there is a definite sense of corporate unity that compels us on such a day as this to think of the Nation as a whole.

The record of our advance and amazing growth and development is unparalleled in any like period in human history. Something other than the genius man, or a combination of fortuitous circumstances, has worked this modern miracle. Other nations have come to power and affluence and won their proud place in the sun, but their way has been marked by cruel aggressions and the might and power of the sword. What they coveted they ruthlessly took; their progress was the way of blood and their rule the way of tyranny. It was from such conceptions of government that our fathers revolted and rebelled and established here on this western continent a free and independent system—a system that contemplated the equality and equitable advantage of all its citizens, with liberty as its strong and compelling watchword.

For 150 years this Nation has pursued its prescribed course under the Constitution, and despite threats from without and confusions within, it has moved along its way, until it stands today incomparable among its sister nations, and the ultimate attainment of its proud destiny is yet to be revealed. The ship of state has had its days of stern trial and discipline and at times it has been halted in its progress, but again and again where crises have come, it has been directed in ways that bore evidence of divine leading, and highly ordained pilots have steered it into channels that saved it from misfortune and disaster.

As we view it today we see it, even in the face of world confusions and disorders pursuing its course, unlet and unhindered by winds that are contrary and seas that are boisterous and troubled. We are compelled to believe that its testing has lent strength to its purpose and fitted it for perils that may still lie ahead. At such a time as this and on so memorable an anniversary, we may with propriety reappraise our inheritance and with unfeigned humility discover to ourselves our weakness and our strength. To rejoice in what we have enjoyed of continuing happiness and prosperity and not to look to conditions that may prove inimical to our future growth would be to hold our trust with careless and unworthy hands. A prodigal people, indifferent to their trust or disobedient to their fundamental law, do not deserve the favor of God nor the security which their national gifts afford. We are filled with reverent awe when we survey our history and reflect upon the crises through which we have passed unscathed, guided by the hand of Him who determines the destiny of states and nations.

Must we not believe that the Constitution itself bears unmistakable evidence of His purpose and will concerning us? The story of the trials of those noble men who labored to give the new Government its guiding state paper constitutes in itself one of the most fascinating and compelling pages in the annals of human history. That they were given the prophetic vision to project themselves into the future years of the young Republic, that they wrought so wisely and well that their work has endured, gives eloquent testimony to their commanding genius.

It is interesting to observe that they were, in the main, young men, fired with the courage and imagination of youth. They seemed to envision a nation grown to great proportions peopled by diverse races, seeking its protection and its ever-expanding opportunities. It is one of the miracles of history that their planning should have been on such a scale as to accommodate itself to the swift changes of the multiplying years. We of this later generation, as we contemplate their work, are astounded and amazed as we acknowledge its comprehensiveness and adaptability. From 13 sparsely settled colonies we have grown to a mighty commonwealth of 48 sovereign and independent States. From 3,000,000 loyal adherents of a new and untried system of government, we have become a Nation whose territory reaches from ocean to ocean, with a vast population of 130,000,000. Within our confines we have the children of every race and tongue, drawn as by some magnetic influence from the peoples of the Old World. Slow as the processes of assimilation have been, and foreign as yet to our ways as are those who have sought our shores, still we demonstrate to the world about us a unity in diversity that makes of the Republic a major power in the sisterhood of nations.

Measured by what we represent of genius, resources, and capacities, we stand at the forefront of the world's greatest states. We have at times lacked restraint in appraising our possessions, we have been arrogant and boastful in proclaiming our wealth and our power; these are but the symptoms of a youthful and overzealous people. A kindly judgment may overlook the indiscretions of youth. These latter years have put upon us new tests and compelled us to study afresh our systems and our habits as a people. In the light of the swift and tragic changes that have come to the nations overseas, and in the face of a conspiracy of forces that would seek to divert us from our chosen course, we have to think deeply and soberly about the consistencies and inconsistencies that characterize our life.

It has been made clearly evident to us that the rapidity of our growth and the expansion of our industries have outdistanced our capacity to deal fairly and equitably with the problems they have created or to remedy the evils which inevitably accompany abnormal growth and development. Where one evil practice has been scotched and extirpated new and manifold evils appear. Where we have cultivated rugged individualism and stressed its gifts of initiative, we have failed signally to meet the large corporate problems that follow the concentration of population in great cities. This may have been the normal experience of a nation that rapidly changed from rural to urban conditions. Once we were tillers of the soil and the products of our fields constituted our chief wealth. Today we are the builders and operators of vast and complex mechanisms and men, and women, too, have become but cogs in our industrial workroom.

Surely the changes have been kaleidoscopic and they have created new problems that demand the best we have of genius and statesmanship. Our basic principles do not change; their application to meet new needs calls for the wisest and most consistent judgment we have to give. We are not reactionary when we turn to our avowed and cherished ideals and give them place in our life; we are guilty of an inconsistent conservatism when we fail to recognize that "new occasions teach new duties." The fact that new and untried experiments are in process in other lands must not affect us in our determined course. America stands as a tested experiment in government, and its ways and practices are not the ways of Europe and Asia. This we need to affirm with deepened conviction today. We predicate our system upon principles that are unique to a people whose avowed purpose is the fullest and most equitable distribution of the blessings and gifts of life.

If in other places and in other lands a new freedom is being sought by methods that are strange to our accepted view and practice, we bid them Godspeed, but we ask that we be freed from their devices and unembarrassed by their persistent propaganda. We lay no claim to impeccability, we have our faults and our weaknesses, and we frankly acknowledge them, but we will pursue our way, unlet and unhindered by forces that are alien and that lie outside our borders. That we are jealous of our traditions and our ways does not preclude our hearty and generous praise of nations, whose habits and practices are foreign to our fixed ideals. We may admire even if we do not emulate their virtues. This needs to be our practice, and more so today than at any period of our history. We have to reckon, and reckon vigorously and persistently, with elements within our confines that readily accept the blessings which this land affords, but would entangle us in systems and policies that can have no consistent place in our corporate life. Our threatening danger is not from an excess of pride in what we have of tradition and system; it resides in our supineness in courageously maintaining the system we have. We make no fetish of our fundamental law

nor do we refrain from amending its provisions as occasion demands. To make it more just and equitable, this we have done and shall continue to do, but only as our own people registers its mind and its will.

Behind the Constitution and behind our democratic institutions resides a clearly defined, clearly professed religious faith, and a body of ideals that had its genesis on these shores. They were not ideals imported from some ancient or modern state; they were peculiar to the conditions that were faced by the fathers of the Republic. That reliance upon God was conspicuous in their deliberations, that they were deeply conscious of fundamental moral values is clearly evident in their work. They had drunk deeply at the spring of truth and it was their solemn conviction that the truth, and the truth alone, could make men free. It was something other than a finely conceived scaffolding which they built, perfect as that scaffolding might be; they knew as men have rarely known that the cohesive element in a structure that was to endure, was the moral and spiritual character of the people for whom the fabric was created. Washington affirmed this when he declared that the sure props of stable government are morality and religion. When we have been true to this ideal we have prospered; when we have been recreant to it we have tragically and swiftly declined.

These more recent years have given startling evidence of this. This country of ours is as rich in its resources as it has ever been. It has an industrious and loyal people ready to serve it in every emergency. It is quite self-sufficient within itself to guarantee to every citizen a subsistence ample and adequate to every need. Its broad acres yield harvests to meet the demands of every household. Its manpower is adequate to run its mills and factories and to give it protection from every foe. Yet in spite of this it has been caused to reel and stagger under a combination of circumstances that have impaired its confidence and paralyzed its initiative. Even while we meet on this Thanksgiving Day there are hungry men, women, and children in a land of plenty, and countless toilers who are denied the just rewards of their own labors. No Aladdin's lamp can supply this deficiency. Systems of unearned doles or gratuities cannot assuage the pain of poverty or ease the burdens which long continued idleness imposes. Our cities outvie and outshine the cities of the ancient world, and Babylon in all its splendor could not compare with a metropolitan center of this western world. In all our reckoning and in all our advances, something, and that basic, has been lacking in our philosophy. Much we have received; of us much shall be required.

We are builders of a state that must endure; the stones we quarry and the cement we use must be of such tested quality and worth that the fabric we erect shall withstand the shocks and strains of recurring crises. Have we the stamina and the moral fiber to equip ourselves against the storms and misfortunes that must surely come? Are we raising up in this land of ours a generation of men and women who are to be the conservers and preservers of the precepts, principles, and ideals that fortify and insure the state against disaster? Yes, are we of the present generation so strong in our pursuit of moral and spiritual ideals that we cannot be moved by the glamor and charm of our growing material wealth and possessions?

These are not idle speculations; they cut deeply into the things we love and cherish most. If on a critical occasion a great leader of the Republic declared that this Nation could not endure half slave and half free, we of this later age may with increasing force affirm that it cannot endure half pagan and half Christian. Flippant and secure in our conceits as at times we seem to be, there are certain immutable and unchanging principles that are not altered or abrogated by the capricious wills of a gainsaying and disobedient people. If with pious unction we grave on our coins, "In God we trust," let us look to it that the legend be something more than an empty platitude to which we pay lip service.

Agnes Repplier's caustic observation may be shocking, but it is pertinent. She says: "America has invested her religion as well as her morality in sound, income-paying securities." It would sometimes seem that the magnifying of material values was the supreme and dominant characteristic of our people, that in "reeking tube and iron shard" we reckoned our security and our peace. We may in our monetary system dispense with a gold standard; we shall hardly survive if we dispense with the standard of the Golden Rule. The much that is required of us may lie outside the proud affirmations of our political platforms and far exceed the pronouncements of our political leaders. Something other than the conservation of forests and soil and the maintenance of land or other values is required of us. It is the conservation and enrichment of human life that is our greatest responsibility. Until this is discharged to the limit of our powers, until every man, woman, and child within our confines shares adequately the much that we have received, and until we of this favored land have played our full part in giving to the world a demonstration of our Christian purpose, we shall prove ourselves unworthy of the great inheritance that is ours.

Let us believe that in the heart of every loyal American citizen there is a longing to make his country the noblest, the most generous, and the most just in all the world. There is here, we believe, a growing spirit of good will, a desire for a more fair and equitable distribution of the gifts and blessings which this land affords. We repudiate the animosities and hatreds which plague Europe today. We are minded to give to all men of every creed and of every political adherence complete freedom to exercise his choice. We covet no neighbor's land or territory, we seek not to impose our customs or our will upon peoples or races near or far. We would bear our just share of the burdens that now and again press heavily upon the less fortunate and the weak. This is what our political and religious faith and ideals teach us; this is what, at its best and truest, America stands for and embodies.

For a country that stretches from ocean to ocean, praise and honor to Almighty God.

For a land of promise whose broad acres have nourished and sustained us through summer's heat and winter's cold, praise and honor to Almighty God.

For wise leaders who have directed the course of the Republic in days of peace and days of strife, praise and honor to Almighty God.

For excelling genius, mechanical skill, and enrichment of the arts and sciences, praise and honor to Almighty God.

For days of adversity that temper the soul and days of prosperity that test our character, praise and honor to Almighty God.

For the love of peace and the pursuit of it, for flag and Constitution, and for an America that moves steadily on to its proud and certain destiny, glory, praise, and honor to Almighty God.

The Late Samuel J. Nicholls

EXTENSION OF REMARKS

OF

HON. G. HEYWARD MAHON, JR.

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 29 (legislative day of Thursday, November 25), 1937

Mr. MAHON of South Carolina. Mr. Speaker, it is with profound sorrow that I announce to the Members of the House the passing this morning in Spartanburg, S. C., of the Hon. Samuel J. Nicholls, a former Member of the House from the Fourth District of South Carolina.

Mr. Speaker, today I lost another friend—Sam Nicholls passed away this morning. He was the only living former Congressman of the district which I now have the honor of serving. Many of the Members of the House will remember him—he served in this body for three terms, from 1915 to 1921, and retired voluntarily, to be succeeded by my distinguished predecessor, the late John J. McSwain.

I have known Sam Nicholls since my boyhood days, as our home cities are only 30 miles apart, and as we had much in common. He had a very distinguished career. As a young man he was a social leader in his State. In politics he was a real power, having been elected to the State legislature when 21 years of age. He served by appointment as an associate justice of the State supreme court, was here in Congress for three full terms, and at the time of his death was still serving as county chairman of the Democratic Party. He was a civic leader, having served at the head of many organizations, including the bar association, and was just completing a term as president of the Spartanburg County Fair Association.

In his profession Sam Nicholls was on the top round, his law firm being one of the largest and best known in the State of South Carolina. It is interesting to note that of the three members of the firm of Nicholls, Wyche & Byrnes, Mr. Nicholls, as has been stated, came to Congress, Mr. Wyche is now a Federal district judge, and Mr. BYRNES sits at the other end of the Capitol as a very influential Member of the United States Senate. That is a record possibly without parallel. The legal business now falls into the hands of youthful Donald Russell, a more recent junior partner, who, although he has not yet offered for political or appointive position, is regarded as one of the most brilliant of the young lawyers in our State.

Sam Nicholls was loved by all who knew him for he had a kindly spirit and a personality that was unmatched. You will recall, Mr. Speaker, as will the distinguished floor leader here, Mr. RAYBURN, that Sam was one of the most popular men who ever served in Congress. He was especially sought after in the cloakrooms, so I am told, where he kept his colleagues happy always. He served with distinction on the Military Affairs Committee. His interest was largely there,

as he had for many years commanded a company in the National Guard with the rank of captain.

Vigorous, erect, handsome, always smiling, Sam Nicholls was a "regular fellow," a scrapping two-fisted he-man. Always eager to do a good turn for his fellow man, he made and held friends. The last time that I saw him, just a few short weeks ago, he stopped me on the street and gave me a pass to the county fair, suggesting that I would enjoy attending same. It is hard for me to realize that my leaving Washington tonight is for the purpose of attending his funeral. He will be missed in his home city, his county, throughout his State, and measurably throughout the Nation. He leaves a widow, a mother, and two sisters to mourn his passing, along with his thousands of close friends everywhere.

Armistice Day

EXTENSION OF REMARKS

OF

HON. ROYAL S. COPELAND

OF NEW YORK

IN THE SENATE OF THE UNITED STATES

Monday, November 29 (legislative day of Tuesday, November 16), 1937

ADDRESS OF HON. LOUIS JOHNSON, THE ASSISTANT SECRETARY OF WAR, MADE AT THE ARMISTICE DAY CEREMONIES AT THE NATIONAL MEMORIAL AMPHITHEATER, ARLINGTON NATIONAL CEMETERY, VIRGINIA, ON NOVEMBER 11, 1937

Mr. COPELAND. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by Hon. Louis Johnson, Assistant Secretary of War, at the Armistice Day ceremonies at the National Memorial Amphitheater, Arlington National Cemetery, Virginia, on November 11, 1937.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Another year has passed. Again we have stood in devout silence before the Tomb of our Unknown Soldier. Again we have held communion with his immortal soul.

Now we have gathered in this classic amphitheater overlooking row upon row of graves of America's heroic dead to dedicate ourselves anew to the lofty ideals of our fallen comrades.

Their mortal voices have been silenced for many years. Yet above the strains of the national anthem, above the sound of taps, above our voices of song and prayer, there still rings in our ears their dying challenge:

"Take up our quarrel with the foe:
To you from failing hands we throw
The torch; be yours to hold it high.
If ye break faith with those who die,
We shall not sleep, * * *."

Fallen comrades, sleep in peace. Your torch is held aloft in our hands. Your example still shines before us. God grant that when called upon to face a grave national crisis, either in peace or in war, we will meet it with the same loyalty, the same courage, and the same capacity for self-sacrifice that characterized your patriotic lives.

Rest assured, my comrades, both living and dead, that we are striving in every way to prove faithful to the trust that has been bequeathed us. Our efforts do not always meet with success, but we try and shall continue to try to secure the blessings of peace and to maintain the ideals of democracy for ourselves and for our posterity.

It is our wish to quote our first President, "to see the whole world at peace and the inhabitants of it as one band of brothers, striving which should contribute most to the happiness of mankind."

To do our part to avoid war we have tried in every way to give the world an example of honesty and fairness in international relations. With our neighbors in America and with nations across the seas we have cultivated friendship and understanding. Since 1918 we have returned to our shores our soldiers from France, Germany, Italy, northern Russia, and Siberia. No more do we station marines in Latin-American countries. In our relations with other nations we use no force. We make no threats. We do not interfere in the internal affairs of others. We arbitrate. We conciliate. We cooperate. We encourage the reduction and limitation of overburdening military armaments.

We maintain an Army and strive for its efficiency, but we keep it modest in its proportions, too modest to arouse envy or fear among the rest of the nations. If war should come tomorrow, the United States could put into the field, ready for immediate action, fewer than half a million men, fewer than Argentina, fewer than Portugal, fewer than Greece, fewer than Switzerland, fewer than Sweden, fewer than any first-rate power, and fewer than most secondary powers. Contrast our strength and our readiness for immediate striking action with Russia's 19,000,000, Italy's 6,000,000, France's 6,000,000, Japan's 2,000,000, Germany's 2,000,000, and the million of the British Empire, and you will agree that our Army is but a modest police force, neither organized for nor capable of any immediate thrust upon any foreign power.

In short, we strive in every way to keep our national honor free from any mar or blemish that would mock or anger another nation. We endeavor to check the spread of the disease of war from reaching our shores. If it is up to us, the calamity that cut short the lives of our comrades will not be visited again upon ourselves, upon our children, and upon the generations that follow.

Unfortunately, our national example in foreign affairs has not been universally followed. While we have made every effort to keep peace in the world, others, bent on aggrandizement and conquest, have kept the international pot boiling and seething with distrust and fear. In Europe and Asia streets are strewn with dead and dying, fields are devastated, buildings destroyed, business paralyzed, and industry crushed, while columns of hate and fury spread their poison. Who can say in the midst of such international chaos that we may never again be called upon to defend ourselves? If such a moment comes, my comrades, let us now serve notice upon any future aggressor that he will find a Nation united in its efforts, an Army and Navy organized to defend us, and a civilian population mobilized behind the lines to make good the efforts of the man at the front.

For our part, however, we can honestly say that we have kept faith and have made every effort to maintain peace, the blessings of which our fallen comrades cherished most dearly.

Not only in foreign affairs but in our domestic life we have striven to uphold the ideals and the traditions of American life. Freedom of speech, freedom of the press, and freedom of religion we still preach and practice. While in other countries criticism even of petty officials usually results in sentences to concentration camps, or banishment to distant frozen or desert wastes, our writers, our authors, and our actors, without fear or danger, enjoy full freedom of expression, even to the point of satirizing or lampooning our most prominent public men. Editors, columnists, and radio commentators discuss and criticize the daily acts of our Government without any molestation from public officials. Jews, Catholics, and Protestants worship God according to the dictates of their own conscience. Members of all faiths and even agnostics and atheists live side by side happily and peacefully. In few places in the world do men and women enjoy such great freedom of religion and of expression as do the citizens of our own country.

Our Government is stable. We have a reasonable prosperity to a degree almost unknown in the rest of the civilized world. While wars and rumors of war disturb other countries, we enjoy the blessings of peace and of free democratic institutions. Nowhere else in the world today are men and women more secure in their property, more protected in their lives, and more happy in their outlook toward the future than in the United States.

So far we have considered our successes in striving to maintain the ideals and the traditions of our fallen comrades. Of our failures we need say but little except that our efforts have been honest; that we have tried to profit by our mistakes and have endeavored to avoid their repetition. It is enough that we recognize that there is much still to be done before we achieve the full promise of America.

"Man is the conscript of an endless quest,
A long divine adventure without rest,

* * * * *

"Each hard-earned freedom withers to a bond;
Freedom forever is beyond—beyond."

To come nearer in our quest for freedom and the realization of our American ideals, there are a number of things to which you and I can exert our attentions right now. Let us vow to pay no heed to the charlatans who would disrupt our ranks. Let us relegate to limbo the self-seeking agitators who breed intolerance and try to convert honest religious and political differences into feuds of bitterness and hate. Let us pull the masks off the self-anointed messiahs who urge upon us untried concepts of society and of government foreign to our ideals. Let us perfect and strengthen our modest defenses, and let us plug the loopholes so that in case we are called upon to defend ourselves the burdens of war will fall equally and none shall profit. Let us remove the slums which breed disease and crime. Let us strive to give greater health and happiness to our boys and our girls, more opportunity to our men and our women, and greater security to our aged and our crippled.

A year from today we again will assemble here in this amphitheater, and our pledges of loyalty to the faith of our fallen comrades once more will be carried to the homes and firesides of America. I pray to God that all within hearing of my voice here in Arlington and on the radio again will partake in these sacred ceremonies. Let us hope that when another year rolls by we will be able to say that not only have we tried honestly and succeeded modestly to hold high the torch of our heroic dead but that we have made even greater and more effective strides in our march toward a healthier, stronger, and happier America.

Business and the Congress

EXTENSION OF REMARKS
OF

HON. HAMILTON FISH
OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, November 29 (legislative day of Thursday, November 25), 1937

RADIO ADDRESS OF HON. HAMILTON FISH, OF NEW YORK, ON NOVEMBER 24, 1937

Mr. FISH. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include my address over the Mutual Broadcasting Co. network on Wednesday evening, November 24, 1937, as follows:

Although I am speaking tonight on the subject Business and the Congress, I believe a more appropriate subject would be The Merry-go-round Broke Down. It is about time the New Deal changed its tune from Happy Days Are Here Again to The Merry-go-round Broke Down, as the New Deal goes around and around and around, and comes out nowhere. In this respect it is like the merry-go-round, with its gaudy and flashy trimmings and painted horses to amuse the people and give them a good time while the music lasts, or rather while the money lasts.

The trouble today is that business, not only in Wall Street but on Main Street, is jittery and dizzy from being whirled around and around by the New Deal merry-go-round at Washington, and getting nowhere. We are in the midst of a government of confusion and bewilderment and not even the President's closest advisers have the faintest idea what direction we are going. They have lost all sense of direction, from being whirled around for the past few years and they do not even now know their own objectives.

I am too good an American to wish the New Deal merry-go-round to break down for partisan advantage, because it means unemployment, misery, and destitution for millions of Americans, and disaster for the country. But, I believe it is the duty of the minority to expose the follies, fallacies, and economic failures of the New Deal, and demand that our house be put in order, that the Budget be balanced and that business-baiting be stopped.

Fifty million Americans depend for their living and that of their families on private enterprise, and the New Deal has by its vicious attacks and destructive taxation harassed and hampered business to such an extent that fear and uncertainty have replaced the necessary confidence to expand and employ labor. It is a serious situation, and those who will suffer most are the wage earners. Business is ready to go over the top, if permitted to make profits and pass prosperity around, but the New Deal is entirely to blame for the present depression.

"Out of thy own mouth will I judge thee." The President boasted, "We planned it this way, and don't let anyone tell you differently." This was when business conditions were showing signs of improvement. He naturally claimed the credit for the New Deal but now by the same token and logic he cannot escape the responsibility. This is a Roosevelt or Government-made depression, and even Charlie Michelson and the New Deal publicity bureau and the host of propagandists cannot shift the burden to the international bankers, Wall Street, economic royalists, or other bogeymen.

Persistent baiting of business has flourished under the New Deal. Collectivism, governmental competition, and promotion of class hatred have likewise flourished, all of which were foreign to our American ideals of government. All this must stop, and stop immediately.

The Congress cannot sit around and expect a miracle to happen. We have been in session for 10 days without any program, in spite of being called back by President Roosevelt in special session, on account of urgent necessity, although the necessity has not yet been disclosed. The session to date has been a farce, with little or no prospect of doing anything constructive. Ten days out of the possible 6 weeks have gone with nothing accomplished. In all probability a week will be taken out from Christmas to New Year, and a couple of days for Thanksgiving. This would eliminate 9 more days, leaving 20 legislative days, excluding Sundays.

The President's message referred to encouraging private enterprise to build with aid of Government credit, but no building program has been introduced and no hearings have been held by the committee in charge of such legislation. There has been tremendous Government ballyhoo as to what would be done to help set in motion a private building boom. Only last August the Congress adopted the administration slum-clearance and low-cost housing bill, which was likewise ballyhooed by New Deal propagandists as the solution of the housing situation. Although I voted for the bill, I never liked it, and said so openly, and knew that it would accomplish little.

The Wagner-Steagall bill merely put the Government into building human beehives in big cities without the possibility of private ownership. I pointed out repeatedly that this was the wrong approach to the problem, and that it should have been handled by private industry backed by Government credit.

If the administration is serious or intelligent enough to appreciate the housing needs of the country, which I doubt from past experiences, I hope it will stop building more huge apartment houses. I urge the erection of 1,000,000 small homes on a half acre of land, not exceeding a cost of $5,000 apiece, in the vicinity of our largest centers of population, by use of Government credit. This would do more to curb radicalism, socialism, and communism than anything else. Homeowners are not Communists.

I would favor a bond issue of $5,000,000,000, and believe it would be the best and safest investment ever made in both humanitarian welfare and good citizenship. The details could easily be worked out as to whom to entrust the funds, whether building and loan associations, savings banks, building companies, or other authorized organizations. The interest rate should be as low as possible—around 3 percent—and for at least 20 years. To save interest charges it might be proper to use a part of our surplus gold now buried in a Kentucky vault.

Great Britain and other nations, such as Germany and Sweden, have engaged in huge housing programs and we can learn from their experiences. We may have to loan direct to building companies. It would be an easy matter to arrange to have all mortgages guaranteed by the Federal Government.

If other great nations can pull themselves out of a depression by use of government credit to build homes for their wage earners, then we can do it in the United States. The time to begin is at once, and the way to begin is to begin.

Four years ago President Roosevent stated that one-third of our people were ill-housed, and if that is so, then he has been derelict in not proposing a proper, sound, and adequate housing bill instead of the makeshift that was enacted into law at the last session of Congress.

The American people are looking to Congress for immediate action, to lead the country back to recovery and employment. Will these hopes be justified, and will Congress do something constructive to help solve the economic situation, restore confidence, and bring about a revival of business? I reluctantly and regretfully believe that this is just another mirage. I would much prefer a prosperous America than to benefit politically from a depression, but there is no reason or basis upon which to expect anything from the present utterly confused Congress. It is perfectly obvious to all classes of Americans that the Congress should get on its hind feet and legislate away some of the unfair and unjust taxes levied on business. But will they? No, certainly not at this session!

They should immediately modify both the undistributed-profits tax and capital-gains tax, as a token of good will toward business. Instead, the Congress will dawdle along and waste time and money doing nothing. It is a sad commentary on the Congress, but, unfortunately, it has made a record for sheer incompetency and inaction that has not been equaled in the memory of man. It will take more than a mere revision of tax laws to pull the country out of the Roosevelt depression. Tax revision is just a step in the right direction, but not the cure. It would be a mistake to think of tax revision as more than the whipped cream, for that is all it would be and nothing more.

To restore public confidence and encourage private enterprise to make profits and employ labor needs a different governmental approach or psychological attitude. It requires a willingness to help business instead of trying to wreck our industrial system by visionary and unsound experiments, punitive taxation, and ruinous restrictions.

With $30,000,000,000 of security values on the stock exchange wiped out, and probably an equal sum in unlisted securities, we are not merely facing a depression, but we are actually in a depression, for which the New Deal is solely responsible. There is no rhyme or reason for it. We have all the natural resources and loyal and industrious labor that we had back in 1929, and after 7 lean years ought to be enjoying prosperity and the beginning of 7 fat years.

With steel production at 31 percent, the lowest since the economic collapse of 1932, with building at a standstill, and carloadings decreasing every week, the administration cannot afford to be blind to facts that everyone else knows.

The genesis and genius of the New Deal is one man. President Roosevelt has seized the controls and has unprecedented power over the value of money, banking, industry, commerce, and agriculture. Will any ardent or even fanatical New Dealer deny that if the country prospered that the New Deal would have been entitled to the lion's share of the credit? I admit my own error, because I thought that even New Deal fallacies and economic blunders could not wreck our country on account of its great resources and potential wealth. I did not anticipate a depression, at least until after a few years of real prosperity and employment.

This depression is not due to years of prosperity, employment, and overspeculation. It is a Government-made, or a Roosevelt depression, and I do not propose to mince words. On the other hand, I do not want to infer that at the start, back in 1932–33, that many much-needed reforms such as regulation of the Stock Exchange and of the Securities Exchange were adopted. I also

favored the Home Owners Loan Corporation Act, Farm Loans, the C. C. C. camps, and more recently, Social Security and old-age pensions.

The duty of a minority is to give public utterances to justifiable criticism, so that the people back home will know the facts, and decide whether they want to continue to throw overboard our American system, based on private initiative and reasonable profit, which has made America the greatest, richest, and freest Nation in the world, and our wage earners the best paid, best housed, best clothed and most contented, or to follow the pattern of European dictatorships of either the left or the right into collectivism, bureaucracy, and state socialism. The American people must decide the issue and let the chips fall where they may.

To sum up, I submit the following direct charges, without mental reservation or evasion; the record has been made, and let the facts speak for themselves:

I accuse President Roosevelt with being responsible for the loss of $30,000,000,000 in security values on the stock exchange, and probably another $30,000,000,000 of unlisted securities in real estate, mortgages, and so on, in the last 2 months, which means further unemployment and impoverishment of American labor.

I accuse him of destroying business confidence by repeated attacks, destructive taxation, squandermania, red tape, reprisals, and by governmental competition with business.

I accuse him of causing business fear and uncertainty by inciting class hatred and more strikes than any administration in the history of our country.

I accuse him of trying to control and socialize our entire financial and economic structure through bureaucratic regimentation at Washington.

I accuse him of hampering and retarding the natural recovery of the country through half-baked legislation, unsound experiments, squandering of the people's money, and an unbalanced Budget.

I accuse him of having lost the cotton and wheat markets of the world, causing an unfavorable trade balance of $147,000,000 the first 6 months of this year, for the first time in more than 50 years, to the detriment of our farmers and wage earners.

I accuse him, instead of providing a more abundant life, of giving the American people more abundant promises, taxes, debts, deficits, high cost of living, class hatred, collectivism, unemployment, and impoverishment.

I accuse him of having no financial or fiscal policy, except to pile debt upon debt, deficit upon deficit, and to borrow billions upon billions by issuance of tax-exempt securities, until the national debt has reached the stupendous sum of $37,000,000,000.

The present Government-made depression permits no delay. Delays are too dangerous. Congress must act at this session, not next year, to restore confidence, stimulate private industry, and revive employment of American labor.

Undistributed-Profits Tax—Tax Without a Friend

EXTENSION OF REMARKS

OF

HON. EMANUEL CELLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, November 29 (legislative day of Thursday, November 25), 1937

RADIO COLLOQUY BETWEEN HON. WILLIAM H. KING, UNITED STATES SENATOR FROM UTAH, AND HON. EMANUEL CELLER, CONGRESSMAN FROM NEW YORK, NOVEMBER 26, 1937

Mr. CELLER. Mr. Speaker, under leave granted to extend my remarks in the RECORD I include the following radio colloquy between Hon. WILLIAM H. KING, of Utah, and Hon. EMANUEL CELLER, of New York:

The ANNOUNCER. Since Congress was called in special session a week ago the subject of taxation has dominated all other questions in the minds of Senators and Congressmen. In the forefront of discussions on this subject has been the so-called corporate undistributed-profits tax. In line with its policy of presenting current discussions on outstanding subjects, the Mutual Broadcasting System this evening takes pleasure in presenting a colloquy between Hon. WILLIAM H. KING, United States Senator from Utah, and Hon. EMANUEL CELLER, Congressman from New York. Both of these representatives have introduced bills in Congress calling for substantial amendments to this tax. Senator KING, after many years of public service, was elected to represent the State of Utah in the United States Senate in 1916 and has served continuously in that capacity for the past 20 years. He is ranking member of the Senate Finance Committee. Congressman CELLER, likewise, after many years of public service, was elected to Congress to represent the Tenth District of New York in 1922 and has served continuously in that capacity for the past 16 years. The Congressman is a member of the House Committee on the Judiciary. The discussion will be opened by Senator KING.

Senator KING. In my many years of service in the United States Senate I have never observed more unanimous feeling on any particular piece of legislation than exists at the present time for the repeal of, or, at least, for substantial amendments to, the undistributed-profits tax.

Congressman CELLER. My observation of the Congress leads me to the same conclusion.

Senator KING. More than a year has elapsed since Congress passed this measure, and during that period we have been able to watch the actual operation of the tax and appraise its effects upon business. More particularly we have been able to observe the hardships wrought by certain of its provisions which must be changed immediately. Today it is rightly called "the tax without a friend."

Congressman CELLER. When the tax was originally presented we were told that it would be a sort of painless tax. Experience has shown us that the Government with this tax is very much like the so-called kind mother who gave her son chloroform before spanking him. This tax was to create better distribution of wealth and other economic reform. In that it has failed. Frankly what we need in Washington is more reform in taxation rather than reform through taxation. Will you explain this tax, Senator?

Senator KING. Briefly, corporations are required to pay a normal tax levied upon net income of from 8 to 15 percent, and the surtax, or undistributed-profits tax, is an additional tax of from 7 to 27 percent upon the net income. Corporations are thus compelled to pay approximately 32 percent as taxes upon their net income which is not distributed in dividends. In other words, the undistributed-profits tax is a fine or penalty upon corporations that desire to retain earnings to meet debt obligations or business expansion instead of distributing them to their stockholders.

Congressman CELLER. Exactly; the greater the proportion of earnings retained the larger the tax rate.

Senator KING. The avowed purpose of the tax was to force corporations, regardless of their needs and their welfare, to pay out their earnings in dividends upon the theory that large stockholders would then pay income taxes. It was also argued, but proof was wanting, that this tax would yield greater revenues to the Federal Treasury.

Do you believe, Mr. CELLER, that this law achieves these purposes?

Congressman CELLER. No; as Bobbie Burns, the poet, said, "The best laid schemes o' mice and men gang aft agley." Like many other acts designed to accomplish two divergent aims, it doesn't succeed in either. This act attempts to reform corporation practices to cut down avoidance and increase Federal revenue. Experts inform us that as a revenue producer, it has been a disappointment. As for curing tax avoidance, the cure, apparently, is worse than the disease. The tax does not apply to individuals or partnerships, and many corporations are now casting off their corporate forms as a means of escape. Unincorporated entities go scot free. A method of avoiding the tax occurs if unnecessary expenses are unduly magnified, as it results in decreasing profits for distribution. Another avenue of escape is in incorporation in foreign countries.

Senator KING. This law ignores and indeed defies accepted economic traditions and practices of setting aside reserves for rainy days. Undoubtedly this tax prevents the building up of reserves for rainy days, for periods of depression, and to meet the hazards incident to all business enterprises. Had it not been for reserves accumulated by corporations, the depression, serious as it was, would have been infinitely more devastating. The fact is that for the years 1930–33, inclusive, corporations sustained losses of more than $9,100,000,000. Yet during this period many of them continued to operate, thus employing labor, because of accumulated earnings. These accumulated earnings saved the country from a more serious and destructive depression.

Congressman CELLER. Quite true. Furthermore, the bill, in the first place, restricts the expansion of business, prevents a corporation from using its own accumulated profits, upon which it has already paid a tax, to pay for improvements and enlargements of capital assets. This has a decided tendency to stop corporation growth and to check reemployment. As you indicate, this tax penalizes thrift and impairs the ability of corporations to withstand depressions. With no reserve, pay rolls are reduced all the more quickly in times of economic difficulties. Unemployment is quickened. Labor, ordinarily, is the first to be affected in any business decline. This tax emphasizes the danger. Thus, work and jobs are reduced. Labor inordinately suffers.

Senator, are farmers adversely affected?

Senator KING. Undoubtedly they are. Industry and agriculture are so linked that injuries to one seriously affects the other. If wages are reduced in industry, jobs are reduced, and the demands for farm products are also restricted. The farmers are concerned about markets and must suffer if they cannot dispose of their commodities.

Do you believe the act affects all corporations in the same way?

Congressman CELLER. No; the act especially penalizes the small, growing corporations and the weak corporations who are in debt. Certainly, it is reasonable to expect that older established corporations with stable earnings will be less concerned about plowing back a part of their earnings than small, growing corporations or corporations with fluctuating earnings. Young, growing corporations need large funds for expansion and often they cannot get these funds except by the reinvestment of their earnings.

The minute small business uses its earnings for future growth instead of disbursing them the penalty tax applies. Furthermore, it is clear that small corporations cannot float bonds or issue stock as readily as can large corporations that have a name and whose securities are listed on the stock market. In a way, it assures large, monopolistic concerns that no potential competitors will be able to grow to a point where they will offer serious competition. Of course, the tax as it now stands tends to check the growth of the larger corporations as well as the small ones, but the little fellows find it much harder to bear than the big ones.

SENATOR KING. I understand it is claimed that some corporations should distribute as dividends a larger share of their earnings, and that upon the other hand many corporations for their own protection and the welfare of their stockholders should build stronger financial structures by increasing their reserves before distributing earnings, thus guarding against future business difficulties.

Congressman CELLER. That's the rub. The Government regulation should work both ways, but, unfortunately, under this law, because of the penalties involved, dividends equal to a very large proportion of the earnings will be paid, regardless of the financial position of the corporation. In other words, this tax assumes a sort of uniformity among all corporations, a uniformity that does not exist. The tax, to the extent that it presumes uniformity, is, therefore, inequitable.

Senator KING. It is your contention that the present law discriminates against corporations with debts?

Congressman CELLER. Yes; it certainly does. Many corporations have been steadily losing money. They have many debts. If profits come, they must distribute them as dividends. If they pay, instead, their debts, they incur this tax liability. The day must come when their creditors will demand payment and this may force many into bankruptcy. There are no provisions in the tax measure granting relief in such cases.

Senator KING. That is true. The present relief provisions are not only inadequate but they utterly fail to meet existing economic conditions. The law exempts (1) the payment of tax by corporations which are in bankruptcy and (2) are insolvent and in receivership. Many States forbid corporations with impaired capital from declaring dividends, and yet the Federal Government taxes such corporations for the privilege, nay, duty, of obeying the State laws. An absurdity of the relief provisions appears when it is realized that corporations may be in receivership but not insolvency. Yet, to be exempt from the tax, the corporation must be both insolvent and in receivership. In the case of solvent corporations which are in the hands of the receivers, there is presumably an attempt being made to keep the corporation from insolvency and to strengthen its finances. The courts would never allow corporations in this position to declare dividends, yet the tax is levied upon such corporations. The absurdity of taxing such a corporation for the privilege of living up to a court order should be apparent to all.

Congressman CELLER. Undoubtedly the law will have to be modified in this connection, since it does appear that at present it does conflict with the State laws. The present law has also been criticized because it removed a much-needed cushion in times of future depressions. Do you believe that it is desirable to permit corporations to put aside part of their earnings in good years to be used as a reserve for bad years?

Senator KING. Wealth is the result of thrift accompanied by savings, yet by this law we are penalizing those who practice thrift and conserve earnings. Our present problem will largely be solved by saving money and capital during good times.

Congressman CELLER. Suppose you summarize the amendments provided for by your bill.

Senator KING. I opposed the undistributed-profits bill, believing that it would prove harmful to business and to the country. In January last I offered S. 979, providing amendments to the undistributed-profits bill. One of the amendments provided that corporations should receive credits equal to all amounts paid within the taxable year in the discharge of debts or irrevocably set aside within the taxable year for the discharge of debts. It also provides for credits of the sum of the amounts paid out during the taxable year for the construction or improvements of real property, and for the purchase and the installation of equipment and machinery, and for the expansion or replacement of plant or other productive facilities (including amounts paid out for the equipment and development of mining properties) to the extent that no deduction or allowance is or has been made for such amounts in computing net income. It also provides that these amendments shall apply to income during the taxable year 1937.

Congressman CELLER. I think those provisions are excellent, but in my bill, known as H. R. 7550, I have suggested the same changes and in addition thereto a general credit not to exceed 30 percent of the adjusted net income of the corporation. I have also included a provision whereby a corporation may distribute up to 25 percent of its adjusted net income within 90 days following the close of the taxable year.

Senator KING. I believe those additions are entirely reasonable. The latter amendment has been called by many accountants the humane provision, since it would allow the corporation a reasonable time to prepare their statements and to appraise their financial and cash positions. The present law requires them to distribute all dividends before the end of the year if they are to receive any credit for these dividends.

Obviously, this is almost impossible, unless corporation officials resort to guesswork, which has no place in determining tax responsibility. I firmly believe the passage of these bills by Congress would not only check the present business recession, but would lay the foundation for a sound business revival. The adoption of these measures by Congress would enable corporations to replace outworn machinery and buildings without the necessity of borrowing money, since this process entails an extra cost which these bills save to the manufacturer.

Congressman CELLER. Our President recently called attention to the lag in the durable-goods and heavy-industries groups, and urged the development of a large-scale housing program as a means to stimulate business recovery. The President expressed the thought that housing construction was dormant because we had not applied to that field the American principle of mass production. In my opinion, the principal reason for this lies in the provisions of the undistributed-profits tax which will not permit the use of dormant capital for this or other expansion purposes.

Senator KING. Corporations must be encouraged to take up the slack brought about by the lessened spending of the Government, and corporations must be given fair treatment in any proposed tax revision, so that they may be permitted to operate without being shackled by the Government. This treatment must be fair to all corporations and should be extended to them alike, regardless of size or other factors.

Congressman CELLER. Just one thing more, Senator. Do you believe Congress should take action on these measures during this special session?

Senator KING. Indeed I do. Personally I should like to see the undistributed-profits law repealed but if this is not done then I think the most constructive thing that Congress could do to restore waning confidence and to extend the gains in the business world that have been obtained during the past two years, would be for the Congress to pass these bills at this special session, thus applying the remedy to tax returns for the current year, and not wait for the regular session beginning on January first next. Much depends, however, on how many of the radio audience express their wishes and tell their Senators and Congressmen whether or not they want them to pass these bills now.

Repeal the Undistributed-Profits Tax Now

EXTENSION OF REMARKS

OF

HON. JOSEPH W. MARTIN, JR.

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, November 29 (legislative day of Thursday, November 25), 1937

RADIO ADDRESS BY HON. ALLEN T. TREADWAY, OF MASSACHUSETTS, NOVEMBER 26, 1937

Mr. MARTIN of Massachusetts. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

The undistributed-profits tax is one of the most unsound and injurious pieces of legislation which the New Deal administration has yet put upon the statute books. It ought to be immediately repealed. Modification is not enough. When a thing is wrong in principle, as in the case of this alleged taxing measure, no compromise is possible.

Every once in a while public sentiment on some important issue crystallizes so fast and becomes so overwhelming as to demand prompt consideration. Such a situation has been developing for the past few weeks in regard to the undistributed-profits tax. I have never seen public opinion so rapidly aroused or so intense as the present feeling with respect to this measure. Tax laws are the source of much difference of opinion among lawyers, economists, and the courts, but here is a case where practically all working men and all small corporations realize that they have been injuriously affected by the imposition of this indefensible levy. Today the country is united in its demand for the complete repeal of the undistributed-profits tax.

To those who are unfamiliar with the complexities of our Federal revenue laws, let me say that the measure to which I refer is another impracticable New Deal experiment under which business is taxed, not upon earnings but upon savings. The tax, which is really a penalty, is imposed in addition to the regular corporate income tax, and applies, at graduated rates running up to 27 percent, to that portion of a corporation's current earnings which are not distributed to the stockholders in the form of dividends.

No allowance whatever is made for the fact that a corporation—for one reason or another—may not desire or be in a position to distribute its earnings after payment of the income tax. It may have to use them for the payment of debts, but if it does so it

becomes subject to the heavy penalty tax on undistributed earnings. It may have to restore its capital structure as a result of a series of losses during the depression years. Again the penalty tax would apply to the earnings used for that purpose. The same thing would be true if the company used its tax-paid earnings to build up a reserve for a rainy day. The penalty tax likewise attaches to earnings used for new plant facilities or the rehabilitation or modernization of existing facilities.

Perhaps the most outrageous application of the penalty tax is to corporations which are insolvent, and which, under the laws of many States, are restricted under penalty of fine and imprisonment from paying out dividends. They are penalized by the Federal law for obeying the State law.

The avowed purpose of the undistributed-profits tax, according to its sponsors, was to force the distribution of corporate earnings to the stockholders. Keep in mind that corporations still had to pay the regular income tax. Yet after having done this, they are not free to use their tax-paid earnings as good business judgment might dictate. The Federal Government steps in with this penalty tax on undistributed profits and attempts to tell them how the financial affairs of the business shall be run.

Even if it were desirable that all corporate earnings be currently distributed, in order that the Government might get additional revenue from those to whom the corporate dividends would be paid, a still greater benefit would accrue, in my opinion, by permitting business concerns to use these earnings, after payment of the regular corporate income tax, for purposes of expansion and rehabilitation. The money would then be put directly into the channels of trade and industry, giving employment to the idle and creating an increased market for goods and services, particularly in the heavy industries where most of the lag now exists.

When the undistributed-profits tax was proposed to the Congress last year, I joined with my Republican colleagues on the House Ways and Means Committee in filing a dissenting report expressing our vehement opposition to the measure. When the bill was before the House, the Republican membership voted solidly against its passage. But, of course, the huge Democratic majority—subservient as usual to the wishes of the White House—enacted the bill into law despite its obvious defects. The responsibility for the measure and the damaging effect it has had upon the country lies entirely upon their shoulders. To use a common expression, It is their baby, not ours.

Let me just refer to some of the objections which the Republican members of the House Ways and Means Committee made to the bill last year. After asserting that the bill was unsound in principle and expressing the opinion—since confirmed—that it would undermine business stability, we listed 14 very definite criticisms. For example:

We said that the undistributed-profits tax constituted a direct threat to the security of business, employment, and investments—and it has. The present "Roosevelt slump" is largely due to the ill-effects of this iniquitous tax. Business is jittery, unemployment is again on the increase, and investors have lost heavily and are unwilling to take a chance on the future. Securities have declined some twenty-five or thirty billions in value.

We said that the undistributed-profits tax would discourage business rehabilitation and expansion, and have a retarding effect upon recovery and reemployment—and it has. Millions upon millions of dollars would have been spent on new-plant facilities—new machinery, new equipment—and upon the rehabilitation and modernization of existing facilities, except for this penalty tax upon such expenditures. Thousands upon thousands of jobs would have been created, both directly and indirectly. Thus labor, which would be the chief beneficiary of such expenditures, has a just grievance against this repressive measure.

We said that the undistributed-profits tax would discourage and possibly prevent the accumulation of needful reserves, and it has. Reserves are the life-insurance policies of business. During the last depression business concerns in thousands of instances were enabled to keep their doors open and meet their pay rolls only because they had set aside a reserve in good times, which they paid out to the extent of $26,000,000,000. Think what will happen if business has to enter another depression entirely stripped of its reserves.

We said that the undistributed-profits tax would hamper the growth of small corporations, impede the development of new enterprises, and foster monopoly, and it has. Business concerns ordinarily expand by "plowing back" their earnings instead of distributing them. The undistributed-profits tax imposes a heavy penalty on earnings used for this purpose. As a consequence the tax tends to freeze business concerns at their present size, thus preventing small corporations from ever becoming competitors of the larger companies.

We said that the undistributed-profits tax would crucify financially weak enterprises while permitting the strong to minimize their tax burden, and it has. The large corporations which have adequate reserves can afford to distribute their entire current earnings and thereby avoid the penalty tax. Small corporations, struggling to keep their head above water, must retain their earnings and pay the penalty tax.

We said that the undistributed-profits tax put a penalty on prudence and a bounty on improvidence and constituted an unwholesome interference with the exercise of sound judgment in the management of business, and it has. It offers a bounty of tax exemption to corporations which throw prudence to the winds and pursue a loose fiscal policy while imposing the tax on corporations operating on a businesslike basis. This kind of Government interference with business is not only obnoxious but downright dangerous.

We said that the undistributed-profits tax would oppress corporations burdened with debt—and it has. A measure which puts a penalty on debt payment has no place in our tax structure. Under the law, the more debts a corporation has to meet, the higher becomes the penalty tax on earnings used for that purpose. The Government, in effect, is putting a tax on honesty and hard luck.

We said that the undistributed-profits tax violated every sound principle of taxation—and it does. A cardinal tax principle is that the burden should be adjusted according to ability to pay. The undistributed-profits tax is directly contrary to this just and equitable rule. It is based not on ability to pay but on inability. It falls heaviest on the small, struggling corporation, and does not apply at all to the large well-to-do company, which does not need to retain any of its current earnings.

We said that the undistributed-profits tax would be unequal and discriminatory in its operation—and it has. Two companies with the same income will pay different penalty taxes, depending upon their respective ability to distribute their current earnings. Likewise, a company with a small income may pay more tax than a company with a much larger income. Thus, the tax operates to give one company a competitive advantage over another.

We said that the undistributed-profits tax would be disappointing as a revenue measure—and it has. But this is not surprising when we consider that it is primarily a regulatory statute.

The defects in the undistributed-profits tax to which I have referred deal for the most part with general principles. I have not mentioned the many administrative difficulties to which it has given rise.

The results of the first year's experience under the undistributed profits tax law completely vindicates the Republican Members of Congress in their opposition to the enactment of this ill-conceived measure. Such being the case, we of the minority party are justified in demanding its complete repeal, rather than any halfway steps in the direction of modification. It is absolutely wrong to start with, and no amount of modification will make it right or acceptable. In this respect it very much resembles a bad egg.

I am glad to say that at a conference of Republican Members of the House of Representatives, held only this week, a resolution was unanimously adopted favoring the immediate and unconditional repeal of the law, retroactive to January 1 of this year.

It is encouraging to see that so many of our Democratic colleagues have at last seen their mistake in enacting the measure into law, but, of course, they still will not publicly admit it. Even the President and his Secretary of the Treasury have conceded the necessity for revision of the law. The willingness of the Democratic leaders to do this, however, is simply the result of the storm of public protest. But in order to save the administration's face, and so as not to be put in the position of confessing their error, they still insist on retention of the principle of the undistributed-profits tax in some degree.

The undistributed-profits tax is a classic example of what happens when the Government tries to use its taxing power for purposes other than the raising of revenue. I believe there can be no question but what the repeal of this law, immediately and unconditionally, would be one of the most helpful steps that Congress could take toward business recovery and the restoration of confidence. It would have very much the same result as did the invalidation of the N. R. A., which marked the beginning of the recovery that had been achieved up to the time of the present slump. The undistributed-profits tax has had the same depressing influence on business as that act, perhaps even in a more marked degree. It has held business back. It has hamstrung the little fellow. It has not only destroyed the opportunity for increased employment, but actually caused more unemployment. A gigantic reservoir of business spending will be released when the undistributed-profits tax dam has been blasted away. The Government will benefit by increased revenues from business income. Wage earners will benefit by assured employment. The unemployed will benefit by the creation of new jobs. Investors will benefit by the strengthening of the financial structure of business.

Nothing but good will flow from the repeal of this vicious measure. Nothing but bad will result from its continuance, even though it be drastically amended. It constitutes a dangerous threat to the economic stability of the Nation, and will likely precipitate, if retained, a business collapse which may reach even greater depths than the depression from which we were lately emerging. The present downward spiral has fortunately awakened the country to the need for the repeal of the undistributed-profits tax before it is too late.

In the course of these remarks, I have referred to the interest of the workingman in the repeal of this law. While the tax does not directly affect him, he has a vital interest in its effect on his present or prospective employer. He is interested in the security of his job in times of stress, and unless his employer is permitted to build up reserves in good times he will have nothing out of which to pay wages when times are bad. The man who is without a job is interested in securing work in order that he may provide a decent living for himself and his family, but unless business and industry are permitted to use their earnings for purposes of expansion, very little expansion will occur, because at present there is no other way for most business concerns to get the money for that purpose.

My chief interest in the repeal of the undistributed-profits tax lies in the beneficent effect it will have upon the workingman and

the small-business man. I suppose no section of the country has a larger proportion of small business and manufacturing concerns than my own. These concerns give employment to thousands of workers, who in turn furnish a market for the products of our farms. It is the workers and the small business concerns who have been particularly hard hit by the undistributed-profits tax, and it is for their benefit—and the benefit of the Nation at large—that I hope to see it repealed at the present session of Congress.

I thank the Columbia Broadcasting Co. for its courtesy in granting me the opportunity to speak over its coast-to-coast facilities upon this important subject, which in my opinion should receive the immediate consideration of the Congress so that the undistributed-profits tax can be repealed—now.

Congressman Celler Battles for Consumer—Charges Drug Association With Suppressing Facts Helpful to Consumer

EXTENSION OF REMARKS

OF

HON. EMANUEL CELLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, November 29 (legislative day of Thursday, November 25), 1937

Mr. CELLER. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include the following:

STATEMENT

Calling to the Federal Trade Commission's attention alleged efforts by drug retailers to force wholesale newsdealers to withdraw certain magazine articles addressed to consumers, Congressman EMANUEL CELLER, of New York, asked its chairman, Judge W. A. Ayres, to investigate. The New York Congressman stated he considered the allegations reported to him as "sinister," because they apparently involved an attempt to actually censor consumer channels of information.

Congressman CELLER offered to supply the Commission on request with the names of the State drug trade organizations and of the magazine wholesalers which have been complained of to him. He then proceeded to name names in connection with a $25,000 check alleged to have been paid into a retailers' lobby fund by a national manufacturer.

He requested the Commission to ascertain whether or not the retailers were fearful of the reproduction of this check for $25,000. The Congressman stated it was alleged to him that this check, reproduced in the magazine he said he had been told they asked the wholesale newsdealers to recall, had been cashed by the retailers' national organization and used to lobby for State price maintenance laws and the national Miller-Tydings price maintenance amendment which the President signed with distinct hesitation last summer after it had gone through the Senate as a last-minute rider on an appropriation bill.

The Congressman asserted that a nationally known manufacturer had paid the check after undergoing a boycott at the hands of irate dealers who did not consider his retail prices high enough.

He therefore wanted the Commission to find out if there was any connection between this reported boycotting, the later issuance of the check, and the alleged withdrawal of the magazine containing a photograph of the check.

The New York Congressman also asked the Commission to check into allegations that California druggists were practicing a boycott by camouflage. He told the Commission he had been informed the coast druggists distribute window placards listing manufacturers who have fixed resale prices in consultation with the druggists collectively. We wrote the Commission he feared such methods might spread into interstate commerce.

Congressman CELLER stated to the Commission, in explanation of his action, that it was "based entirely on a belief that in the end it is the small man who will be most directly harmed by exploitation of the consumer through price-fixing coercions."

"I have long stood," the Congressman continued, "and now stand, for protecting the small merchant from unfair and predatory practices. I go further, and stand for protecting the small merchants' gross profits to even an extent sufficient to cover known minimum wage and rental expenditures. And going still beyond such protections, and reaching far deeper than they reach, I stand for liberal expenditures for providing the small merchant with operative knowledge and buying facilities which will enable him to do business more effectively. I firmly believe the small merchant should have assistance as practical and as useful in a dollars-and-cents way as that made available to the farmers.

"Given such assistance, the average American merchant can stand on his own feet and meet competition without asking for a prop in the shape of laws levying on consumers for his benefit. The American merchant is amply able to take care of himself if given an even break, but a break in the shape of price controls that amounts to a levy on the consumer is neither fair to him nor to the consumer. He will only benefit in the end from a break which enables him to serve the consumer effectively; he can only ultimately suffer from a break which necessitates disservice to the consumer."

The New York Congressman stated he believed the Commission could secure the information he desires while making the high cost of living and monopoly investigation which the President recently requested it to undertake.

"My letter of March second, as a matter of fact," he wrote the Commission, "requested, in specific terms involving a specific industry, exactly what the President now requests for all fields, and it is my hope that in supplying the President with the information he requests you will, as a matter of course, and without additional expense, obtain the information for which I have asked."

LETTER

NOVEMBER 29, 1937.

Hon. W. A. AYRES,
Chairman, Federal Trade Commission, Washington, D. C.

MY DEAR CHAIRMAN AYRES: I must again direct your attention to the activities of the National Association of Retail Druggists. This is the same organization whose activities I felt constrained to call to your attention last August in connection with its plans, as then announced, for aiding manufacturers in fixing resale prices for their products, while officially committed to uniform maintained prices assuring drug stores a profit of at least 50 percent on cost. It has ostensibly at least retreated from its legislative objectives after attempting to put them immediately into force after passage of the Miller-Tydings amendment had been obtained under pressure from its members and the members of other associations interested in fixing profits under cover of entirely legitimate motives for curbing predatory loss-leader selling.

I hope that the attention which I called to the plan this organization had embarked upon led to this change of front, for these plans were obviously improper, and, if persisted in, could only have led to considerable embarrassment for those involved, which, in turn, would have dealt a serious blow to the real interests of the small merchant and any sincere effort to protect him from unfair or predatory trade practices.

As you know, this particular association has for years stood, and still stands, under the shadow of a Federal injunction against price-fixing activities. Despite this, the association officially, on November 10 to 12 a year ago, through its executive committee, meeting at the Sherman Hotel in Chicago, embarked on a campaign to fix prices, profits, and discounts at levels which would assure even the small purchaser 50 percent on the cost of goods to him, and as well to bring about uniform resale prices throughout the entire United States on all articles sold by manufactures who availed themselves of the so-called fair-trade or price-maintenance laws which the association was pushing before the legislatures of the country.

For your confirmation of this extraordinary and bold essay at national price fixing—attempted in the face of a Federal injunction, moreover—you have only to call for and examine the official journal of the association, particularly the issue of almost exactly a year ago—that of November 19, 1936, pages 1614 to 1616. It is obvious that this scheme could not succeed unless implemented by national legislation and assisted by the other branches of the industry, either willingly, as in the cases of most wholesalers, or under trade pressure, and indirect threats of boycott, as in the cases of not a few manufacturers. It is equally obvious that for perfecting their plans considerable sums of money would be necessary, and that this money would have to be obtained from small retailers who would contribute it under the impression they would obtain the 50-percent-profit margin as the result of carrying out exactly the sort of methods which I brought to your attention last August.

From the day of that meeting in Chicago until the last session of Congress adjourned, a concerted drive was in fact carried on in Washington, and in many State capitols, to obtain the legislation necessary to make the scheme workable. The small retailers put up their money—and they put it up for the reason I mention and in the expectation of gaining exactly what I mention. Wholesalers and manufacturers contributed to the war chest—one manufacturer, and a very powerful one, had been so effectively boycotted, indeed, that he "kicked in" with a check for $25,000. Other interests outside the drug field, I am informed, attracted by the possibilities of artificially controlling prices, contributed also, although acting independently, and in at least one instance may have brought, by check-book generosity, most potent assistance to the drive.

The Miller-Tydings amendment is the Federal legislation that had been conceived to implement this scheme. It masqueraded under all that is good in legitimate price maintenance and the outlawing of predatory loss-leader selling. But in fact it was conceived by these interests to implement this price-fixing scheme upon which they had embarked between November 10 and 12 a year ago, in the Sherman Hotel, at Chicago.

You are well aware that these interests were able to force the Miller-Tydings amendment through Congress against the questioning not only of the President and your Commission but of important members of the administration. The President stated in a formal memorandum which he issued on signing the appropriation bill into which the Miller-Tydings amendment had been interjected by trick, in rider form, as a last-minute means of securing its passage, "I have distinct hesitation in approving the rider which weakens the antitrust laws."

Since apparently a partial explanation of the present right-about-face among those who set up November a year ago the objectives to which I call attention, and adopted last August the clearly illegal plans I brought to your attention, lies in their fear that the revision of the antitrust laws for which the President has now asked will weaken their real position, this earlier direct statement by the President that their legislative drive has weakened the antitrust laws does assume great significance.

This pressure group was finally forced, by a belated awakening among consumers, to resort to those technicalities of the Senate rules which I have mentioned to secure passage of their measure; and, what is more important for practical purposes, their lobbyists, it has now been disclosed, were forced, I believe largely as a result of the publication of the Commission's letter to the President regarding the legislation, to promise many Members of the Congress the legislation would not be used as their association had officially undertaken to use it at the meeting at the Sherman Hotel in Chicago during November a year ago.

As a result the leaders of this drive, when they called their August "victory" meeting after the Miller-Tydings amendment had secured the President's signature only at the cost of the earnest warning from him which I quoted above, found themselves in the difficult position of having been smothered in the very smoke screen of worthy motives under which they had hidden their real objectives before the Congress. They could not claim to their association members that they had obtained what they had been paid to obtain, because they had been forced actually to certify to their quite worthy smoke-screen promises. On the other hand, they could not fully disavow what they had set out to do for fear of being set upon by those they had represented.

They were in a difficult position, having professed one thing and having undertaken another.

They had, of course, to make a show of going through with what they had undertaken, and that they did, again at Chicago, this time at the Sherman Hotel, and on August 30 and 31 of this year. And although but a gesture, it was a gesture that might be deemed by some illegal enough to land them squarely in contempt of the Federal injunction in the shadow of which they had had the effrontery to embark upon their scheme.

It was these plans undertaken during the last 2 days of August which I brought to the attention of the commission.

And what an opportunity some of those who had campaigned for the Miller-Tydings bill during the last session were now afforded! They could, with all seriousness, warn their allies of the previous session that they had, of course, never for a moment understood that anything but the most worthy of motives had ever been involved! As a matter of fact, several went to the delightful extreme of vividly picturing what legal penalties were in store for their erstwhile allies if by any chance these retail friends had really been seeking what their association had officially gone after the November before, and had been working to secure during the entire preceding session of the Congress!

There resulted from these warnings, among which my letter to you had at least the merit of being consistent with my previous stand, as thorough a scaring as a trade body out for selfish and improper legislative ends has ever been given. I judge from published statements credited to some of these retailer-lobbyists that certain unnamed officials in Washington, who were called apparently into consultation by the group set up by the "victory" meeting of last August to gather in the fruits of victory, turned the scare into a panic.

This panic, and the appearance of the President's call for a revision of the antitrust laws, lead to a new strategy—the avowals of a complete retreat from the objectives officially undertaken at the meeting of last November, which I mention above.

The "retreat" was widely publicized at the convention of the association held in St. Louis, September 27 to 30, only a month after the Chicago "victory" meeting. At this convention it was officially announced, by practically the same individuals, that nothing was further from the association's objectives than what it had announced as its objectives the preceding November, the objectives, moreover, it had actually started out to put into practice but 30 days before at the Chicago "victory" meeting.

As a matter of fact, incredible as such an about face is, the plans set up at the end of August in Chicago were discarded at the end of September in St. Louis with many protestations to the high heavens that they were most abhorrent indeed to the high mission which in some mysterious manner had enveloped this group in the intervening 30 days.

The surface reports of this convention would have one believe this group had changed its objectives into everything laudable and praiseworthy, ranging from the most worthy fact-finding research undertakings to the most elevating of trade practices. Of course, a few glimpses of the scare itself, and the causes underlying it, crept into the proceedings. For example, one druggist wrote: "There is one thing we found out in St. Louis and that is this: 'It's better to go slow and look before you jump than to be getting somebody to go your bond.'"

But, by and large, the real causes for the apparent right about face from the official stand of the previous November, and the actual practice undertaken in August after the passage of the Miller-Tydings amendment had been secured, was pretty well hidden.

This all might better be passed by without further attention, and the alleged corpse of this price-fixing scheme left with those who so hastily manufactured it, were it not for these facts:

First, the right-about-face was obviously merely the result of a scare, and a scare coming just when the President had called the anti-trust laws, which include the Miller-Tydings amendment, up for revision, and after he had definitely stated that amendment weakened the anti-trust laws.

I am afraid the effectiveness of the scare is in no small part due to a fear that unless the objectives officially announced last November, and the practices put in motion last August before the revision of the antitrust laws was announced by the administration, were "shushed up" and rushed under the table, the revision of the anti-trust laws might well include changes that would "put the finger on" just such price-fixing objectives.

For one, I hope the revision does include such safeguards, and I do not myself think for a moment the perpetrators of this huge national price-fixing drive would have sought cover, after obtaining the legislation they went after, and setting out in August to "cash in" on it, were it not for the unexpected announcement of this anti-trust law revision.

In other words, I believe the "corpse" is synthetic from head to toe, and the "retreat" entirely strategic. These leaders are out to obtain at all hazards what their association officially made its objectives on November 10, 11, and 12, of last year, and which it undertook to put in practice on August 30, and 31, last, and they can not, dare not, lay down in cringing surrender just at the moment they have told their followers they have won.

They knew in November of last year that they could only obtain their objectives by trade pressure implemented by the Miller-Tydings amendment; they knew that during the entire last session of the Congress during which they jammed through the implementing legislation; they knew it when they agreed to the improper and unholy practices decided upon at the August meeting this year, and they still knew it when they announced their purely strategic disavowals but a month later in September. What they are afraid of is the coming revision of the antitrust laws—they know they have weakened those laws and they know the President knows they have, and they have simply decided to keep under cover until the revision is completed.

Second, the small dealers the country over who put up the money, telegrams, and letters which made possible last session's "putsch" for the realization of the objectives of November a year ago, have not yet awakened to the fact that their leaders have retreated to a storm cellar, even if only temporarily and as a matter of strategy. These small dealers went out after at least 50-percent profit on cost by law, and they put up their money generously—their leaders admit to a six-figure war chest even today.

These small merchants are not going to suffer what to them will appear to be a sale down the river without having something to say, once they learn what has happened. They may not learn the truth for some time—they by and large do not attend the association's conventions; they get their earliest information through publications controlled either directly by association officials or indirectly by members of the industry who advertise in them, but sooner or later they will have to know.

And then they will bring pressure to get the results they thought were going to be obtained—the objectives officially undertaken by the association leaders in November a year ago. And what they demand is likely to be undertaken. The fact that improper plans were forced through the August meeting proves this. It is my belief, as I have stated, that their leaders merely hope to keep up their sanctimonious attitude long enough to weather the announced revision of the antitrust laws. The "scare" speeches featured at the September convention may serve to cover up their real position for a time, but not for any long interval.

It is because in my opinion these two reasons in reality underlie the change of front among those who lead the pressure group lobby for the Miller-Tydings amendment, instead of any actual change of heart, that I am addressing this letter to you. I urge that you investigate continuously the activities of the State groups which have been set up to enforce price maintenance in an effort to bring to light joint action between them. The leader of the lobby which undertook to carry out the objectives of the National Association of Retail Druggists announced November a year ago has himself just admitted: "Some groups in certain parts of the country still persist in attempting to set up committees in an effort to dictate and designate resale prices; attempting to order and direct by whom and how contracts shall be prepared and distributed; and attempting to set a fee for such services payable by the manufacturer."

And he himself admits these activities are illegal, although, of course, he is careful not to admit that those practicing them are simply continuing the crusade for maintained profits which he and his associated leaders led, right up to the moment of the "victory" meeting in August, but deserted when the great "strategic retreat" was decided on in St. Louis in September. It must, indeed, be difficult for the State groups, on which he now "puts the finger," to understand why they should be "turned up" for simply carrying out the national association's official undertakings of November a year ago.

It is, of course, impossible to secure the sort of price maintenance these State groups desire unless action is directed nationally by the manufacturers', wholesalers', and retailers' associations. Even if manufacturers and wholesalers who attend the retailers' councils, and then proceed directly to the councils of their own trade, are the only connecting links, they are very effective links, indeed. That such a liaison exists, only the most naive would question.

Methods for obtaining the satisfactory price action among manufacturers which originate in one State will spread to other States. I hope that your staff will be conversant with these methods from their initiation.

For example, California, the State which has originated most of the price-fixing among dealers, has, I understand, developed a method of disguised boycotting by the old "white-list" racket which must be most effective.

The central organization—and California druggists have, I am told, for some time maintained a hired mechanism to aid price-maintenance enforcement—I understand fixes the prices with manufacturers and then circulates to stores, ostensibly for display in their windows, placards listing these manufacturers.

Could there be a more deadly use of the old-style "white list"? Would such a plan, extended nationally, fail to bludgeon manufacturers into line, totally regardless of the consumers' interests, when comparatively indirect-boycott methods forced one manufacturer, as I say, to "come across" with $25,000, once he had aroused these California dealers and they had apparently used the grapevine to inform their fellow tradesmen in other States that he was "on the spot"?

Incidentally evidence that California consumers are not taking unnoticed the licking which consumers always undergo as the result of such price tinkering comes from an interesting source. The vice president of one of the drug houses, supposedly in the forefront of price maintenance, and currently advertising to druggists prices, assuring them 38.9 percent profit on purchases of only a dozen, sends this postcard message from Los Angeles, Calif.: "Despite stock market disturbances, business is good on the coast, but consumers are beginning to shy at high prices."

The California druggists have so frequently cited misleading "investigations," and misleadingly quoted investigations of some value, to support their claim that price increases have not resulted from their "fair-trade" campaigns, that it is interesting to have confirmation of the real facts come from one of the manufacturers they have counted among their supporters.

I specifically ask that you have this newest California bulletin and window placard plan for price fixing studied, for it is obvious that, if effective, it will spread to other States. It is obvious that a boycott, disguised in one way or another, is the weapon to which dealers will eventually turn in their efforts to capitalize on the Miller-Tydings amendment, no matter how vociferously their Washington lobby leaders plead with them to keep under cover for strategic reasons until the revision of the antitrust laws blows over.

These retailers have threatened boycotts in the past, have actually used them in some cases, and it is not logical to expect that they will now forget them simply because their leaders suggest lying low until the antitrust law revision blows over.

Repeated references of a veiled sort to the subject during the St. Louis convention last September, at which the strategic retreat was announced, convince me that as a matter of fact boycotting very likely may have been actively discussed on the side as the weapon that might finally have to be used.

For example, this comment by a druggist, made after his return from the "strategic retreat convention", and printed in the association's official journal, certainly is susceptible to considerable between-the-lines interpolation: "Well, fellows, after all, that slogan that seemed to be in order up at St. Louis, 'Where do we go from here?' has stuck in my craw ever since I got back. We came, we went, and saw, but, after all, all this hullabaloo about fair trade has begun to bile down and the more you bile it the littler it gets. We all thought we had the world by the tail and a down-hill pull, but, after all, we have got a job ahead. * * * Just cut out this frettin' and stewin' and get our think tanks in the back of our heads moved up front and start using them, because, after all, what the manufacturer has to offer under fair-trade acts is his business, and if you don't like it, we will have to go back a few years and use the advice of Verle C. Smith, 'Do your own thinking.'"

What Verle C. Smith's "Do your own thinking" meant a few years back is exactly what it means in organized drug retailing grapevine vernacular today, and that meaning is simply, in plain English, application of the sort of boycott which leads the manufacturer I have mentioned, to not only see to it that druggists got more profits, but to "kick in" with $25,000 toward the price-maintenance lobby fund.

Mr. Smith and his followers simply want delivery of exactly what the National Association of Retail Druggists officially undertook to get them in November of last year—at least 50 percent on cost under maintained prices. They intend to resort to direct action if they do not get it and are not going to accept a "strategic retreat" gracefully, because they know it means maintained prices which allow the small man from 18 percent to 20 percent under the minimum prices fixed by the manufacturers of the fastest selling lines, while the largest chains get over 30 percent, which, incidentally, I am told, are exactly the minimum percentages at which one of the most widely sold lines has actually been stabilized under the Miller-Tydings amendment.

Mr. Smith and his followers cannot see in those percentages any profit assurances for the small dealer such as the association underwrote when it officially sponsored 50 percent on cost. They are right; but the point at issue in connection with the antitrust laws is whether they can get legally that 50 percent they are now finding the Miller-Tydings amendment is not going to get them.

If they can boycott "within the law" they may be able to get it; one of the products most heavily sold actually now nets them about 40 percent on the average, I am told, which, incidentally, means to the consumer a price "upping" of about 13 percent, probably, also on the average.

Certainly if they can get that far by exerting a little "thinking" on manufacturers, the consumer needs protection, and needs it quickly.

It is such highly organized small-unit-pressure activities, as harmful to consumers as any price-fixing understanding among a few large units, which are subject to criticism, and not legitimate objectives for banning predatory loss-leader selling or any other trade practices which are unfair to the small dealer. And it is these organized activities which will, in my opinion, challenge the Commission's watchfulness in order that consumers may be protected from boycotts and other forms of collusion obviously contrary to existing law.

I want to call one more incident indicative of this sinister type of group action to your attention. It is particularly sinister because it apparently involves an attempt actually to censor consumer channels of information.

The corner drug store is an important source of consumer contact for publications. Specialized wholesalers, and regular drug middlemen supplying this market, and obtaining a service payment for doing so, are either naturally as subject to group pressure from drug organizations as the manufacturer of nationally advertised drug items, or are, in the case of drug middlemen, openly interested in price maintenance as a method of increasing profit margins.

Allegations have come to my attention that in at least two States such wholesalers have actually been openly "requested" by officials of retail drug organizations to recall from circulation articles attempting to give consumer facts about the Miller-Tydings amendment and its background, but facts which evidently the organized retail druggists fear to have come to the knowledge of consumers. Some of these facts, strangely enough, have to do with the $25,000 "contribution" by a manufacturer to which I have referred above.

Since one of the claims made for enactment of the Miller-Tydings amendment is that consumers know all about it since State legislatures, "fresh from the people," have passed the underlying statutes, these alleged efforts to force withdrawals of consumer periodicals are most challenging. The truth is of course that consumers have been almost totally unaware of the enactment of the State laws underlying the Miller-Tydings amendment, which have been very deceptively labeled "fair trade" laws.

These alleged censorship efforts which have been called to my attention, and which I call to your attention officially as possible unfair trade practices involving the public interest and interstate commerce, certainly indicate both that the organized retail druggists do not really themselves believe consumers are informed on price-control legislation, and as well that they do not, moreover, intend to have facts, of which they do not approve, reach consumers if they can prevent it.

The most sinister aspect of these forced withdrawals, of course, is the implication of efforts to censor the consumer's sources of information by organized trade groups. An awakening is occurring in this country to the importance of increased knowledge about the problems of spending.

This awakening is most significant; it holds great possibilities for the country's welfare.

To have organized trade groups attempt in the face of it, even if futilely, a control of the freedom of the press in respect to consumer information—control of a type the Constitution denies to the Congress itself—would present a real challenge.

I will, if you care to so request supply you with the names of the organizations alleged to me to have been specifically involved in incidents of this nature and also the names of the periodical or drug wholesalers which have been mentioned to me.

The information which principally brought about this alleged coercion, I am told, was a photographic reproduction in a publication entitled "The National Consumer News," of a check dated October 1, 1935, and drawn on the Commercial National Bank & Trust Co. of New York City by the Pepsodent Co. of Chicago in favor of the National Association of Retail Druggists, and apparently cashed by that organization.

It is my understanding that the drawer of this check manufactures dentrifices and mouth washes sold through drug stores of the type dealt with by the wholesalers upon whom the coercion I am calling to your attention was alleged to me to have been exerted, and that the sort of boycott by drug stores to which I refer above was at one time practiced on this manufacturer to such an extent that his business in interstate commerce was seriously affected.

With the information I give it may be possible for the Commission to establish if in fact the reproduction of this check is connected in any way with the coercion alleged to have been exerted. If such a connection can be thus established between any previous experience of the drawer of this check with coercion affecting his distribution, and also exerted by retail druggists, and the reproduction of the check with the object of bringing the manufacturer's experience with such coercion to the attention of consumers, I would be glad, indeed, to have you so inform me.

I know I do not have to add that my persistence in placing before you facts coming to my attention which seem to me to possibly involve endeavors to control prices adversely to the inter-

ests of the consumer under cover of protestations of laudable trade-practice betterments for improving the protection of small merchants from unfair or predatory methods is based entirely on a belief that in the end it is the small man who will be most directly harmed by exploitation of the consumer through price-fixing coercions.

I have long stood and now stand for protecting the small merchant from unfair and predatory practices.

I go further and stand for protecting the small merchants' gross profits to even an extent sufficient to cover known minima wages and rental expenditures.

And going still beyond such protections and reaching far deeper than they reach, I stand for liberal expenditures for providing the small merchants with operative knowledge and buying facilities which will enable them to do business more effectively. I firmly believe the small merchant should have assistance as practical and as useful in a dollar and cents way as that made available to the farmers.

Given such assistance, the average American merchant can stand on his own feet and meet competition without asking for a prop in the shape of laws levying on consumers for his benefit.

The American merchant is amply able to take care of himself if given an even break, but a break in the shape of price controls that amounts to a levy on the consumer is neither fair to him nor the consumer.

The small merchant will only benefit in the end from a break which enables him to serve the consumer effectively; the small merchant can only ultimately suffer from a break which necessitated service to the consumer.

Therefore, in my opinion, the Commission can render both the small merchant and the consumer no service more constructive than that of checkmating those types of price activity which are still contrary to the antitrust laws. I believe the Commission has been most vigilant and energetic in the consumer's interests and I am daily encountering indications that consumers are noticing this watchfulness on their behalf. I know the Commission has also at heart the legitimate interests of small merchants. It seems to me that this field of price coercion offers opportunities to protect the fundamental interests of consumers and small merchants alike.

The President has formally requested the Commission to investigate causes underlying current increases in the cost of living.

May I be so bold as to suggest that the very practices to which I have referred here, and which I originally called to your attention in my letter of March 2, are directly involved in increased consumer prices?

My letter of March 2, as a matter of fact, requested in specific terms involving a specific industry, exactly what the President now requests for all fields, and it is my hope that in supplying the President with the information he requests you will, as a matter of course and without additional expense, obtain the information for which I have asked.

Yours very truly,

EMANUEL CELLER.

A Concrete Proposal—Stable Price Level—Public Works Without Interest

EXTENSION OF REMARKS

OF

HON. H. JERRY VOORHIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 25, 1937

Mr. VOORHIS. Mr. Speaker, here is the problem of the Seventy-fifth Congress: To reduce certain taxes on business seems desirable; but to deny several million unemployed people opportunity to earn a living is wrong and unjust. Moreover, at a time when business is declining, the Government should put more, not less, buying power into circulation. The best way to do this is by carrying on necessary public works. To reduce taxes and also balance the Budget, then, will inevitably cause great human suffering, an even sharper decline in business activity, fewer orders for goods, and more unemployment. Obviously that is no answer.

To reduce taxes on business and pile them on consumers will not improve the situation, but probably make it worse.

And yet we all want a balanced Budget and we do not want to increase the national debt if we can help it.

Above all, we are confronted by a money and credit monopoly which unquestionably can—whether it has or not we will not discuss—deliberately bring about deflation and depression.

GOVERNMENT SHOULD EXERCISE ITS CONSTITUTIONAL RIGHT TO USE ITS OWN CREDIT IN PUBLIC INTEREST

We need then a measure which will be financially sound and which will assure the people of employment and business of increased buying power without necessitating either increased taxes or increased debt. Is there such a measure?

I believe there is. And I believe it is exactly the kind of measure we need to start the process of reclaiming our sovereign right of government—the right to bring money and credit originally into existence. All we need to do is extend Government credit on exactly the same kind of security and in exactly the same manner as private banks have been doing for years. My suggestion is not new. A bill along the same lines was introduced some years ago by the gentleman from Illinois [Mr. KELLER].

Here it is. Extend United States Treasury credit on the security of noninterest-bearing bonds of States, counties, municipalities, and other local governmental subdivisions which are financially sound and responsible. Or to put it another way, tell the governmental subdivisions of America that the Treasury will buy their noninterest-bearing bonds with Treasury credit providing the money is to be spent for necessary public works. It should, I believe, be stipulated that at least a certain percentage of the money would be spent for housing. Such bonds should be repayable in 20 or at the most 30 equal annual installments. Public works, houses, school buildings—a thousand other needed things could be constructed for half what it costs to do it now. For without figuring compound interest at all, suppose bonds bearing interest are sold by a city up to say a total of $1,000,000. Five percent of $1,000,000 is $50,000. Twenty times $50,000 is $1,000,000, which added to $1,000,000 of principal makes exactly $2,000,000, which is the cost of the same amount of public works, the same amount of wages, the same amount of production under the present system, which under the plan I have suggested could be had for $1,000,000. Such is the extent of our tribute to finance.

At present at least nine-tenths of all our money consists of bank deposits created by the banks through the simple process of loaning several times the amount of money they possess. The loans are made on the hope and supposition that they will be repaid in time to meet depositors' demands.

Our Government has $12,000,000,000 of gold. It has taxing power to reach all the wealth of America. These are our reserves. To say they are inadequate is clearly ridiculous. To extend credit on perfectly good security, to make loans which will be repaid far more surely than any bank loans, is all this proposal amounts to.

Why not? About the only argument against it is that if America once frees herself from the bondage of her people to finance monopoly she will never go back again. Concretely what this means is that as these loans are repaid a vast fund will be created so that similar loans can be made in the future.

We can rebuild America, reemploy America, revive American business by this simple expedient.

There are other things that also need to be done in order to give our Nation a really sound and stable monetary system. But a great deal of progress toward a stable price level could be made by the plan advanced above. For if too many local non-interest-bearing bonds were presented to the Treasury and a boom threatened, then a rate of interest of 1 or 2 percent could be required. This would mean income to the Federal Government. It would check the flow of credit. If then additional expansion were later needed, we could go back to the noninterest plan.

We need courage, imagination, and hard thinking. And if we are at present prevented from doing new right things, at least we can stop doing old wrong things. That is all my proposal amounts to.

OUR STRANGE SUPERSTITION

In conclusion, Mr. Speaker, may I quote from Mr. Christopher Hollis' excellent book, The Breakdown of Money, one

paragraph which seems to me especially applicable to our present problem:

Indeed, the historian has to record that in almost every age there was some superstition or other of utter unreason which strangely occupied the minds of men, otherwise of activity and vigor. He has to confess that he cannot explain how it was that men once believed in the mystical significance of numbers or in the claims of astrology. We are sometimes ready to congratulate ourselves that our age has outgrown all superstitions. But the historian of the future will, I fancy, reckon in the same class as number worship and astrology and the study of the gizzards of birds the strange superstition that whenever money is invented a percentage must be paid forever afterward as a propriation to a banker. It is on that superstition that the whole empire of Mammon is built.

The Necessity of an Adequate Navy for National Defense

EXTENSION OF REMARKS

OF

HON. JOHN KEE

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 29 (legislative day of Thursday, November 25), 1937

RADIO ADDRESS BY HON. JOHN KEE, OF WEST VIRGINIA, ON OCTOBER 26, 1937

Mr. KEE. Mr. Speaker, pursuant to leave given to me to extend my remarks in the RECORD, I am inserting an address delivered by myself on October 26, 1937. This address was delivered over the radio through the facilities of station WHIS at Bluefield, W. Va., the occasion being a celebration of Navy Day, scheduled to take place upon the day following the address:

My friends of the radio audience, tomorrow, October 27, we observe our fifteenth annual Navy Day. October 27 was selected as Navy Day because it is the anniversary of the birth of President Theodore Roosevelt, who all of his life advocated the establishment of a sound Navy policy for the United States of America. President Roosevelt believed in an adequate Navy for the defense of this country and as a means for the preservation of peace. As Assistant Secretary of the Navy and later as President, he gave of his time, his ability, and his energy to strengthen this arm of the national defense.

The history of the American Navy is rich in romance and of tradition. It is an unbroken and unmarred record of unfaltering courage, distinguished service, and honorable achievement. This record covers a period of 162 years. It carries us down from that day in June 1775, when a party of Maine woodsmen with an old lumber sloop, and armed for the most part with pitchforks and axes, sailed out into the Atlantic and captured an armed British schooner off the Maine coast, and brings us down to those months in recent years when, under convoy of the Navy, over 2,000,000 American soldiers were transported across the submarine-infested Atlantic Ocean without the loss of a single life. And, as I speak to you tonight, the American Navy is standing watch and ward over the lives of American citizens—men, women, and children—who, under adverse fortune, were caught in the holocaust of devastation and death now being visited upon the Chinese people by the unwarranted acts of another nation, acts of such bloodthirsty cruelty and brutality as have no parallel in the history of mankind.

The actual beginning of the American Navy was in the fall of 1775, when, after the British had burned the town of Falmouth (now Portland), Maine, leaving the inhabitants shelterless at the beginning of a bleak New England winter, George Washington wrote to Congress reporting the burning, and Congress acted promptly. The letter from Washington was read in Congress on November 1, 1775, and on the following day that body voted $100,000 for naval armament and appointed a committee to buy ships. This committee functioned, and by the end of January 1776 the American Navy had eight vessels, which cost an aggregate of $134,333. The total armament of all the eight ships constituting the first fleet of our Navy was about 110 guns, and the fleet was manned by men without naval training or discipline.

To oppose this force of American vessels the British at that time had in American waters along the coast from Maine to Florida a fleet of 78 men-of-war, mounting 2,078 guns.

It is strange for us to learn from history that even with the conditions just mentioned confronting them we find that at that time a majority of the people of this country were opposed to the creation of a navy. They thought, as many assume to think today, that naval power was but a tool of monarchy and that if once established it would tend to the centralization of great power in the hands of a few and thence lead to the ultimate destruction of liberty, freedom, and independence of action. The people who entertained these views were the pacifists of that time, and, like those who entertain the same view today, they failed to appreciate the absolute necessity of having sufficient naval power to protect this country from an enemy invasion and destruction by the same instrumentality to which they were offering objection.

Most fortunate indeed was it that wiser counsel prevailed and the nucleus of an American Navy was assembled. From that time the exploits of the American Navy wrote pages in history which will never be dimmed so long as time may endure. What American heart does not thrill with pride when we see through the mists of the past the heroic figure of John Paul Jones standing amid the flames of his burning and sinking ship, the *Bonhomme Richard*, dauntless and unafraid, flinging across to his enemy the defiant challenge, "I have not yet begun to fight!" What American is not stirred to the depths when from the recorded pages there comes to him the story of Lake Champlain, where on October 11, 1776, a full squadron of American ships built and launched by inexperienced woodsmen, manned by a motley crew of Americans, most of whom had never been on shipboard before, and commanded not by a naval but by a military commander, engaged and fought to a finish a greater squadron of British ships, larger in tonnage, more thoroughly equipped, manned by experienced seamen, and in command of one of Britain's most distinguished naval officers?

This was the struggle designated by the historian Mahan as "the strife of pigmies for the prize of a continent," and he added this historic statement: "Never had any force, big or small, lived to better purpose or died more gloriously."

It would be impossible, during the brief time allotted to us, to carry our audience down through the years with the history of the glorious achievements of Americans at sea, but where could we find greater inspiration than in the exploits of the *Constitution*, the *President*, the *Chesapeake*, the *Constellation*, and other famous ships, not only in Mediterranean waters against the pirates but upon the Atlantic during the second war for independence, and of the gallantry and bravery of Dale, Decatur, Bainbridge, Preble, and other brilliant and gallant American commanders. Who does not thrill at the story of the *Intrepid* under Captain Somers in the harbor of Tripoli and who does not drop a tear to the memory of Lawrence who, wounded to the death, breathed as his last words on the deck of the *Chesapeake* the deathless command, "Don't give up the ship." As we turn the pages, who is it who cannot envision the joy of the American people in those days when Commodore Perry sent from the lakes of the north his famous message, "We have met the enemy and they are ours." And as the years pass, is there any among us who have not sailed with Captain Sims, the Confederate but American, upon the *Alabama* across the seven seas, or who have not in imagination been with Farragut as he forced his way up the Mississippi or stood with Dewey on the decks of the *Olympia* when with the quiet command "You may fire when you are ready, Gridley," he inaugurated a battle which swept from the high seas one-half of the proud Navy of Spain?

Who is it today who can question the value to the American people, or the absolute necessity to us, of a strong naval force. Our faith is in the integrity of our Constitution. Our faith is in the inviolability of our soil. Our faith is in the liberty and security of our citizens. Our faith is in the permanence of our institutions; and the American Navy for 160 years has been, and is today, the protector and defender of our faith.

In these modern times, more than ever, do we need this defense. We do not need a strong naval service for aggression, and history has shown that our Navy has never been aggressive; but now, as never before we do need to surround our country with mobile forts of steel to protect us from the aggression of others. The inventive genius of man has succeeded in wiping out distances even as we erase a sentence from a blackboard. Where in other days it required weeks and long months for other nations to establish communication with our shores, today it is but a matter of days and hours. The waters of the great Atlantic and the broad sweep of the Pacific no longer serve as protection. Without a naval force to oppose them, the battleships, cruisers, destroyers, and airplane carriers of the nations of Europe could within a few days reach our Atlantic shores and destroy every city upon or near the thousands of miles of our practically unprotected coast, to say nothing of those within the interior. The same, in a lesser degree, is true of our coast on the Pacific. The same is true in a greater degree of our island possessions and of the Panama Canal Zone, in which is our greatest facility for ocean communication from East to West. What have we today standing between us and this destruction? Nothing save and except the American Navy. The pacifists may argue, as has been often argued, that "upon an invasion of our shores 10,000,000 of the flower of American citizenship would spring to our defense." That might be true, but those 10,000,000 would, under present conditions, be untrained, inexperienced, untried, unqualified defenders, practically none of whom would be equipped with the modern means of defense. A large standing army has never been popular and never will be in this land of ours. We are not a military people. We do not believe in a military oligarchy. We do not want to set up within the confines of our country a militaristic government such as obtains in the Old World, and we never will; but our very life and liberty,

the security of our people, the safety of our property and the permanence of our government require that we have and maintain a reasonable army, and a navy capable of defending us from an assault by any other navy on earth.

We do not want war. We hate and we despise war. We have learned this lesson in the school of experience, and if I may be pardoned a personal reference, I wish to here declare that, so long as I am a Representative in the Congress of the United States, I shall never vote to send an American soldier away from his homeland to engage in war upon another people. We ask only peace and the right to live in quietude and happiness in our own homes, the right to educate our children for something else beside the profession of war, the right to remain free from entanglement in the affairs of others. All these rights can only be guaranteed by walking the pathways of peace, and in that pathway we should solemnly resolve to walk.

As I speak to you tonight, however, we cannot close our eyes to the fact that we are living in a world of chaos. Even as Patrick Henry said in the early days of the Revolution, we cry "Peace! peace! when there is no peace!" War flames across the hills and valleys of Spain. War still lights with its conflagrations the skies of Ethiopia and northern Africa. War is raining pestilence, misery, starvation, and death upon the helpless women and children of China. War is knocking with its mailed fists at the doors of practically every country of the Old World across the seas. At any time we may hear the sound of the footsteps of Mars approaching the gates of our own peaceful country. To drive this hideous specter from our doors it is a necessity that we guard well every portal from Maine to Florida and from Oregon to the Mexican border. This successful guarding can only be accomplished by means of our naval forces, by means of ships which fly at their masthead the American flag, which has never meant aggression, but has always been the emblem of national defense.

Since the founding of this Government we have been at war many times, yet we have never entered a war for which we were prepared. We were unprepared for our early conflicts with the pirates of the Mediterranean. We were hopelessly outclassed when we entered into a contest with France, soon after the establishment of our independence. We were without preparation for the War of 1812, when we were forced to the use of warships constructed from timber cut green from the forest. We entered the Mexican War without preparation. We were unprepared for our War with Spain. The great World War found us in almost a hopeless condition of unreadiness. In every instance this lack of preparation was the cause of incalculable loss to us, not only in property but in the needless sacrifice of the lives of countless thousands of brave but improperly and insufficiently provisioned, equipped, and trained men. It is my honest opinion that if this Nation had been prepared for war in 1917—had we then had a Navy equal to that of Great Britain—Germany would not have adopted the policy of unrestricted submarine warfare and we would have avoided the world-wide conflict.

An army cannot be trained and equipped for war in a day, a navy cannot be created by the wave of a magic wand. Months and years are required for the fabrication of the vast war machines of modern times. Months and years are necessary to the training of men in the operation of these instrumentalities. So long as we are without this equipment and without these trained men, just that long are we helpless to defend ourselves. The time to prepare for a possible conflict is now—now while we are at peace—not after an attack is made upon us. It will then be too late. To defend our homes let us guard the gateways leading to our homes. It has been appropriately said, "A rich man, when his castle is well guarded, sleepeth in peace."

Pass Wage-Hour Bill Because It Is Right

EXTENSION OF REMARKS

OF

HON. H. JERRY VOORHIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 25, 1937

Mr. VOORHIS. Mr. Speaker, the wage and hour bill ought to be passed because it is right, because it is fair, and because it is just. That is the only reason, and the bill will have to depend for support on those who are moved by reasons like that.

The reason for passage of this bill is to protect a group of people who cannot demand protection, who are without any form of union organization, and whose political influence is negligible.

It is not a bill for organized labor. It is an antisweating measure. And plenty of good businessmen are for it on that ground.

FORTY CENTS AN HOUR MEANS $832 A YEAR AT MOST

Forty cents an hour means $16 a week and $832 a year if a person works every single week in the year! Does any Member of the House think we can have a democracy in this country while millions of the toilers of the land are deliberately denied even that standard of living? Is anyone willing to admit that our much-vaunted American industry will go broke if it pays that scale of wages to its poorest paid workers?

Many American industries have been benefited through the years by the fact that cutthroat competition by means of wage cutting was eliminated from the industry through the power of union organization.

This bill will help to do that same thing for all industry which affects interstate commerce.

The first proper charge on industry should be the payment of a living wage. This bill will hardly require even that in all probability. What it will do is to say in effect: "There is a point in wages below which no American wage earners shall be asked to work; and there is a certain number of hours beyond which, except in extraordinary circumstances, they shall not be asked to work."

I believe Congress should write the minimum wage and the maximum hours into the bill itself, instead of leaving the matter to be determined by anyone else.

If this measure ever gets through the House, it will be because at least 218 Members of this body, led by the majority leader, the Honorable SAM RAYBURN, of Texas, had sufficient courage to do their simple duty by a group of Americans who could look to no one but their Government for protection and a better life.

America's Aloofness

EXTENSION OF REMARKS

OF

HON. ALBEN W. BARKLEY

OF KENTUCKY

IN THE SENATE OF THE UNITED STATES

Tuesday, November 30 (legislative day of Tuesday, November 16), 1937

EDITORIAL FROM NEW YORK TIMES

Mr. BARKLEY. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial published in today's New York Times entitled "America's Aloofness."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New York Times, Tuesday, November 30, 1937]

AMERICA'S ALOOFNESS

The United States has lost its leadership in world affairs and to that fact largely can be attributed the impotence of the Nine-Power Treaty Conference in Brussels. The reason for this loss of influence is plain: treaty-breaking Governments and dictators have become convinced that for no cause short of actual invasion will the United States initiate or join in any effective movement to assure world peace.

For this conviction on the part of these treaty-breakers the "isolationists" and "pacifists" in Congress and their vociferous supporters in the country are chiefly responsible. These groups include persons who believe that we can stay out of any world conflict. They attribute our entrance into the last international war to British propaganda and the schemes of bankers to enrich themselves; and they oppose any strong peace measures by this Government, even though to abstain from such might mean the loss of freedom to those who regard it as highly as they themselves, and an impairment of liberty to men and women in this very hemisphere.

It is the assertion of such groups and their Congressional representatives that, because of the gifts of nature and geography, the United States can retain its institutions and live its full life alone in a world where democracy does not elsewhere exist, even though Great Britain and France were shackled by despotisms which turn human beings into machines for conquest and consign liberty to the fallacies of the past.

The power of these groups and their spokesmen has been in the ascendancy, as acts and events plainly indicate. In recent years they have seized upon every occasion when the American Government was seeking to express the scruples of conscience against treaty-breaking and aggression, to proclaim that, in no circumstances, would this people do anything effective to restore moral standards among the nations. Organizing, writing pamphlets and using the Congressional Record as their gazette, they gave notice as early as when Japan seized Manchukuo that the fixed future policy of the United States would be to keep out of war abroad, and that it would take no steps to prevent it, however clear the threat to our own institutions.

II

The attitude took form in the so-called Neutrality Act of 1936, with its "declaration of a state of war" and its "cash-and-carry" provisions. By the first named, the President was instructed by Congress, upon discovery of the existence of a state of war abroad, to withhold war material from all concerned, regardless of whether an invaded nation, fighting for its own as in the case of Ethiopia, was left at the mercy of a most ruthless aggressor. By the second named, American vessels were virtually swept from the seas, and only those warring nations which have navies and trade fleets were given access to our markets.

Attempts, in the name of international decency, to distinguish between honest and dishonest governments and to permit aid to nations clearly acting in self-defense against banditry, were beaten down in Congress. The world was put on notice that the United States was out to save its own skin from immediate dangers; and the dictators were informed that the American group controlling policy was prepared to see the world remade on fascist lines without interference and apparently without understanding that this would mean anything dangerous to us at all.

When the President, recently voicing this people's indignation against the invasion of China by Japan and horror at the butchery at Shanghai, recalled that there still were "quarantines" against Governments which did these things, a wholesome fear arose in certain capitals that the Neutrality Act might not represent enduring policy for the United States. And when next day the State Department named Japan as aggressor, the fear spread. But a little inquiry sufficed to prove that the pacifist and isolationist groups would not thus be led. Their Congressional representatives denounced the expressions as violations of the spirit of the Neutrality Act, which in truth they were, and, as soon as Congress met, the press cables carried abroad proposals of war referenda and other evidences that the group which framed the act is unchanged in its attitude. The Japanese Ambassador to Washington did his duty, and did it accurately and well, when he informed his colleague at Brussels that pacifism was still the American mood. The circulation of this report in the conference capital both tempered the messages to Tokyo and stiffened the rejections therefrom and in its atmosphere the Brussels conference went to its inevitable, inept doom.

Meanwhile, on the pretext that a world alliance against communism is the first essential to peace, Japan, Germany and Italy have signed a treaty. Outwardly it pledges these Governments to stand with force against the encroachment of Soviet teachings and the Soviet form of government. But in some European chancelleries and in Washington the pact is interpreted as a pledge, necessarily not stated in the treaty, that each of these three nations will stand by the two others, defensively and offensively, until each has gained its territorial and other objectives. To illustrate: If Italy further threatens in the Mediterranean and Great Britain steps in to check, Japan will proceed against Hong Kong and Singapore. If Germany thrusts southeastward in Europe and Great Britain and France move to check, Italy will extend her Mediterranean spheres and Japan will strike at French and British possessions in the Orient.

The ability of the three fascist States to carry out the arrangement outlined above is, of course, open to the most serious doubts. Germany's Baltic coast is bare to the attack of the British fleet, and experts are far from convinced that Mussolini could have his way in the Mediterranean, even with Britain greatly preoccupied in Northern European waters. The fact, however, that such a construction by responsible statesmen is placed upon the treaty, which was heretofore largely regarded as a mutual envisioning of bugaboos, now places the alliance where the democracies of the two hemispheres must consider it in stating their policies. And nothing could more effectively give expression to realization of the danger implicit in it than a tangible expression of the determination of this country to stand by the other democracies should the need arise.

III

This is not a preachment for war measures. The people of the United States are set against military expeditions, and rightly so. But there are effective peace measures, the most recent illustration being the decision of the British and American Governments to negotiate a trade treaty. This should be supplemented by every possible kind of private and public cooperation between Britons and Americans and others who speak, if not the same language, at least the same spiritual tongue. Understandings on trade, money and credit will serve as certain weapons against treaty-breakers.

Our statesmen and leaders of public thought could aid peace mightily if, losing fear of the blind peace groups and gaining confidence that plain common sense and self-interest can be trusted, they engaged in public exchanges to put the enemies of peace on notice that the great democracies are aware of what is planned and will stand together against it. The sure shadow of economic starvation on spendthrift Governments which cannot wage war unless we supply them, and deny supplies to their victims, can be made sufficiently effective as a deterrent without resort to the substance of sanctions or war.

Should such cooperations be publicly and steadily revealed, and such exchanges of thought take place, the New York Times believes the American people will awake to the facts which menace this nation; and the world will learn that events are conceivable, that circumstances can arise, outside this hemisphere, which will instantly range American public opinion behind an effective peace policy and make junk overnight of the so-called Neutrality Act. In the face of such exchanges of thought the policy of democratic nations will be stiffened and grooved; and treaty-breakers and dictators will take prudent counsel among themselves.

In such a manner can this nation restore a will for peace in the world and re-establish its lost leadership in international affairs. By such means the ravishers of small or weak neighbors and the enemies of democracy will discover that the United States has not become so timorous and so stupid as to abandon its responsibilities and imperil its greatness and its freedom. It will be wiser to put them on notice at once.

Tax Problems

EXTENSION OF REMARKS

OF

HON. JAMES F. BYRNES

OF SOUTH CAROLINA

IN THE SENATE OF THE UNITED STATES

Tuesday, November 30 (legislative day of Tuesday, November 16), 1937

RADIO ADDRESS BY HON. PAT HARRISON, OF MISSISSIPPI, UNDER THE AUSPICES OF THE NATIONAL RADIO FORUM, NOVEMBER 29, 1937

Mr. BYRNES. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by the senior Senator from Mississippi [Mr. HARRISON] last evening over the National Broadcasting Co.'s Nation-wide hook-up, the subject being Our Tax Problems.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Taxes are a necessary function of government. Without taxes government cannot exist. From the Federal Government's standpoint, taxes may be placed in three principal categories: First, those based on ability to pay, such as income, estate, and gift taxes; second, those based upon the principle of benefits received from the Government, such as social-security taxes; and third, luxury taxes, such as those on liquor and tobacco. From the first group the Government receives about 50 percent of its revenue; from the second group about 10 percent, and from the third about 25 percent. The remaining comes from miscellaneous taxes.

The amount of revenue received by the Government is dependent largely upon the principle of ability to pay. The amount received from this source depends upon two things, the rate, and the base upon which that rate applies. For instance, on income taxes, if the net income decreases substantially, even very excessive rates avail nothing in bringing in additional revenue. The same applies to estate taxes. If the value of stocks, bonds, and other property declines 50 percent in value, no more revenue is secured even by a very excessive rate. In other words, tax rates may be fixed at such an excessive point as to diminish the revenue of the Government instead of increasing it.

At the present time, I believe we have at least two so-called ability-to-pay taxes which have reached a point of diminishing rather than increasing the revenue. The taxes to which I refer are the undistributed-profits tax and the tax on capital gains. Not only do I believe that these taxes have an adverse effect so far as revenue is concerned, but I believe they have retarded industrial progress and contributed to the unemployment situation.

In recent years the Federal Government has expended large sums to aid employment. These enormous expenditures, to meet the emergency of a depressed economic condition throughout the country have made it necessary not only to retain existing taxes, but to increase and add new taxes. While the policies adopted by the Government for relief to the unemployed have ameliorated human suffering and brought relief to millions, the problem is still with us, and if the unemployment problem is to be solved, and solved soundly and permanently, it must be through the wholehearted cooperation of private business. I believe, therefore,

that an incentive should be given to private business to take up as much as possible of the slack of employment. We cannot give this incentive by excessive or punitive taxes.

If such a tax is imposed upon an industry as to make it impossible for it to pay its debts or to expand its business serious consequences result. Business expansion will not only bring about increased employment in the construction of added plant facilities, but it will also bring about substantial and continuous employment in the operation of such added plant facilities. As new people are employed in new industries, to that extent persons are taken from the relief rolls and necessary governmental expenditures to aid unemployment thereby lessened. And as private industry prospers, more revenue comes in to the Government and less money goes out in relief. If private enterprise can thus take over to a considerable extent the problem of unemployment, the time will soon arrive when the revenues of the Government will equal its expenditures.

If the cooperation of private business is to be obtained to the fullest degree, then the Government must give encouragement to private business. New industry cannot be created and old industries cannot continue to be operated without adequate and sufficient capital. Too rigid or unreasonable regulation of business, or too burdensome or punitive taxes discourage, shackle, and often destroy business.

Every good citizen will appreciate that adequate taxes must be provided for the efficient administration of government. Only in exceptional cases should the purpose be of a social or punitive nature. I have no doubt that the country today is suffering from fear and uncertainty, occasioned, may I say, to some extent by certain provisions of our tax laws. Of course many unconscionable methods have been created by the taxpayer to avoid or evade taxes, and it would seem that as taxes are broadened or increased, the number of devices and methods and tricks employed increase proportionately. However, I have no doubt that the vast majority of our taxpayers are fair to the Government, want to pay every cent they owe to the Government, and do not resort to such practices.

As it is the duty of the taxpayer to deal fairly with his Government, it is likewise the duty of a public servant to be fair toward the taxpayer. If those who formulate a government policy, either through legislative enactment or administration, have made a mistake which works injustices to the taxpayer or injuriously affects government receipts, then the mistake should be acknowledged and corrected. However high and laudable may be the purposes of certain policies, and however attractive they may appear theoretically, sometimes, as a practical matter, the injurious effects are greater than the benefits sought.

When, in 1936, the Congress enacted the so-called undistributed-profits tax, I was one of those who believed that the effect would be to put a stop to the unfair practice of certain corporations who accumulated their earnings in order to prevent the payment of surtaxes by their stockholders, and who also penalized their small stockholders by retaining from them dividends which should have been fairly distributed to them. I did not then believe, nor do I now believe, that large corporations should be allowed to build up unreasonable and unnecessary reserves. I recognize, as everyone who has studied the question must recognize, that it is sound business to retain from current profits sufficient reserves, either to meet current or future obligations or for improvements or necessary business expansion. And so, when the law was suggested and enacted, it was based upon that high purpose.

Experience has shown, and to me it has been shown conclusively, that while the law corrected some improper practices of a few corporations, it has worked tremendous hardships upon many others. In other words, for each corporation which has been justly penalized by this tax there are probably a hundred which have been unjustly penalized, because, for legal or moral reasons, they could not distribute their earnings in dividends. The result has added confusion to the economic life of the country, and to many of our fine American citizens it has been most disheartening and discouraging.

It is a harsh and unwise policy for the Government to compel a corporation that may be giving employment to hundreds or thousands of men and women to declare its earnings in the form of dividends to its stockholders when it needs such earnings to perpetuate the employment of those people. If the corporation has sufficient reserves to meet these necessities, then well and good; but when the corporation is without reserves or has little reserves, and there are thousands of them, and we require the profits made to carry a punitive tax when used to pay its legitimate obligations or to improve or enlarge its plant, then the policy is wrong and must be corrected. If the present system is continued, large corporations with tremendous reserves can continue, but less favored and weaker corporations without the reserves may be forced out of business. In such cases the very situation respecting employment that we are trying to relieve will be aggravated. Every time a going concern is forced to suspend operations it adds to the unemployed roll and threatens to compel the Government to increase emergency appropriations to aid the unemployed.

And so I say to you, as chairman of the Senate Finance Committee, and I am quite sure that I speak the sentiments of the great majority of the Members of Congress, that this undistributed-profits tax must be substantially modified. It is my hope and belief that in any event the law will be modified so as to permit a corporation, if it desires, to pay from its annual earnings, without penalty, amounts for debt retirement and for business expansion.

The subcommittee of the Ways and Means Committee of the House of Representatives has already announced a tentative plan which will substantially modify the severity of the present undistributed-profits tax. The plan considered, and which in all probability will be reported by the subcommittee to the full membership of the Ways and Means Committee of the House, exempts all corporations with net incomes of less than $25,000 from the undistributed-profits tax. This means, in numbers, that 88 percent of all corporations, under such a plan, would be exempt from the undistributed-profits tax. On the remaining corporations, or 12 percent of the whole number, it is proposed that if they retain all their earnings, a maximum total tax rate of 20 percent will be imposed. If a corporation pays out 50 percent of its net income in dividends, only an effective tax rate of 18 percent will be imposed. If the corporation, on the other hand, pays out all of its net income in dividends, its effective total rate of tax will be reduced through a credit to a maximum of 16 percent. In this connection it must be recalled that the rate on this group of the larger corporations under existing law is much higher when any substantial amount of earnings is retained. For example, a corporation with a net income of $1,000,000 which retains 50 percent of its net income pays an effective tax rate of about 23 percent, and if it retains all of its earnings it pays a rate of about 32 percent. I am sure that even if we went no further than the subcommittee's tentative draft, and those percentages are retained, all corporations, both in the larger and smaller classes, will find great relief.

When the tax committees of Congress were holding hearings in connection with the undistributed-profits tax in 1936, many of the representatives of corporations and trade associations recommended a very substantial increase in the normal corporate rate and a more preferable means of raising money than through an undistributed-profits tax. One representative of a great business association suggested a 22½-percent flat rate.

There is another provision of the present tax law that should and must be changed. I refer to the capital-gains tax. In my opinion no factor has been more influential in discouraging trade in stocks, securities, or property holdings than our high surtax structure and very stringent tax on capital gains. It is apparent that those in the higher-income brackets or middle-income brackets will not part with their holdings when they know that in some instances they must share with the State and Federal Government a tax as high as 90 percent. So, they choose to retain their holdings indefinitely, because they do not feel they can afford such an impairment of capital as would come about by the payment of the capital-gains tax. It did not then and does not now appear to me to be logical that an individual can trade an apartment house for another apartment house; that he can shift his money on deposit from one bank to another bank, and can trade one horse for another horse without the payment of a capital-gains tax; but when the same individual trades a horse for a buggy or takes his money and buys a United States Steel bond and trades that bond for a bond in some other company he must pay the tax. In other words, in some instances a man pays a heavy tax on mere change of his investment, and in other instances he does not. No person can be criticized for refusing to sell a security, stock, or piece of property when he knows that if a large profit has been realized the Government will give the individual one slice of the profit pie, and retain nine slices for itself.

Our tax policy with respect to capital gains, without question, has slowed up trade. Such a policy has filled safety deposit boxes with property in securities and stocks and cash, freezing credits and preventing the flow of capital into new enterprises. If securities or property are permitted to be turned over rapidly, there will be more trade and in my opinion a freer flow of ready money into new industry.

No part of our tax structure needs more immediate and rational modification than the capital gains and the undistributed-profits provisions—that the inequities occasioned by the latter may be eliminated and the barriers erected by the former against the free flow of credit and capital may be removed.

These two changes will encourage business, increase Government receipts, and offer greater hope to the unemployed.

More specifically speaking, I would say that the capital-gains tax should be taken out of the ordinary income and surtax sections of the present law and placed in a classification to itself; and the tax on capital gains should be at such reasonable figures as not to prevent or hamper ordinary business transactions. I have no doubt that this will be done.

The subcommittee of the House Ways and Means Committee has already agreed to a tentative plan in the modification of the capital gains tax, so that the rate will be graduated downward after the property has been held over 1 year. After the property has been held over 5 years, the maximum rate will be 16 percent. I hope, if possible, keeping in mind, as we must, the condition of the Treasury, to see that rate made lower and greater relief given as to time requirements for holding property.

Other changes are needed in our tax structure, but, in my opinion, these two are the most pressing and important.

In working out these tax plans and in the enactment of the law please bear in mind that under the Constitution revenue legislation must originate in the House of Representatives, and the

Senate is powerless to take any action upon these tax measures until they have first been acted on in the House.

There has been a fine degree of cooperation upon the part of the Treasury, the members of the Ways and Means Committee of the House, and the membership of the Senate; but study, research, and extreme care must be employed in the constructive work of tax legislation. Since November 4 a subcommittee of the Ways and Means Committee has been meeting twice daily in the speedy but careful consideration of this problem. We are all working toward one goal, and we are trying to do the job just as expeditiously as the magnitude of the task will permit. There is no doubt that the Congress is alive to the need for prompt attention to this important matter, but the country must not expect us to be swept off our feet and complete this task in a shoddy fashion or overnight.

In conclusion, permit me to say that the people should not be encouraged to expect a retroactive feature to these modifications. The year 1937 has almost passed into history. Many of the corporations have already distributed in dividends the profits of the current year. As a practical matter, most of the others must declare out their dividends by December 15 if they are to be sure to obtain the benefit of a dividend credit in the computation of their 1937 taxes. It would be hardly fair to penalize corporations that have already made their distributions in the light of existing law and favor others which might happen to be able to take advantage of a retroactive measure. Such modifictions must, in my opinion, date from the first day of the next calendar year and cover the future and not the past.

Speaking to you tonight with all the emphasis I can command, may I say that the country may be assured that there will be no deviation of plans and no let-up of purpose to accomplish the ends we are seeking; and I pledge you that what I can do, either as chairman of the Finance Committee or as a Member of the Senate, to effectuate these modifications in the undistributed-profits tax and the capital-gains tax I will do, and that as expeditiously as orderly and rational consideration will permit.

Foreign Trade Policy

EXTENSION OF REMARKS

OF

HON. PAT HARRISON

OF MISSISSIPPI

IN THE SENATE OF THE UNITED STATES

Tuesday, November 30 (legislative day of Tuesday, November 16), 1937

ARTICLE PUBLISHED IN THE POLITICAL QUARTERLY, LONDON, ENGLAND, OCTOBER–DECEMBER ISSUE, 1937

Mr. HARRISON. Mr. President, I ask unanimous consent to have printed in the RECORD an article published in the Political Quarterly, of London, England, October–December issue, 1937, on the foreign trade policy of the United States by Mr. Oscar B. Ryder, a member of the Tariff Commission.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FOREIGN TRADE POLICY OF THE UNITED STATES

(By Oscar B. Ryder, member, Tariff Commission)

The years which have elapsed since 1929 have brought significant developments in the foreign trade policies of the United States, till the end of 1933 principally in the direction of increases, but since then principally in the direction of decreases in trade restrictions.

The first result of the depression was an extension of the protectionist system. Although in 1922, after a decade of lower tariff policy, the tariff had been restored to a high level, it was further increased in June 1930. The 1930 increase, although initiated early in 1929, was nevertheless largely influenced by the depression and by conditions, particularly in certain branches of agriculture, which foreshadowed it. Since 1930 there has been no legislation imposing new or higher tariff duties as such—that is, as amendments to the tariff act. What, however, are in effect additional duties have been imposed in successive internal revenue acts, under the guise of excise taxes on importation or on the first processing of materials which are entirely imported. By imposing import charges in these acts it was possible to avoid the almost insuperable difficulties in the way of separate tariff legislation on specific commodities or groups of commodities and to lessen the chances of a Presidential veto.

The Internal Revenue Act of 1932 imposed excise taxes on imports of lumber, coal and coke, copper and copper products, and petroleum and petroleum products. These taxes, urged largely as emergency measures, were first imposed for 2 years, but were later extended to July 1, 1939.

Agitation by certain farm groups came to fruition when the Internal Revenue Acts of 1934, 1935, and 1936 completed a thoroughgoing system of charges on imported animal and vegetable oils and oilseeds. The duties on such oils in the Tariff Act of 1930, applying chiefly to edible oils, were extended and supplemented by taxes on imports, or on the first processing in the United States, of soap and paint oils. Coconut oil is subjected to a processing tax of 3 cents per pound if made of Philippine copra, of 5 cents if made of copra of any other origin. This marks, in effect, a departure from the policy of admitting all commodities from the Philippines free of duty.

A second consequence of the depression was a tendency toward quantitative limitations on imports. Absolute import quotas have been imposed by direct governmental action on sugar from all sources, on tobacco from Cuba, on cordage from the Philippines, and on red cedar shingles, which come entirely from Canada. The import quota on sugar, imposed contemporaneously with a reduction in duty on Cuban sugar, is part of a general quota arrangement applying also to marketing sugar produced in the United States and its possessions, including the Philippines; that on Cuban tobacco followed restrictions on marketing of domestic cigar tobacco and lapsed with their abandonment.

In addition to these quotas imposed by the United States Government, informal agreements were made with foreign countries whereby they restricted exports of certain commodities to the United States to a stated volume or percentage of United States consumption. The first agreements of this kind resulted from the regulation of industry under the National Industrial Recovery Act and were in lieu of action, under that law, directly restricting imports.

Recently the tendency has been for domestic and Japanese producing interests to make private agreements in which the Japanese obligate themselves to limit their shipments to the United States and the Americans bind themselves not to seek further governmental restrictions on imports. Early in 1937, private agreements were made regarding cotton cloth, on which duties had previously been increased under the flexible tariff provision, and regarding cotton hosiery, cotton velveteens and corduroys, on which investigations under that provision were in process. Moreover, the intergovernmental agreement for a limitation of Japanese exports of cotton rugs to the United States was transformed into a private agreement. Arrangements such as these result in a division of the market between Japanese and American producers.

Despite the developments outlined above, certain underlying factors were working toward more liberal foreign trade policies.

In the first place, since the World War, the United States has occupied a creditor position. However, the direct influence on tariff policies of this change from its traditional debtor position has been small. Certainly the change did not prevent an increase in the tariff in 1921–22 nor in 1930, although in the intervening years the United States strengthened its creditor position by making large private loans and investments abroad.

More important was the domestic agricultural situation. Before the depression, and more markedly during it, United States exports of agricultural products declined. Large surpluses of commodities accumulated, and prices fell to unprecedentedly low levels. In consequence it became essential to general recovery that domestic agricultural production be drastically restricted or that lost export markets be regained.

Another significant factor was the foreign-trade policies of certain countries, their effects on American trade, and the attitude in opposition to them adopted by the Department of State.

The logic of the tariff policy and economic position of the United States led the Department of State, beginning in 1922, to support the unconditional form of the most-favored-nation clause. This reversal of a traditional policy corrected an anomalous situation. Although prior to the passage of the Trade Agreements Act in 1934, the United States had a single-column tariff except for exclusive concessions to Cuba, nevertheless it formally adhered until 1922 to the principle of unequal tariff treatment as expressed in the conditional form of the most-favored-nation clause. It, therefore, could not consistently demand most-favored-nation treatment from countries having multiple-column tariffs. By adopting the unconditional clause the United States, as did the United Kingdom long before, put itself in a better tactical position to insist upon being given lowest tariff rates without any compensating concessions.

After 1930 many countries adopted quantitative limitations on imports and clearing agreements obviating the use of foreign exchange. Countries using these new methods of reducing trade developed also a tendency toward bilateral trade balancing. Because of this tendency and of difficulties in meeting their obligations to the United States, with which most of them had adverse trade balances, European countries were prone to use quotas to reduce the proportions in which various articles were imported from the United States. The Department of State made frequent protest against quotas in general and specifically against their use to discriminate against American trade.

The contraction of markets for American exports, to which multiple-column tariffs, quotas, and clearing agreements had materially contributed naturally suggested that the United States should take the lead in a program of mutual reduction of trade barriers, particularly since the tariff policies of the United States had helped create the situation.

The factors discussed above had their influence, but together they would not have sufficed to bring about the turn in 1934 toward more moderate tariff policies had the Democratic Party not come into power in 1933. Despite protectionists in its ranks, that party stood committed by tradition and platform to tariff reduction. The tradition in this respect has been strongly reinforced by the leadership of Secretary of State Cordell Hull.

With the active support of the Roosevelt administration a law was passed, against strong opposition, in June 1934 authorizing the negotiation of reciprocal trade agreements. This authority, at first granted for 3 years, was in 1937 extended to June 1940. Under it the President makes agreements with foreign countries for mutual reductions in trade barriers. These agreements become effective by proclamation of the President without submission to the Senate for ratification. His power, however, is limited by a provision forbidding any increase or decrease in duty of more than 50 percent or any transfer between the dutiable and the free lists.

An important provision of the Trade Agreements Act requires that concessions made to any one country shall be generalized on the principle of equal treatment of all countries. The act itself, however, authorizes exclusive concessions to Cuba. It also specifically authorizes the President to suspend extension of concessions to any country found to be discriminating against the commerce of the United States. However, although many countries discriminate in one way or another against American trade, only two—Germany and Australia, which have done so openly and flagrantly—have so far been denied the benefits of concessions made to other countries.

The practice of extending to all "nondiscriminating" countries the concessions made in any agreement has influenced the character of concessions made by the United States in much the same way as it has influenced those made by other countries pursuing the same policy. In order to reserve bargaining power for other countries the United States has followed the general policy of confining concessions to any country to articles of which that country is the principal or a high-ranking supplier. On the whole, the rule has worked out well, although occasional difficulties have arisen.

The effort to meet the demands of a particular country without serious impairment of bargaining power needed for other countries has given rise to further refinement in tariff classification. Although a country may not be the principal supplier under an existing classification, a subclassification may sometimes be made to cover the particular variety of which it is the chief source.

As a precaution against the possible effects of extending concessions to third countries, most of the trade agreements provide that should third countries obtain the major benefits of any duty concession, and should an unduly large increase in total importations result, the concession may be withdrawn or a quantitative restriction imposed. This provision is a weapon to be used in extreme circumstances to protect a domestic industry from ruinous competition from third countries. In case either country acts under it, the other country has the right to terminate the agreement.

So far trade agreements have been made with 16 countries (including Cuba), which together supplied in 1935 41 percent of United States imports and took 34 percent of United States exports. Concessions made in these agreements affect every schedule of the tariff act and, taken together, constitute a substantial tariff reduction. On about 440 dutiable items out of about 3,200, duties have been reduced to all nondiscriminating countries, and on 25 additional items exclusive concessions have been made to Cuba. These items represented about 25 percent of the dutiable imports in 1935. In addition, duties have been bound against increase on 23 items accounting for more than 2 percent of dutiable imports in that year, and free entry has been bound on 77 items constituting more than 35 percent of the free imports. A simple average of the percentages of reductions on items on which duties have been lowered in agreements is about 35 percent. These reductions, and the substantial concessions received in return for them, have contributed materially to the recovery of the foreign trade of the United States since 1933.

The countries other than Cuba with which trade agreements have been made are Canada, six European countries—Belgium, Sweden, the Netherlands, Switzerland, France, and Finland, and eight tropical American countries—Haiti, Brazil, Colombia, Honduras, Nicaragua, Guatemala, Costa Rica, and El Salvador. In the agreements with the tropical American countries the United States in return for duty reductions, chiefly on manufactures, binds the free entry of such tropical products as coffee and bananas, the principal exports of those countries, and grants duty reductions on the few dutiable articles coming chiefly or largely from those countries.

A survey of the principal problems arising in the negotiation of the trade agreements so far made may prove of interest.

One problem is connected with the program of the New Deal for governmental regulation of agriculture and industry. Provisions of law have been enacted authorizing additional import restrictions when necessary to safeguard against such increases in imports as may render these programs ineffective.

To meet this situation the provision in trade agreements prohibiting quotas on imports of concession articles makes exception of quotas imposed "in conjunction with governmental measures operating to regulate or control the production, market supply, or prices * * * or (in some agreements) tending to increase the labor costs of production." This exception was not invoked under the National Industrial Recovery Act or the Agricultural Adjustment Act, both no longer in force, nor has it been invoked so far under the still effective Soil Conservation Act. The labor-standards bill now pending before Congress, like the acts named, authorizes action to prevent measures taken under it from being rendered ineffective by excessive increases in imports.

Another difficulty is that in a number of countries quota limitations are for many commodities the effective form of import restriction. So far agreements have been made with three such countries, Switzerland, the Netherlands, and France, largely on the basis of duty concessions by the United States in return for quota concessions by these countries. In each case, however, the European country also made some duty reductions.

In dealing with the quota problem, the United States insists only that it be given a fair share of any quota established on any article in which it has an interest. The trade agreements provide that in the case of quotas established by either party the other party shall be given a share based upon its position as a supplier in a representative period prior to the imposition of quantitative restrictions. Both parties to the agreement are left free to discriminate among the other supplying countries. Thus, the United States, although itself maintaining a policy of equal treatment, has not attempted to effect the complete reform of a country's trade policies as the condition of making an agreement with it.

In order to prevent apprehension on the part of the interests involved and to avoid the possibility of serious injury to them, the United States, in reducing the tariff on certain agricultural and forest products in its agreement with Canada, resorted to the use of "tariff quotas" limiting the increase in imports at the reduced duties. Imports in excess of specified quantities of heavy cattle, calves, milk cows, cream, seed potatoes, and lumber of Douglas fir and western hemlock, remain dutiable at the full rates. Although these tariff quotas are global, they have not been allocated among supplying countries, since the commodities in question come either exclusively, or almost exclusively, from Canada. In 1936 the quotas for heavy cattle and calves were filled and, in addition, small quantities came in at the full duty. The effective limitations on imports of the other four commodities were the reduced duties, as in no case were the quotas filled.

An entirely different problem arises with countries which have multiple-column tariff systems and which refuse to extend most-favored-nation treatment automatically in return for such treatment. Agreements have already been made with two such countries, Canada and France. Canada granted the United States the lowest non-Empire rates on all products; France, the lowest rates except on a limited list of articles with respect to which the United States has no important interest.

Uncertainty concerning the stability of currency values has created still another difficulty. This has been met by a provision in a number of agreements that should "a wide variation occur in the rate of exchange between the currencies of the two countries * * * the government of either country * * * shall be free to propose negotiations for the modification" of the agreement or for its termination. No use has been made of this provision, although it is in the agreements with Belgium, Switzerland, the Netherlands, and France, all of which have since devalued their currencies.

Of the countries with which agreements have not yet been made, some present in more acute form certain of the problems discussed above, or present other and more difficult problems.

A number of these countries are principal or important suppliers of few, if any, of the commodities imported into the United States. With them it will be difficult to go beyond limited agreements based largely on mutual most-favored-nation treatment. The advantage accruing to any country from the extension to it of concessions made to other countries grows, however, with the number of such concessions.

A greater difficulty will arise in making trade agreements on the unconditional most-favored-nation principle with countries which have rigid exchange controls, which subject imports to licensing without fixed global quotas, or which have entered into clearing agreements covering the bulk of their trade. Obviously these arrangements might nullify any duty or quota concession made in a trade agreement. So far, the United States has made no agreement with any country pursuing these policies in a pronounced form although negotiations with Czechoslovakia have been announced. Switzerland has a number of clearing agreements, but they do not affect, to any great extent, the commodities which Switzerland might be expected to import from the United States. Moreover, Switzerland has not exercised any rigid form of exchange control.

Even greater are the difficulties in the way of agreements with countries, such as Germany, which conduct their foreign trade and exchange transactions on bases diametrically opposed to those of the United States. Under present conditions it would be difficult to find even a modus vivendi which would partially bridge the gap separating the two foreign-trade systems. In the case of the Soviet Union, however, a satisfactory method of accommodation has been found. Agreements have been made for a year at a time in accordance with which the United States undertakes to extend to the Soviet Union the tariff concessions made in trade agreements with other countries, in return for the promise of the Soviet Union to take a specified minimum total value of American goods, or, as in the agreement for 1937–38, to increase its takings of them.

But the most pressing problem, from the standpoint of further progress in the trade-agreements program, relates to the agricultural situation, both in the United States and in foreign countries. In this regard the principal countries with which the United States has yet to make agreements fall into two groups: In the one are the primarily agricultural countries of the Temperate Zone, such as Argentina and Australia, which import from the United States chiefly manufactures and which export principally agricultural products more or less similar to those produced in the United States. In the other are primarily industrial countries, such as the United Kingdom, Germany, and Czechoslovakia, which afford principal markets for agricultural products of the United States and which export principally manufactured products.

The concessions which the United States can make to the agricultural group of countries must consist principally of duty reductions on agricultural commodities more or less competitive with domestic production. Such reductions may be difficult, however, owing to the persistent tendency toward agricultural protection in the United States—a tendency which is the harder to combat because of the contraction of export markets for American farm commodities resulting from the extreme agricultural protectionism prevalent among European countries. In fact, it may prove impossible to lower duties on typical products of the agricultural countries unless further concessions can be obtained from the industrial countries of Europe affording increased export opportunities for American agricultural products. In the agreements so far made substantial concessions have been secured on certain classes of these products. In general, however, the largest agricultural import markets are in countries with which agreements are yet to be negotiated.

The negotiation of a trade agreement with the United Kingdom presents special problems. Inasmuch as the United Kingdom has been the principal market for American agricultural products, and inasmuch as the British tariff and imperial preferences tend progressively to reduce the share of the British market obtained by the United States, the procurement of more favorable treatment for these products in that market is a sine qua non of any agreement in which the United States may make substantial reductions in duties on imports of British manufactures. The principal obstacle is the Empire preferences under the Ottawa agreements.

The origin of this situation is interesting and instructive. In 1922 and 1930 the United States raised its tariff. The consequent decline in American imports of the agricultural products of the Dominions, and of the manufactured products of the United Kingdom, was an important contributing factor to the negotiation of the Ottawa agreements, which resulted in a further shifting and reduction of trade to the detriment of the American export trade in both agricultural and manufactured products. The United States now seeks trade restoration through agreements with British countries. Already it has made an agreement with Canada resulting in a mutual increase in trade. Its ability to reach similar agreements with other self-governing dominions, such as Australia and New Zealand, depends largely upon whether it can negotiate a satisfactory agreement with the United Kingdom for a reduction in the preferences accorded the dominions on agricultural commodities with respect to which the United States is on an export basis.

H. R. 7800

EXTENSION OF REMARKS

OF

HON. FRED BIERMANN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 30, 1937

ADDRESS BY HON. FRED BIERMANN, OF IOWA, BEFORE THE ANNUAL CONVENTION OF THE NATIONAL OIL MARKETERS ASSOCIATION IN CHICAGO, OCTOBER 13, 1937

Mr. BIERMANN. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following address delivered by me before the National Oil Marketers' Association in Chicago, October 13, 1937:

Mr. Toastmaster, ladies and gentlemen, I appreciate very much the invitation to be here this evening. I have developed a considerable admiration for this organization of yours, and I shall say frankly a large part of it is due to the kind of men, like Mr. Wilson, who have called on me in Washington. Someone said to me this afternoon he was afraid we were having too much legislation for groups. It may be bad for the country, he said. I think that is true. I think there has been too much of this kind of attitude in organizations. They have come down to Washington or have written down to Washington and have had about this attitude:

"We have so many members in your district (or in your State); therefore we want you to vote for (or against) certain bills."

I think for quite a number of years past we have had put upon our statute books laws that never would have gotten there by their merits, but were put there because some organized group put fear into the hearts of legislators. But the National Oil Marketers have never adopted that attitude. Paul Hadlick has called on me a number of times. Every time he has talked to me he has given me the reasons why he thought such a thing ought to be done, or why such a thing ought not be done. That is the kind of representation I believe any group of people or any organization ought to have in Washington. You are not going to get any bad legislation with that kind of argument. He never told me how many members he had in the Fourth District of Iowa.

I know very well that I, a newspaperman, cannot tell you men anything about the oil business. I am not here for that purpose, but I am here to talk just a little while about the kind of things that have interested me in the problems that confront you.

I think this is a day and age when the people have awakened to the fact that something has to be done to protect the independent merchant in the business life of our country. If that is not done, the young men of the future are not going to be able to look forward to the time when they can be their own bosses. The best they can look forward to is for some promotion in the employ of some corporation. Unfortunately, these young men get too old for the corporations very early in life.

I mentioned to one of the newspapermen here this afternoon that I attended a meeting in Des Moines some years ago of the Iowa Press Association. One of the large advertising agencies of the country had a man there to speak to us. This man astonished me by saying that the oldest man in their corporation was 42 years old.

This corporate ownership and this corporate method of doing business tends toward putting the deadline on people very early in life.

Some years ago there was chaos in the producing and refining petroleum fields, such chaos that the independent States could not contend with it, and that problem, like many others, was thrown into the lap of the Congress of the United States. The result was the Connally Hot Oil Act, which had a couple of purposes. You know one of them ostensibly was to conserve the oil resources of the United States, the other was to bring some kind of system out of the chaos, so the producers and refiners, instead of cutting each other's throats, would have a reasonable chance to make some money.

I suppose to some degree the Connally Hot Oil Act has conserved the oil resources of the country, but I think it has not done that so perfectly as it has accomplished the other purpose. Tariffs have kept out gasoline and oil from foreign countries, which could aid in the conservation of our resources here. Every year we ship out a great deal more petroleum products than we ship in. But as far as bringing order out of chaos for the producers and refiners, it did a fine job. The producers and refiners in the United States have made money. I want them to. I want every legitimate business in the United States to make a reasonable profit. But unfortunately this act has produced a control of production which has been followed by price control in the marketing field. It has produced a condition you men know far better than I, a condition that has made the position of the independent marketer precarious. I want to read you some short excerpts from a few of many letters I have received from every corner of the United States.

This is a postcard from Texas. I shall not read the names of the signers.

"I want to congratulate you on your bill H. R. 7800. If passed it will be the salvation of the independent oil men. The big companies take losses on one and make it up on another; by shifting these profits and losses they eliminate the independents. It wouldn't be so easy to do this if they didn't control production."

The Congress of the United States, when it passed a law designed to make it possible for the producers and refiners to make a decent profit did not intend that the producers and refiners should make their profit at the expense of almost the existence of the independents.

This man writes from Seattle, Wash., speaking of this bill:

"Your stand in this matter will be greatly appreciated by all independent marketers of petroleum products as well as by the fair-minded public, both of whom are being injured by the major oil companies' methods. There should be no place in our economic structure for trusts so powerful as to exert a strangulating control over a commodity so necessary to our national welfare and prosperity as oil."

One from Wisconsin: "On my return from France I went to work for a big major oil company. Then in 1921 started my own business. Now with the tactics of the major oil companies I am confronted with a situation that is beyond my control and if it is allowed to continue I am just on my way out of the oil business."

One from Nebraska: "The major oil companies are using very unfair means in competing with the independent marketer. I hope you will be successful in bringing your proposed bill into a law."

One from Kansas: "Where the supply is controlled and an arbitrary figure set for the price at which it is sold in tank-car lots, and on the other hand the retail price also set by the same organization that supplies the commodity, it places a noose around us at all times. The major oil companies are in the habit of tightening this noose at opportune times."

One from Massachusetts: "We have been in the marketing of petroleum products for the past 12 years and found ourselves able to make a living until the major companies began breaking down our margins. Our present margins are so small that we cannot compete with these large companies because of revenues they receive from other sources in marketing."

That reminds me that in my State of Iowa in August the Government of the United States asked for bids on its needs for

October, November, December. Every single drop of that material was bid in by major oil companies, of whom I have a list in this letter. I checked those figures with the purchasing division of the Department of the Treasury when in Washington a few days ago. The figures here show what this was bid at and also the cost figures to the independent marketers in the State of Iowa.

A letter from Minnesota: "I am delighted to express my hearty approval of your bill H. R. 7800, which bars major oil companies from marketing. Your bill will have a stabilizing effect on the oil business and save the independent oil marketer from bankruptcy and ruin."

A letter from Illinois: "The passage of this bill will afford the protection which the independent oil marketers need if they are to continue in business in competition with the major oil companies. The major oil companies for years have been forcing the independent marketer out of business through maintenance of low margins that do not give the independent a marketing profit. The major oil companies absorb their marketing losses in other lines of business. Your bill gives the independent marketer a new lease on life."

Speaking of major oil companies absorbing their marketing losses out of other activities, I suppose some of you may have done me the honor to have read a speech I made the 26th day of July in which I set out an excerpt from a prospectus issued by the Texas Corporation, dated February 5, 1937, in which they explained the reasons why that prospectus shows their marketing operations have for years shown a loss. They say that is the customary thing among the big companies and it is not considered bad business practice. Of course, if the major oil integrated companies do that, if they take a loss in the marketing business, it certainly cannot be expected the independent fellow is going to continue to exist if he has to make a profit where the big fellows make a loss.

Here is one from Missouri: "Independent dealers are very important to the oil industry. They prevent absolute monopoly, employ a relatively larger proportion of people to transact the business than the major companies whose vast organizations are already flexible enough to absorb additional business without increasing employment, and for each independent who, through unfair price competition, finds it necessary to fold his tent like the Arab, such failure becomes an actual tragedy to many independents."

A point was made to me this evening after I came in, that by making the marketing of petroleum products an unprofitable business, the major oil companies are not only working a hardship on the independents but they are working a hardship on the tax-collecting bodies of the United States. There are hundreds and thousands of independents in the United States who, if they were making a fair profit, would be very nice taxpayers to the community, the State, and Nation, but, being forced to operate at very small margins and many at a loss, the Government of the United States, from the community up through the State and Nation, loses probably millions and millions of dollars in taxes which they would receive if the marketing business were allowed to stand on its own footing.

I have other letters here, but I shall not trespass upon your time to read them.. My bill 7800, to which these letters have referred, is not a very long bill, and I presume Paul Hadlick has some copies available. The meat of the whole bill is contained in section 3:

"It shall be unlawful for any person or affiliate of such person, directly or indirectly, to engage in the marketing of petroleum products and at the same time be engaged in one or more of the other three branches of the petroleum industry—namely, production, refining, and transportation."

There are good precedents with this kind of legislation. About 30 years ago a Congressman from my State named Pete Hepburn sponsored a bill known now as the Hepburn law. At that time it had been discovered that a coal-mining company that did not own a railroad could not compete in marketing with a coal-mining company that did own a railroad. So the Hepburn law provided that mines and railroads should not be under the same ownership.

During the war the Government investigated the packing situation in this city. The upshot of that was a consent decree in 1920 under which the big packers agreed they would not engage in the retailing of meat for the very good reason that an independent retailer could not compete with a neighbor who was part of a great packing company.

In the State of North Dakota, recently, they passed a law which forbids a producer of motion pictures to also operate a theater, the reason for that being the same as that behind the Hepburn law, and behind this consent decree, that the independent buyer of films cannot compete with the man running the theater next door if the man next door is a producer of films.

The last several years the Congress of the United States has given evidence that they want to maintain in existence the little independent fellow over the United States. [Applause.] The Robinson-Patman Act was an example of that. That act was designed to protect the little merchant from unfair competition by the big fellow, nothing more; just to give him a fair shake.

At the last session of Congress there was passed an amendment to another bill, a measure which permits a State having an anti-loss-leader law to enforce that law.

I merely cite these things to show you the Congress is minded to protect the independent merchant of the United States. I believe all that is necessary for the passage of this bill into law is that the independent marketers of oil in the United States present their case to the Congressmen of their districts and to their Senators. I most strongly urge you to do that.

The more I investigate this situation, the more I am persuaded that something like this has to be enacted into law if we are going to continue to have independent oil marketers in the United States.

They say everybody who goes to Europe wants to talk about it when they get back. I have tried to avoid that, but I have been back so recently maybe you will pardon me.

As is my custom when I am anywhere out of my own community, I made inquiries regarding conditions there. I was very much impressed with the fact that in France almost all the business is conducted by individual or family ownerships. There is very little of this chain ownership, very few of these great concerns that by their very size menace the little fellow. The upshot of it is that France has been going through a period of stress, I think, worse than we have gone through, is now confronted with a situation a thousand times more serious than confronts us right now, and she is in reasonably good shape. By the official reports in France in September, only some 300,000 are unemployed, not very many for a nation of 40,000,000 persons. I wish our percentage was not any larger.

I can very well imagine that one of the reasons for that comparatively little unemployment is the fact there are so many individual establishments, so many little ownerships of individuals or families that don't draw the 40-year age limit and that are not so greatly affected by these waves of depression that go over a country now and then.

I am not one of these business baiters. I never have thought it was statesmanship to attack any concern merely because it was big, but I do believe it is statesmanship that if you have to choose between the welfare of the great big fellow and the welfare of a thousand or ten thousand little fellows you choose the little fellows.

I do not believe the bill, if enacted into law, would have anything but good effect on the big fellows. Their own statements show they lose money on their marketing in many instances. If they can stop that loss it is going to be better for them financially as well as better for the little fellow.

This has been a rambling talk, and I apologize for the disconnected nature of it. I know I cannot present to you gentlemen any facts of which you are not aware yourselves regarding the oil business, but I want to leave with you this thought. I am not on the committee to which this bill goes. But I am satisfied this bill can be enacted into law if the members of this association, each one individually, makes it his business to write to his Congressman and his Senators, to give the reasons why this bill should be enacted into law, and if possible give some item of your own experience you can vouch for.

Again I thank you very much for inviting me here and for listening so courteously and patiently to this rambling talk.

The Farm Bill as Applied to Cotton

EXTENSION OF REMARKS

OF

HON. H. P. FULMER

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 30, 1937

Mr. FULMER. Mr. Speaker, ladies and gentlemen of the House, what I shall have to say on the farm bill today will apply to those provisions relating to cotton. The cotton subcommittee, composed of myself as chairman, DOXEY, of Mississippi, COOLEY, of North Carolina, OWEN, of Georgia, and KLEBERG, of Texas, with the chairman of our committee, Mr. JONES, sitting in when possible, have done our best to present to the House a cotton bill, simple, fair, and written in definite terms, so that it would not only be readily understood by the Members of the House, but to the average cotton farmer down in the cotton States.

As far as I am concerned, the great trouble with the average bill passed by the Congress is we do not write in the bill definitely just what we want done when the bill is put into execution by those who administer same. As a businessman and as a farmer I do not like such language as the following: "The Secretary may take into consideration half dozen different things in attempting to do any one thing." "The Secretary may do thus and so, if practicable." In the next place, the Secretary is permitted to write various rules and regulations in carrying out the provisions of the act which can be so written and so administered that the real purpose and intent of the legislation is not put into execution.

Now, let us see what we propose for cotton: In the first instance, the Secretary is to take into consideration the trend

of the cotton business from every angle, the number of bales that will be necessary, for instance, in 1938, to supply our domestic and foreign demand, and in so doing he will take into consideration the amount of the surplus cotton on hand.

I want to call to your attention at this time that because of the large crop of 18¾ million bales of cotton this year, with the carry-over from 1936, we will carry over into 1938 a surplus of around 13,000,000 bales of cotton. This is really enough cotton to take care of our domestic and export needs for the next 12 months without producing a single bale of cotton. In other words, if we did not produce over 5,000,000 or 6,000,000 bales of cotton in 1938, we would have a large, normal carry-over for 1939. Therefore, facing this large surplus and knowing that we should not, at least, during the first 1 or 2 years, cut the acreage and production too drastically.

It was our thought that a crop of about 10,000,000 to 11,000,000 bales of cotton would be the proper goal for 1938. Now that the Secretary will decide, as stated, on a 10,000,000 or a 11,000,000 bale crop for 1938, he would proceed to ascertain the national average production per acre during the past 10 years. I understand this would amount to 200 pounds of lint cotton per acre. Based on this percentage per acre, the Secretary would ascertain the necessary national acreage required to produce the 10,000,000 or 11,000,000 bales of cotton. If you will figure this out, you will find that it would take 25,000,000 acres, with an average of 200 pounds per acre, to produce a 10,000,000 bale crop. Twenty-eight million acres on this basis would produce normally 11,200,000 bales of cotton. This procedure would be carried on down to the cotton-growing States so as to ascertain the number of bales and the number of acres to be allocated to the various cotton States. After the allocation has been made to the States, suppose we will say that 1,000,000 bales have been allocated to the State of South Carolina. This we will take for granted is the proper allotment under the program to this State.

The Secretary would then proceed to get the average production per acre in the counties of the State and would allocate the proper acreage to each county so as to take up the State allotment, less 5 percent set aside to be used in taking care of new producers of cotton and additional acreage to small landowners and tenant renters.

After the acreage allotment has been made to the county the Secretary will then take into consideration the tilled acreage on each cotton producer's farm, dividing the allotted acreage on an equal percentage basis according to the number of tilled acres in each farm.

In allocating acres to the various States, as stated, the Secretary would take into consideration the average production per acre, which would put him in a position to deal fairly with each State, as well as the various counties in the State. The average production per acre will differ in the various States and counties; so will the acreage allotted to the various States and counties; but the percentage of acreage to any and every farmer in any county will be the same. Take my own county—Orangeburg—the largest cotton-growing county in the State. Suppose the average production per acre amounts to 200 pounds, and the Secretary finds that it will take 40 percent of the tilled or cultivated acreage on the cotton farms in this county to take up the proper allotment from the State cotton and acreage allotment, on a farm cultivating 1,000 acres of tilled land the farmer would receive 40 percent of this acreage, or 400 acres for cotton; a 500-acre farm, 200 acres for cotton. In other words, all farmers would, as stated, get the same percentage.

You will note, however, that we have set aside 2½ percent of the total State acreage to be used in taking care of new producers on new lands where cotton has not been planted heretofore. In the meantime, we have set aside 2½ percent to be used by the Secretary in allocating additional acreage to small farm owners and tenant renters where their allotted acreage does not exceed 15 acres per farm. This will tend to give these small farmers a small advantage over the large cotton producers, which would be perfectly fair, especially so, in that these small farmers are not responsible for the large surpluses of 1933 and 1937.

You may ask why sharecroppers are not included in the 2½-percent allotment along with small farmers and tenant renters. This is because the landlord operating with sharecroppers always divides the cotton acreage with his sharecroppers based on the size of his family, which would accomplish the same thing that we are trying to do for small landowners and small tenant renters.

The bill further provides that if the cotton crop, for instance, of 1938, should indicate an overproduction, the Secretary may call for a referendum on the part of cotton producers, and if two-thirds of the farmers vote affirmatively a marketing quota will be placed into operation. However, this will not affect farmers who are cooperating and who do not plant a larger acreage than the number of acres allotted to them in line with the proper percent of the tilled or cultivated acres on their farms. In other words, this bill permits cooperating farmers to sell all of the cotton that they may produce on their allotted acreage.

In that we are allotting acreage and not an allotment of bales of cotton, and, as stated, in that the cooperating farmers can sell all that they produce, this should tend to encourage better farming as well as the producing of larger yields per acre.

What about the farmer who does not cooperate? All farmers are given their proper acreage allotment, as stated, in the county. If, however, any farmer plants a larger acreage than his allotment, he is considered a noncooperator, and he will not receive any of the soil-benefit payments, the parity price, or the 3-cent adjustment payment; neither will he be permitted to secure loans under the loan program on his cotton. In the meantime, he will be taxed 2 cents per pounds on that portion of cotton produced over the average production on his allotted acreage.

This bill authorizes the Secretary, in allotting acreage to a producer who produces two or more of the products contained in this bill, cotton, corn, tobacco, wheat, and rice, to take this into consideration so that the acreage allotted will be equitably allotted to take care of a proper acreage for these commodities.

In other words, if a farmer in South Carolina plants cotton and tobacco, he will not get a full acreage allotment for each of these but will be cut down on both, so as to place his allotted acreage on an equal basis with other farmers who plant only tobacco or cotton.

Suppose some large cotton producer has discharged his sharecroppers or is working his farm with machinery and wage labor. This farmer, under our bill, would receive benefit payments and parity price payments to the extent that he would have received had he been operating his farm on a sharecrop basis.

In other words, the landlord would not receive any benefits that would have gone to the sharecropper had his farm been operated on a sharecrop basis.

At the same time the bill was considered in the Agricultural Committee I offered the following amendment, which was accepted but for some reason was left out of the bill when it was reported to the House:

> The whole or any part of a payment which may be made to a tenant or sharecropper under this section may be assigned by him, in writing, to his landlord as security for cash or advances, if the assignment is acknowledged by the tenant or sharecropper and the landlord before the county agent, and is filed with the county agent. This provision shall not authorize any suit against the Secretary or any disbursing agent if payment is made without regard to the existence of any such assignment.

I expect to offer this amendment at the proper time when the bill is being read for the purpose of offering amendments. You will note that this amendment states that the tenant may transfer in writing to the landlord any payments that may be coming to him, for instance, in 1938, for the purpose of securing cash or advances.

May I state that there are just lots of tenants at this time who, on account of the low price of cotton and because of the serious boll weevil infestation in many parts of the

cotton States, have not been able to clear any money out of their farming operations this year and who have no way of securing supplies or much-needed clothes and shoes for their families. If this amendment is adopted it will be possible for the landlord to advance to these tenants either cash or advances, which, as stated, are very much needed at this time.

Perhaps we have a great many tenants in the South who are different to the class of tenants you may have in other sections of the country. Knowing these tenants and sharecroppers as I do, if this amendment is adopted, it will tend to protect these tenants and sharecroppers to the extent that these payments will go into worth-while things which he and his family need rather than permitting him, when he receives a check sometime during 1938, to waste same in other ways than taking care of the real needs of his family. This is a very important amendment, and I hope that the House will adopt same.

As previously stated, the cotton program under this bill is a fair and definite one which can be understood by any cotton farmer.

In striving to write a farm bill, we have been confronted with various ideas as to just how farm legislation should be written. There are those who came before our committee who are very desirous to have the Congress pay to cotton producers a subsidy on that portion of the cotton consumed in the United States and let the farmers continue to produce any amount of cotton they want to, or that they may be able to produce. They give for their reasons, first, that the only way we can regain our foreign markets is to produce large crops of cotton so that the world basis price will be anywhere from 5 to 8 cents per pound. Suppose we had to pay a subsidy on this year's cotton crop, that is, that portion consumed in the United States, which is around 7,000,000 bales, so as to bring the price up to parity. The difference between the world basis price today and the parity price would be about on an average of from 10 to 11 cents per pound, which would amount to from $350,000,000 to $385,000,000. In the meantime, if you will spread this amount over the total amount of cotton produced this year, 18,750,000 bales, it would give to the producers of cotton, taking into consideration the low grades along with the better grades, an average price of about 9 cents per pound.

Everyone who knows anything about producing cotton will tell you that farmers cannot pay the price that they have to pay for that which they purchase, all of which are monopolistic fixed prices, and produce cotton at 9 cents per pound. The payment of $350,000,000, which would be to offset the tariff benefits to industry, would simply be a waste of the taxpayers' money. If we should put on this type of program, in 1938 we would see a tremendous increase in acreage, and, if the Lord were willing, we would produce another 18,000,000 or 20,000,000 bales of cotton.

The question has been asked, if, for instance, when the 35 or 40 percent of the authorized land allotted to cotton farmers in South Carolina and in the South are planted to cotton, what will our farmers do with the 65 or 60 percent of their cultivated acres? Even farmers in South Carolina will ask this question.

The answer is: They can use a proper portion of these lands under the soil-conserving plan and the growing of soil-building crops, which will tend to cut their fertilizer bill, which at this time is the most expensive item in producing crops in the South.

In the next place, they can produce crops which they are now importing from other States, so as to become self-sustaining.

Just stop and think for a moment of the millions of dollars of cheap cotton money being spent annually by farmers in the South for corn, hay, flour, bacon, and dairy products.

If the cotton provisions of this bill are properly administered it will tend to bring about diversified farming, the building up of farm lands in the South where they have been practically ruined in many instances because of a one-crop program. It would also tend to make our farmers, as stated, self-sustaining, the one thing that would do more than anything else toward bringing about prosperity and giving to this large class of people purchasing power, which they need so badly at this time, and which would place them on a higher standard of living in line with other groups.

There are many good reasons we are losing our foreign markets. I am simply going to mention a few of them in passing.

In the first place, we cut out the lending of good American money to these countries, which, prior to this time, naturally, they could use in buying American goods and our cotton.

Second. In 1930, a Republican Congress, under President Hoover, passed the Smoot-Hawley tariff bill, which practically stopped the importation of foreign goods, which would have been exchanged for our goods and for farm products, especially cotton.

Third. I am told that because of the exchange value of our currency and that of several foreign countries, they have been unable to buy our cotton.

Fourth. With the assistance of cotton-growing experts of the United States with the privilege of buying farm machinery and farm implements from the United States cheaper than the farmers who reside in the United States can buy them, naturally these foreign countries are increasing their production of cotton.

It is my prediction that, with millions of good cotton land available in Russia, and if Japan comes into possession of large areas of cotton land in China, with their energy and ability to do things, the years will not be many before these foreign markets will not be in need of American cotton.

It might be stated that it is impossible to control the production of any crop to any definite amount of cotton, for instance, in that it is impossible to control the weather hazard, boll weevil, and other insect infestation. However, if this definite and fair program is carried out over a period of years, increasing or decreasing the national acreage annually, in line with the normal crop of cotton that should be produced, having in mind, as stated, the controlling of a fair and reasonable surplus, it is my firm belief that the program would work very successfully and satisfactorily.

If you will take the average number of acres planted in cotton during the past 10 years, you will note that it will amount to about 36,800,000. The average production of cotton over this period amounts to 13,680,000 bales, including the large production in 1938. You will note from this that this average is a normal crop, and if it were possible to bring about as nearly as possible a normal production of from 12,000,000 to 14,000,000 bales of cotton, with a proper parity or adjustment payment, you would see real prosperity in the South.

The trouble under the old program is when farmers produce a short crop, brought about largely because of conditions of the weather or boll weevil infestation, the price is usually fair, but they have not the cotton for sale. In the meantime, when farmers are blessed with a crop of cotton like this year, the prices usually go down below the actual cost of production, and, in that farmers have never been able to control a large production, it usually passes into the hands of speculators, cotton mills, exporters, and others who do not produce a single bale of cotton.

This would have been the case this year had the President refused to approve the 9-cent cotton loan program. Under such circumstances poverty on the part of cotton producers would naturally force them to produce a much smaller crop, for instance, in 1938.

This, of course, would bring about better prices for cotton, in the fall of 1938, but with the bad financial condition of producers brought over from 1937, and with a small crop, even with better prices, they would not be able to pay their present and past obligations, and therefore would not have any purchasing power, the thing that farmers need today to revive a serious slump that is now happening in business.

When you see folks standing on the street corners, or paying their way to Washington to advocate this unlimited-production program, you can bet your boots that they either belong to the cotton-hog class, or that they have a selfish

ax to grind. All of these arguments about growing cotton at a price of from 6 to 8 cents, or even 10 cents, to regain our foreign markets at the expense of poverty and untold suffering and misery to our people in the South, as far as I am concerned, is disgraceful and tends to breed communism.

Washington Memorial Chapel at Valley Forge

EXTENSION OF REMARKS

OF

HON. J. W. ROBINSON

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 30, 1937

ADDRESS BY HON. J. W. ROBINSON, OF UTAH, IN THE WASHINGTON MEMORIAL CHAPEL AT VALLEY FORGE, NOVEMBER 28, 1937

Mr. ROBINSON of Utah. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by me in the Washington Memorial Chapel at Valley Forge on November 28, 1937:

I wish to express my deepest appreciation to the persons who have made it possible for my State, Utah, to have this privilege which is accorded it today. I wish also to thank my own Governor, Henry H. Blood, for designating me to appear for him and represent the State of Utah on this occasion.

It is indeed fitting that a magnificent edifice such as this should be built on this hallowed ground to remind us of the sacrifices made by the patriots in order that free governments might live.

Few men, if any, have achieved more or are more beloved than the man to whom this chapel is dedicated. Possibly no man has won greater victories nor done more to merit the plaudits of his countrymen. However, it is not at the height of his victories nor at the time of his greatest achievements that Washington makes his greatest appeal to us. We think of him as a vigorous young colonel in the French and Indian War, leading an assault amid a hail of musket balls from the ambushed Indians, and our hearts are filled with admiration for his courage. We see him at Yorktown drawing the sword from the scabbard of the defeated Cornwallis, but showing every consideration to the Englishman that he would show a fellow officer, and we admire him for his courtesy. We picture him as the presiding officer at the Constitutional Convention, striving with might and main to harmonize the discordant views of the delegates there assembled, and we honor him for his fairness and firmness. Later we see him as he gave his Farewell Address, and marvel at his profound wisdom, but dearest to all of us is the Washington that we see on his bended knees, on the very spot where this magnificent building is erected. We love him for his humility.

"No memory," said Lord Bryce, "ever deserved more universal honor than Washington's." No occasion could be more thrilling to the genuine American than the one we have met here to commemorate. No memorial ever constructed could embody a nobler ideal or have a more worthy background than this beautiful church in which we are now assembled. How grateful we should be for such memorials. Standing as it does on the spot where the Father of Our Country in the very darkest hour of the Revolution offered humble supplication to his Divine Maker to alleviate the suffering of his soldiers that they, in turn, might be able to protect and preserve the divine principles of liberty and democracy, could it help but fill our hearts with gratitude that we were privileged to be born in America; could it help but inspire us to nobler heights of patriotism; to thrill us with an overpowering desire to be ever unselfishly devoted to the cause of true Americanism?

But is this not a very fitting time to ask ourselves what it was Washington really offered his immortal supplication for? Why was it that his 13,000 soldiers would endure "the dreadful sufferings at Valley Forge," which "have called forth the pity and the admiration of historians"? Why would soldiers remain in the Army when "their route could be traced on the snow by the blood that oozed from bare, frost-bitten feet"? Why would they remain "in the crowded hospitals, which were, for the most part, mere log huts or frail wigwams woven of twisted boughs," where many died "for the want of straw to put between themselves and the frozen ground on which they lay"? Why would these gallant men volunteer "to serve as beasts of burden, and, yoking themselves to wagons, drag into camp such meager supplies as they could obtain for their sick and exhausted comrades"? Why would Washington continue the bitter struggle when, in December of 1777, conditions became so bad that he felt constrained to write Congress the following letter?—

"I am now convinced beyond a doubt that unless some great and capital change suddenly takes place, this Army must inevitably be reduced to one or the other of these three things: Starve, dissolve, or disperse in order to obtain subsistence in the best manner they can. Rest assured, sir, this is not an exaggerated picture, and that I have abundant reason to support what I say. We have by a field return, this day made, no less than 2,898 men now in camp unfit for duty because they are barefoot and otherwise naked."

In this connection it should also be remembered that (contrary to some popular beliefs) Washington at no time was supported by a unanimity of opinion in the Colonies. Powerful groups of his own countrymen were continually striving to undermine him, and thereby defeat the cause of the Revolutionists. Mutiny, desertion, and even treason were ever on the lookout for a chance to undermine the cause of the patriots. There was no central government worthy of the name. Congress could raise no money without the consent of the Colonial governments; and even many of the Members of Congress were either lukewarm toward Washington or openly opposed to him.

Notwithstanding all these sinister forces and seemingly insurmountable obstacles, not even a shadow was cast on the shining brightness of Washington's courage. Nowhere do we read that he even entertained the slightest doubt about the righteousness of his cause or of his ability to triumph in it.

Now, again, I ask, Why was this? What was the purpose of it all; and what, if any, significance does it have for us today? What were the fundamental and underlying motives which prompted Washington and his followers to suffer and fight on as they did in the face of all the difficulties we have herein enumerated and many others which were perhaps of even greater import? Upon the answer to this question rests not only the historical value of the Revolution, but also it is determinative of the question as to whether it is worth while for us to be here on this occasion today.

For, after all, it is not the fact that Washington and his followers suffered and fought as they did, which is of concern to us; it is the purpose for which they fought that holds such magnitude of meaning for the people of America. To understand this purpose we must understand something about the history of the Anglo-Saxon people. We must go back beyond Magna Carta. We must know that Washington's ancestors had for generations before him fought for the same thing that he was fighting for—for liberty and democracy as opposed to tyranny and imperialism. The same forces which were opposed to Washington had been opposed to his ancestors in England. These forces finally arrayed themselves under the name of Tories, their opponents under the name of Whigs. But we should remember that these are only symbols of two great theories or philosophies of government. The name Whig is symbolical of liberty, democracy, and representation—in America—by population, whereas Tory is symbolical of a government by the privileged few. John Fiske has so well expressed this idea that I take the liberty of quoting the following from his American Revolution:

"While the American Revolution involved a military struggle between the Governments of Great Britain and the United States, it did not imply any essential antagonism of interests or purposes between the British and American peoples. It was not a contest between Englishmen and Americans, but between two antagonistic principles of government, each of which had its advocates and opponents in both countries. It was a contest between Whig and Tory principles, and it was the temporary prevalence of Toryism in the British Government that caused the political severance between the two countries. * * * For while, under the circumstances, a war was inevitable, it is only gross ignorance of history that would find in such a war any justification for lack of cordiality between the people of the United Kingdom and the people of the United States. As already observed, it was not a war between the two peoples, but between two principles."

So that in Washington's mind, and in the minds of his followers, two basic questions were at issue: (1) Should there be a British Empire ruled by Parliament in all its parts in America, as well as elsewhere, or should Parliament govern at home and leave the colonial assemblies to govern in America? (2) Should the English understanding of representation be imposed upon the Colonies, or should the American institution triumph in its own home?

In the last analysis, the fight was nothing more nor less than for the right of the American people to govern themselves in their own way and in accordance with the form of government they themselves saw fit to establish. The forces opposed to Washington and his followers believed fundamentally that there could be no such thing as government by all the people. Some have thought that these two opposing theories were exemplified in Hamilton and in Jefferson. Such, however, is not the case. It is true that Hamilton stood for a strong central government, while Jefferson stood for the principle of States' rights, and that there were many irreconcilable views held by these two great men; but both were ever desirous of accomplishing the same end. They differed only in the method of attaining it.

Not so with the Whigs and Tories. They differed, not only in the method of governing the people; they differed fundamentally as to the kind of government. They differed with respect to the rights inherent in the people. With this in mind, it is easy to see what significance the triumph of the Revolution has for us today. Because, had the Revolution failed, democracy, from the American point of view, could easily have been lost forever. Of course, we know from history, as heretofore indicated, that this struggle had been going on for centuries, and it detracts nothing from the greatness of Washington to keep in mind that for a hundred years immediately preceding the Revolution, many things had been going on which made Washington's victory possible. For example: During that 100 years there had been great laxity on

the part of England toward the Colonies. During that time, Parliament had extended great political privileges to the Colonies. The Colonies had, in fact, enjoyed more liberty than any other people on the earth up to that time. The new environment in the new world had established new social conditions. Isolation from the Old World had created individual hatred of restraint. The absence of political traditions made possible the institution of representation by population—self-government had taken on a new meaning. It was the purpose of Washington and his followers to capitalize upon all these things to bring about a separation from the mother country in form as well as in reality; to make forever impossible a return to the idea of the divine right of kings as opposed to the idea of the divine right of the people to govern themselves.

Now, what I want to bring home to you is this: That Washington was inspired by a great principle, namely, the principle of democracy as opposed to imperialism; the principle that the true source of government rests in all the people, not in any one class of the people. His great contribution to America lies in the fact that he won a decisive victory for the triumph of this principle. He gave to the American people the right to work out their political, economic, and social welfare in their own way, without restraint from the mother country.

But, of course, Washington's victory, important as it was, did not end the struggle; because the real purpose was not only to make us free from England but free from any and all other forces which might destroy the ultimate triumph of social, political, and economic equality; and hence no sooner did we find ourselves free from the impositions of England than we awoke to discover that the same forces which had opposed the Revolution were assiduously engaged in attempting to gain control of our Government. We were not, it was immediately discovered, free from imperialism. Freedom had been declared by the Declaration of Independence—it was by no means attained. In fact, the fight must still go on, and the real greatness in Washington is to be found in what he did to attain freedom in fact for the American people after the war was won. He wholeheartedly supported the Constitution and its adoption. He fought valiantly for the preservation of the Union and the principles embodied in the American Bill of Rights, which is only another way of saying he stood for a form of government which had for its basic object and purpose the attainment of social, political, and economic equality.

Now do not be deceived into believing that the battle began by Washington has even as yet been won. The war for social, political, and economic equality is being waged just as bitterly today as it was in Washington's time. The Tories are just as much in evidence as they ever were. They have taken on many new names and have appeared under many disguises. But the genuine American cannot help but perceive that there is still the fundamental alinement of forces arrayed against each other today as there was in the latter half of the eighteenth century. Great factions have arisen in the United States which are very evidently seeking, not the triumph of social, political, and economic equality, but the triumph of their own faction. It is not, for example, an equal distribution of wealth that many of these factions want but a distribution of wealth which will give them social and economic security regardless of how their plan might affect other elements in our society which are equally worthy and equally necessary to our well-being.

Even our great political parties, I am sorry to admit, have not been free from these sinister influences of imperialism. Too many times in our political history since Washington have political parties been willing to destroy many of the sacred principles of democracy, if to do so would give them temporary political favor. Selfishness, not equality, has been the guiding motive. Personal gain, not the general welfare, has inspired too many of our political leaders during the past 50 years of our history. The great struggle between capital and labor is basically only a fight between the principles of imperialism versus democracy. When capital seeks to get control of the Government for its own welfare, or seeks to exert any undue influence over the Government, it is fostering the principles of imperialism and Toryism. The same is true of labor or of any other faction. Under the American form of government, we must have proper representation from all these factions, and each must exercise its proportionate share of influence, and no more. No one faction, and no set of factions, must ever be in control or exercise any disproportionate influence. Labor cannot unjustly impose its demands upon capital any more than capital can take from labor what is not justly due it. To do so is not Americanism. Such procedure is diametrically opposed to the very cause which Washington and his devoted followers gave their lives to save. This does not mean that labor should not fight for what is justly due it, nor does it mean that capital should not be given every consideration which is due to it. But it does mean that neither one must be unjust to the other; and any government which permits this is not being true to the fundamental principles of the American Constitution and to the principles for which Washington fought.

What is true of capital and labor is equally true of the farmer. How far should the Government go in giving aid to the farmer? What should it do with respect to aiding the unemployed and those on relief? What should be its attitude toward the manufacturer, or to any other group which forms a part of our social and economic structure?

In America there can be but one answer to this vital question. Namely, that no group, no matter how powerful it may be as a group, should be permitted to use the Government for the perpetuation of its ideas or purposes when to do so would work injustice to any of the other groups. Under the American conception of government, neither the farmer, the laborer, the capitalist, or the manufacturer, or any other group, can be permitted to enjoy any undue advantage on the great highway which leads to social and economic equality. The American ideal requires that we all travel together. When the speed of one group is slowed up, the speed of all the rest must be proportionately retarded. Such an ideal requires every citizen, no matter what interests he may have in the progress of his own group, to have a still deeper interest in the advancement of all. We must constantly renew our covenants to this ideal, and we could have no finer opportunity for doing this than is afforded by this occasion.

Every genuine American must work for an equitable distribution of the wealth of this great Nation. He must work for an equitable wage based upon a reasonable number of working hours per week. Capital and labor both must bear in mind that individual and political selfishness is opposed to political and economic equality. And when we speak of political and economic equality in America, we do not mean, as heretofore pointed out, political and economic equality as applied to any one faction or group. We mean political and economic equality as applied to the entire Nation. And, therefore, just as long as injustices and inequalities exist among any of the various groups of our citizenry, every genuine American must be ever ready to put on his armor and do battle against these injustices. And the only armor he needs, the only armor which should be recognized in America, are the ideals for which Washington fought, the ideals of government as embodied in the Declaration of Independence and the Constitution.

What we need today are men who are deeply imbued with these ideals; men who possess more of the character of Washington; men who are thrilled with the basic ideals embodied in our American form of government; men who will, never for a moment, think of either personal or factional gain when to do so would conflict with our true, American ideals.

To me the great value and significance of this occasion is that it brings vividly to our minds the noble character of Washington and the great ideals for which he stood. To forget him and to forget those ideals is to forget the Declaration of Independence and the Constitution, and to do this is to undermine and destroy the principles for which Washington so nobly stood.

May we not conclude by reading two great tributes to the character of Washington from two of our prominent writers. John Lord said of him:

"Washington had what is as rare as transcendent genius—he had a transcendent character, united with a marvelous balance of intellectual qualities, each in itself of a high grade, which gave him almost unerring judgment and remarkable influence over other minds, securing veneration. As a man he had his faults, but they were so few and so small that they seem to be but spots upon a sun. These have been forgotten; and as the ages roll on mankind will see naught but the luster of his virtues and the greatness of his services."

James Truslow Adams in his Epic of America pays him this wonderful tribute:

"In the travail of war and revolution, America had brought forth a man to be ranked with the greatest and noblest of any age in all the world. There have been greater generals in the field and statesmen in the Cabinet in our own and other nations. There has been no greater character. When we think of Washington, it is not as a military leader, nor as Executive or diplomat. We think of the man who by sheer force of character held a divided and disorganized country together until victory was achieved, and who, after peace was won, still held his disunited countrymen by their love and respect and admiration for himself until a nation was welded into enduring strength and unity * * *. Without him the cause would have been irretrievably lost, and the thunder of the orators would have rumbled long since into forgetful silence. When the days were blackest, men clung to his unfaltering courage as to the last firm ground in a rising flood. When, later, the forces of disunion in the new country seemed to threaten disruption, men again rallied to him as the sole bond of union. Legacy to America from these troubled years, he is, apart from independence itself, the noblest heritage of all."

Undistributed-Profits and Capital-Gains Tax

EXTENSION OF REMARKS

OF

HON. ALBERT G. RUTHERFORD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 30, 1937

Mr. RUTHERFORD. Mr. Speaker, since coming back to Washington for this special session I have received numerous letters from small manufacturers complaining about the undistributed-profits and capital-gains tax and they all have stated that it had had a serious effect upon their business and all stated that the tax should be repealed or modified greatly. This morning I received one letter which I believe the Members of Congress will be interested in because it

gives a concrete example of how this tax works. The following is the letter:

NOVEMBER 22, 1937.

Representative ALBERT G. RUTHERFORD,
House of Representatives, Washington, D. C.

DEAR SIR: As you will note, this company has been an operating industry in the State of Pennsylvania since 1876 and during the years of its existence it has provided the means of livelihood for from 200 to 1,200 heads of families.

It is an indisputable fact that if the undistributed-profits and capital-gains tax had been in force prior to 1930, we would now be in the graveyard of inactivity. By the same token, if these tax laws are allowed to remain on the statutes, corporations such as ours will inevitably fall by the wayside when the next period of depressed business comes to pass; and make no mistake, that regardless of all the fancy "doo-dads" which have been or will be proposed by Washington, the cycle of depression will come about at some future date.

We are no different than hundreds of corporations, not only in this State but all over the country, and we have no hesitancy about giving you a concrete picture of our situation.

At the close of business 1930, this company had prudently put aside a back-log in cash and securities of $300,000. During the subsequent 5 years, in order to remain in business and to provide employment for its old employees, the company used $275,000 of this reserve fund. A very small portion of these funds was used for capital expenditures in an effort to maintain our position in this industry.

It is essential from any sane and sensible point of view, if this company can earn a profit, that it be permitted to again reestablish its reserves to make it possible for it to weather another storm. It is further necessary that we have the opportunity of putting some of our profits into capital expenditures without jeopardizing our cash position.

Capital expenditures are a necessary part of progress, and the lack of them will do more to cause a depression than any other one factor. It should be a simple matter of arithmetic for you to realize the utter impossibility of a company making capital expenditures and at the same time paying dividends amounting to practically all of its earnings in order to escape an unjust tax. No prudent manufacturer will permit this, for the simple reason that by so doing he jeopardizes the cash position of his business and cuts his working capital to a point where he no longer can meet his obligations in an adequate manner.

The officers and directors of this company have no right to declare a dividend on its earnings this year, nor is there any justice in subjecting this company to an exorbitant tax for the retention of these funds in its business as a working capital.

Many corporations and small businesses find it inadvisable and impossible to disturb their cash position, with the result that dividends will be paid to stockholders in stock other than that on which the profits are made or in long-term notes which may or may not be interest bearing. Is it, in your opinion, fair that the stockholders of these small corporations be subjected to an income tax on this character of earning.

The first consideration of this special session of Congress should be the repeal or the modification of these tax laws. This is no time to be discussing antilynching laws and long-term farm programs and the like. Rather it is the time for immediate and concrete action on the laws which have more to do with the present business recession than any other factor.

Repeal is preferable, but if modification is deemed advisable we would suggest that corporations such as ours be permitted to create a backlog of cash surplus to the amount equaling a considerable percentage of its capital stock.

These tax laws should have your attention now—not next year.

Hoping for your cooperation, we are,

Yours very truly,

HENRY H. SHEIP MFG. CO.,
E. F. JOHNSTON, JR., *President*.

Mr. Speaker, it is small companies like the above that are the employers of labor all over our country. When they are busy and in a healthy going condition the country is in a prosperous situation. When they are slack, business throughout the country is bad. These small manufacturers want Congress to relieve them of this obnoxious tax, not next year, but now. Business is the goose that lays the golden egg of prosperity. The President for the past 4 years has been chasing the goose all around the lot with a big stick and yet wondering why it did not continue to lay eggs. He evidently has found out that fowl seldom lay when on the run and frightened, so he has stopped swinging his big stick and has thrown out a little corn of promises with the hope that the goose—business—will get back on the nest and start laying again. However, business has been fooled so many times that it is a little skeptical. The situation reminds me of an old fellow who was called as a witness in court, and he was asked about the truth and veracity of one of his neighbors. The old fellow, with a squint in his eye, looked at the lawyer and said, "I don't know nothing about his truth and veracity, but I do know that when he wants his stock to come for feeding that he has to have his hired men call them." Perhaps, if the President would allow his men in Congress to get busy at once and repeal this tax, then the businessmen of the country would believe that he really wants to cooperate with them. Let Congress act now and not wait until next year.

Reduce the Premiums for Insured Institutions

EXTENSION OF REMARKS
OF
HON. BRENT SPENCE
OF KENTUCKY
IN THE HOUSE OF REPRESENTATIVES
Tuesday, November 30, 1937

ARTICLE BY HON. BRENT SPENCE, OF KENTUCKY, IN THE CURRENT ISSUE OF THE AMERICAN BUILDING ASSOCIATION NEWS, ON THE BILL H. R. 6929

Mr. SPENCE. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following article written by me, appearing in the current issue of the American Building Association News, on the bill H. R. 6929:

REDUCE THE PREMIUMS FOR INSURED INSTITUTIONS

(By the Honorable BRENT SPENCE)

H. R. 6929 which I introduced in the Seventy-fifth Congress would amend section 4 of the National Housing Act which established the Federal Savings and Loan Insurance Corporation insuring the savings of the public in savings and loan associations, building and loan associations, cooperative banks, and homestead associations. The amendment would reduce the premium charged insured associations by the Corporation from one-eighth of 1 percent of the total amount of the accounts of the insured members and creditor obligations of the insured institutions to one-twelfth of 1 percent. It would also provide that the Insurance Corporation out of its premium income would pay for all regular examinations of insured institutions made by the Insurance Corporation. In both of these respects it follows the precedent of the Federal Deposit Insurance Corporation and the insurance of bank deposits.

One need only reflect on the banking difficulties from 1930 to 1933 and, in fact, during much of the previous 10 years as well, to be convinced that associations should not pay a higher rate than should banks. Ideally the insurance premium rates paid by all these financial institutions should be based upon actuarial experience. As a practical matter there is no such ideal solution as to rate because in both cases it is improbable that there will be an exact repetition of previous experience.

Lending practices have changed, supervision in the future will be different from what it has been in the past, and no business cycle which is the major cause of losses is exactly like any previous one. We may reasonably expect under the constructive laws providing for insurance of financial institutions, recently enacted, that these business cycles affecting such institutions may not occur or if they should occur they will come with diminished severity.

Consequently, as a general proposition, there are no convincing figures as to just what the rate paid by banks or that paid by savings, building and loan associations should be, but savings and loan associations certainly warrant as favorable a rate as that paid by banks. The premium rate termed an assessment rate in connection with the Federal Deposit Insurance Corporation is one-twelfth of 1 percent of the bank's deposits.

Actual losses of the public in building and loan associations have been surprisingly low. Only 34 building and loan associations failed in the period from 1878 to 1920. Accurate figures of failures and losses have been kept since 1920. Complete figures for 1936 are not yet available, but losses last year were almost certainly less than in the previous 3 or 4 years. In the period from 1920 through 1935 the average percent of loss to total resources of all building and loan associations was 0.12152. This period covers the depression of 1920 and 1921, the period of prosperity in the 1920's, and 4 years of major depression.

It should be kept in mind that these are figures for all the associations in the country—good, bad, and indifferent. The Federal Savings and Loan Insurance Corporation does not by any means insure all of the associations. It is very selective about the institutions which it insures and is taking only those of known solvency and with some reserves.

When an institution which has always made loans on the average man's home comes through the worst depression in history and at the end of it is of unquestioned solvency and still has a reasonable reserve position, there is no question about its high quality and future solvency. That is the kind of institution which the Insurance Corporation is insuring. It doesn't merely

blanket the savings and loan associations as the F. D. I. C. blanketed the commercial banks of the country.

Actually the Federal Deposit Insurance Corporation is taking a much greater risk in insuring bank deposits than is the Federal Savings and Loan Insurance Corporation in insuring the accounts of savings, building and loan associations. This is because the F. D. I. C. in effect insures the liquidity of commercial banks as well as their solvency. A perfectly solvent bank could be closed because of lack of liquid assets and the F. D. I. C. would be liable to its depositors, with the loss that is likely to result when even good assets must go through a forced liquidation. This insurance of liquidity will probably be as large a source of loss to the F. D. I. C. as is the insurance of solvency.

The Federal Savings and Loan Insurance Corporation insures only solvency and not liquidity. It will not become liable if one of the institutions which it has insured becomes unable to pay on demand, and accordingly there would be considerable justification for the savings and loan premium rate being even lower than that paid by banks. It should certainly be as low. Only long-run experience will give the final answer, but I would guess that half the risk involved in the F. D. I. C. comes from this insurance of liquidity in addition to insurance of solvency.

The risks assumed by the Federal Savings and Loan Insurance Corporation are being consistently lessened by the substantial increase in reserve accounts of associations throughout the United States. In the period from 1931 through 1935, for example, the surplus and undivided profits account of all associations increased from $274,000,000 to $615,000,000, an increase in that period of $341,000,000, or nearly 125 percent, and this in a period when these associations, like all financial institutions, had some losses to absorb before their reserves could be increased. It seems clear that associations of the well-managed, high-quality type which the Insurance Corporation is insuring are definitely embarked upon a policy of increasing their own reserves and thus consistently lessening the likelihood of losses to be absorbed by the Insurance Corporation.

Actually the Insurance Corporation is accumulating substantial reserves against another depression. To date I am informed that they have received in insurance premiums over $2,000,000 and their losses have been less than $1,000. With the present extent of their operations, they would have a lot of room to absorb additional losses, but their premium income is consistently increasing and there seems no probability of anything except a very negligible amount in losses for quite a long time in the future, and there seems to be no real reason why tremendous reserves should be accumulated at the expense of these institutions and the public, which saves this money in them in excess of what the requirements may reasonably be anticipated to be. This is especially true since the Insurance Corporation has the right to make an additional assessment of one-eighth of 1 percent annually against the institutions which it insures, and would continue to have the right to make an assessment of one-twelfth of 1 percent under the terms of this bill. Accordingly the Corporation could raise one-sixth of 1 percent in premiums and assessment each year under this bill, and in view of the loss record of these associations previously cited that would certainly seem adequate to take care of even more dire emergencies than were encountered in the early 1930's.

There can be reasonable difference of opinon as to what any of these rates should be, and 2 years ago the Federal Home Loan Bank Board felt that the premium rate should be one-fourth of 1 percent with the possibility of an additional assessment of one-fourth of 1 percent, or a total of one-half of 1 percent per year. It seems clear now that this original rate was entirely too excessive and the record of the Insurance Corporation to date, their selectivity in the associations which they insure, the accumulation of reserves within the associations themselves, the long term safety record of building and loan associations, as well as the present discrimination between banks and associations in favor of the banks so far as their premium rate is concerned, all suggest the advisability of amending the law to provide for the lower rate as indicated in this bill.

So far, associations holding only about 24 percent of the total savings, building and loan assets of the country have had their accounts insured. The fact that the premium rate is so high, especially as compared with that charged commercial banks, is one reason why more institutions have not insured. They feel that in view of the cooperative record of the two types of institutions they have been discriminated against.

Another reason why many institutions are not insuring is the duplication of examination and especially of cost of examinations in the case of an insured association, and section 2 of this bill is intended to correct this situation. Here again the precedent of the Federal Deposit Insurance Corporation is followed inasmuch as the F. D. I. C. absorbs the cost of any regular supervisory examination which it may make of an insured bank rather than placing this additional charge on the banking institution.

At present State chartered savings, building and loan associations are examined by their State supervisory authorities, and of course they must pay for this examination as well. In the case of many associations the cost of this additional examination made by the Insurance Corporation, plus the high premium rate for the insurance itself, mounts up so that the directors and managers have felt that the institution was not justified in taking on this additional annual financial burden.

It would be different if the examination by the Insurance Corporation was the only one for which the association had to pay, but in practically every State it must also pay for an exhaustive examination by the State supervisory authorities, and since the State authorities have primary responsibility to check into the condition and practices of the association it is quite proper that they should make such examinations. Thus the charge for the one made by the Insurance Corporation merely becomes an added burden.

This bill refers only to the ordinary examinations, it does not apply to special examinations because of defaults or anything for which the association itself is primarily responsible. If the institution's operations are such that it does require this special attention, it will continue to be charged for it.

Here again, on this matter of examination, since commercial banks do not need to pay an additional charge for regular examinations of F. D. I. C., it does seem to be discrimination to place such a charge on insured savings and loan associations.

There is no doubt that this insurance has come to stay and that the desire for it will increase as time goes on.

The uninsured association certainly will in the future have difficulty in competing with the insured one. Insurance does not guarantee earnings and in the case of building associations does not guarantee liquidity. The Federal Savings and Loan Insurance Corporation guarantees the safety of the investment plus credited earnings up to $5,000 for each investor.

If and when an association is taken over for liquidation, it protects the investor by giving him an opportunity to immediately obtain a similar account in a going institution in the same amount of his account in the closed one—the same long-term investment which he originally made with similar rights in all respects in an institution also insured. If he does not choose that alternative it gives him 10 percent in cash and the balance in debentures of the Insurance Corporation—one-half due in 1 year from the date of default and one-half due in 3 years from the date of default.

While at the present time these debentures do not bear interest, it is possible that by amendment of the act this may be changed in the future. However, the investor will not be compelled to wait until his debentures mature before he receives the money. These debentures will be readily salable and if he desires immediate cash he should have no trouble in marketing his debentures.

The financial statement of the Insurance Corporation at the close of business on June 30, 1937, showed total assets of $108,985,895.69. One hundred million dollars, which represents the capital, is invested in 3-percent H. O. L. C. bonds, which are guaranteed by the United States Government. In addition the Corporation holds as investment other H. O. L. C. bonds, also guaranteed by the United States Government, in the sum of $1,867,000 and United States Government bonds in the amount of $5,764,500. Reserve funds already provided amount to $842,000, and the net income from July 1, 1936, to same date 1937 was $1,253,845.98. Of these assets $6,000,000 are being held as special reserve for contingencies, one of which is its ultimate use in the payment of dividends to the H. O. L. C.

The present market value of the bonds held by the Insurance Corporation is actually more than $2,000,000 in excess of the figures which are carried in the report. The losses have been approximately $2,000. In the light of these facts there cannot be any question of both the financial strength and liquidity of the Insurance Corporation.

One of the chief purposes of the insurance of shares is to reestablish the confidence of the people in the savings and loan type of associations. This it has rapidly done. The Insurance Corporation has made steady and substantial progress. On July 15, 1,772 associations had been insured. One thousand, one hundred and twenty-eight of the 1,772 associations were old-established institutions. The total assets of all insured associations was $1,439,066,023 and the total number of investors protected was 1,500,977, which merely refers to individual investors and does not include the protection of the family which would probably be five times that many persons.

We may also emphasize the fact that the Federal building and loan asscciations make but one kind of loan, that is, a character loan since those who apply for loans are investigated as to their capacity to pay and their reputation in the community. The loan is also based upon the best security in the world, namely, the home.

The average normal man when he is confronted by the danger of having all of his possessions swept away will make the most determined effort to save his home. No security could be so good. We may also call attention to the fact that there is no agency in our country that has done more for the public weal and the stabilization of our institutions than the savings and loan associations which have made it possible in many sections of the Nation for our urban areas to be largely populated by home owners.

If it were not for the manner in which these institutions had assisted the people to accumulate sufficient to buy homes and had stimulated the ambition of the small wage earner to be a home owner, the character of our people would be entirely different.

The home is the great school of discipline and good citizenship. It is the strongest pillar of our Republic. It is the greatest influence against dangerous tendencies. In the happy home you will always find a spirit of law and orderly processes of government. When we consider this character of legislation we should give no little weight to the purposes it has in view—to the stimulation it will give to the building and loan associations. They should not be burdened with higher insurance rates than the banks whose character of loans is largely dependent upon the judgment, associations, or favoritism of those who administer its affairs.

While comparisons are invidious and while we are dependent upon both character of institutions, certainly without actuarial experience as to either class of insurance no discrimination should

be shown against the savings and loan associations. Those who administer the Federal Savings and Loan Insurance Corporation are opposed to this reduction, but this is but an evidence of the constant tendency of those who administer the various agencies of the Government to strive for the acquisition of more power and greater earnings, and against any favorable change to those who should be the beneficiaries of the law.

It is seldom indeed that we ever hear anyone connected with the bureaus of the Government advising that its incomes should be decreased or its powers diminished. They would like to accumulate immense reserves at the expense of the borrowers and depositors of the savings and loan associations. Any increase in the reserves of the Federal Savings and Loan Insurance Corporation above the actual requirements will entail a hardship on the patrons of the savings and loan associations, which they should not be compelled to bear.

The reaction to the bill from those who operate the insured associations has been distinctly favorable. No thoughtful man who has the interest of these institutions at heart would contend for any less premium than will insure solvency to the Federal Savings and Loan Insurance Corporation, but it is reasonable that the insured institutions should also be opposed to paying excessive premiums that will result in the accumulation of excessive useless reserves. Certainly in the light of the fact that we have no actuarial experience the building and loan associations are justified in demanding as favorable treatment as the banks receive under the Federal Deposit Insurance Corporation law.

While we have admitted we have no adequate actuarial experience in regard to the insurance of building and loan associations we can predict with reasonable assurance that under the operation of the Federal Savings and Loan Insurance Corporation, which not only furnishes adequate insurance, but also supervision and thorough periodical examinations of insured associations, failures in the future will be greatly reduced and losses much diminished.

This will not only result because of the beneficial activities of the Federal Savings and Loan Insurance Corporation, but also by reason of the faith and confidence those who deal with these associations will have because of their knowledge that their savings in the institutions are secure.

The soundness of the Federal Savings and Loan Corporation must be maintained. No action should be taken which would reduce its premium income or increase its expenses so that there would be any question about the solvency of the Corporation itself or any question about absorbing losses except through premiums or assessments paid by the insured institutions. The facts so far as they are available corroborate the belief that the premium and assessment rate can be reduced, and the regular examination costs can be absorbed by the Corporation with its financial soundness unimpaired and at the same time place it on a parity with the Federal Deposit Insurance Corporation.

South Carolina—The Palmetto State

EXTENSION OF REMARKS

OF

HON. HAMPTON P. FULMER

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 30, 1937

Mr. FULMER. Mr. Speaker, I appreciate the opportunity of saying something about my State, South Carolina, at this time. We have in South Carolina wonderful natural resources and possibilities and it is my firm belief that the years will not be many before this great State will take that place in the Union that she so richly deserves financially and otherwise.

I want to call to your attention some interesting facts about the Palmetto State that you should know about with the hope that you and your people will pay us a visit and ascertain for yourself the wonderful, old-time southern hospitality that awaits you, and the great possibilities awaiting those who want to invest and spend an enjoyable life where the climate is "just wonderful" the year round.

INTERESTING FACTS

South Carolina was the eighth State to come into the Union. It was admitted May 23, 1788.

The name "Carolina" was derived from the Latin word "Carolus." The grant made by Charles I, of England, in 1629 to Sir Robert Heath was named "Carolana" in honor of the King. In 1663 Charles II gave the land, under the name of "Carolina" to eight noblemen known as the lords proprietors.

"The Palmetto State" is the nickname. It is also known as the wonderful iodine State because of the iodine in its milk, fruits, and vegetables.

The United States Census of 1930 gives the population as 1,733,765—white, 944,040; Negro, 794,725.

The State has an area of 30,495 square miles, or 19,576,800 acres.

Normal temperature for State, 63°, with 47° as normal winter temperature.

Normal rainfall varies from 45 inches along the northern coast to 61 inches in the mountainous section.

Snow is rare in many sections of the State.

South Carolina was the first State to plant rice and indigo for sale.

The first tea farm in America was at Summerville—known at present as the flower town among the pines.

The first landscaped garden in America was Middleton Garden—today a mecca for beauty lovers.

The first free library in America was started in Charleston about 1695. It was taken over by the Province of South Carolina in 1700 and any person in the Province could go to Charleston and read or withdraw the books. The library was destroyed by fire in 1840.

The first public museum in America was organized January 12, 1773. In 1915 it became the Charleston Museum.

The first ship built in America to cross the Atlantic Ocean was a light sailing vessel built by the Huguenots at Port Royal. The Huguenots used it to return to France in the winter of 1562–63.

The first steam locomotive in the United States was the "Best Friend," built for the South Carolina Railroad.

The first separate building in America for a college library was at the present University of South Carolina.

The first free schools for Negroes were founded in Charleston as early as 1740.

South Carolina was the only State in the Union whose signers of the Declaration of Independence were all natives of the State and college men, educated abroad.

The largest earthen dam in the world, for water power purposes, is located on the Saluda River 10 miles above Columbia.

The largest Carneau (pigeon farm) in the world is in Sumter.

South Carolina was the first State to secede from the Union, December 20, 1860, and the first shot of the War between the States was fired in Charleston harbor.

A unique fact about the State is that it is the only State in the Union which has no divorce law.

The kraft paper mill in Georgetown, with a capacity of more than 625 tons daily, is the largest of its kind in the world.

Six Congressional Medals of Honor were awarded to men from South Carolina for meritorious service during the World War, the largest number, based on percentage of soldiers and size of area, awarded in any State.

LEGAL HOLIDAYS IN SOUTH CAROLINA

January 1, New Year.
January 19, Lee's Birthday.
February 22, Washington's Birthday.
May 10, Confederate Memorial Day.
June 3, Jefferson Davis' Birthday.
July 4, Independence Day.
First Monday in September, Labor Day.
October, Thursday of State fair week.
First Tuesday in November, general election day.
November 11, Armistice Day.
Fourth Thursday in November, Thanksgiving Day.
December 25, Christmas Day.

STATE FLOWER—YELLOW JASMINE

The yellow jasmine was officially adopted by the general assembly February 1, 1924.

STATE BIRD

Although South Carolina has not officially designated any particular bird, the mockingbird is found in all parts of the State.

SHRUBS AND COMMON TREES

Fruit trees: Apple, cherry, fig, peach, pear, plum, and pomegranate.

Shrubs: Honeysuckle, Judas-tree, mockorange, mountain laurel, myrtle, pepper bush, redroot, wild azalea, wild olive, yellow jasmine, obelia, and nandina.

Commercial trees: Ash, bay, beech, black gum, black walnut, birch, catalpa, cedar, cherry, chestnut, cottonwood, chinquapin, cypress, dogwood, elm, hackberry, hawthorn, hickory, hemlock, holly, linden, locust, magnolia, maple, mulberry, oak, palmetto, persimmon, pine, poplar, red bud, sassafras, sourwood, sweet gum, sycamore, tulip, and willow.

THE FLAG

The South Carolina flag was designed by Col. William Moultrie in 1775 and was adopted, with the addition of the palmetto tree, as the State flag in 1777.

The background is a beautiful blue with a crescent and a palmetto tree on it. In 1775 Colonel Moultrie was defending a fort on an island near Charleston and his men wore blue uniforms with silver crescents decorating their blue caps. His design for the flag was a compliment to them.

The next year, 1776, the British attacked the fort, which was made of soft palmetto logs, on Sullivan's Island. The cannon shots, instead of passing through, sank into the soft logs and were stopped. This kept the enemy from taking the fort, and the picture of the palmetto tree was added to that of the crescent on the flag.

Fort Moultrie is named for the general who so ably defended it, and who also designed the flag.

The flag should be displayed daily, except in rainy weather, upon the statehouse, and every courthouse, and each State college, and upon the inside of every public school building except when closed for vacation. The statutes prescribe that Clemson College shall manufacture State flags and sell them at approximate cost.

STATE SONG "CAROLINA"

[Words by Timrod. Music by Anne Custis Burgess]

(Adopted by the General Assembly February 11, 1911)

Call on thy children of the hill,
Wake swamp and river, coast and rill,
Rouse all thy strength and all thy skill,
Carolina! Carolina!

Hold up the glories of thy dead;
Say how thy elder children bled,
And point to Eutaw's battle-bed,
Carolina! Carolina!

Thy skirts indeed the foe may part,
Thy robe be pierced with sword and dart,
They shall not touch thy noble heart,
Carolina! Carolina!

Throw thy bold banner to the breeze!
Front with thy ranks the threatening seas
Like thine own proud armorial trees,
Carolina! Carolina!

Girt with such wills to do and bear,
Assured in right, and mailed in prayer,
Thou wilt not bow thee to despair,
Carolina! Carolina!

[NOTE.—These five stanzas are selected from the poem "Carolina" by Henry Timrod, the laureate of the Confederacy.]

THE SWORD OF STATE

This sword hangs from the front of the senate rostrum during daily session of the senate and is carried by the sergeant at arms on all state occasions. It was made in Charles Town (Charleston) and bought May 5, 1704, for £26 11s 3d ($129).

MACE

The mace is the emblem of authority of the house of representatives. Whenever the house officially attends in the senate chamber, and upon state occasions, the mace is always borne at the head of the procession. It was made in London in 1756 and is solid silver with gold burnishing. It is possibly the only mace in use in the United States which antedates the Revolution. It was used by the commons house of assembly until the Revolution.

CONSTITUTIONAL GOVERNMENT IN SOUTH CAROLINA

Governmental authority in South Carolina is derived from a constitution which was adopted in 1895. It provides for three separate and distinct departments known as the legislative, executive, and judicial, and prohibits the exercise of powers of one department in the functions of another.

The legislative power (article 3) of the State is vested in the general assembly, which is composed of two branches known as the senate and the house of representatives. There are 124 representatives apportioned among the several counties of the State according to the population, and they are chosen by ballot every second year on Tuesday after the first Monday in November by citizens qualified to vote.

The senate is composed of one member from each county, elected in the same way as the representatives, but for a term of 4 years. Elections take place during even years, and senators are so classified that about half of their number must be chosen every 2 years; thus, the senate can never be composed of all new members.

The general assembly meets every year on the second Tuesday in January in Columbia, and the members receive a specified amount for their services extending over a period of 40 days. In more recent years the session has extended far beyond this specified time.

While it is in session the general assembly passes laws which the citizens of the State are supposed to observe for the best interests of all of the people. In order for a law to be passed or for a bill to become a law, it must be read three times and on 3 different days in each house, have the great seal of the State affixed to it, and be signed by the president of the senate and the speaker of the house of representatives. (Governor must sign unless it becomes law as specified below, over his veto or through the 3-day limit.)

The highest executive authority—article 4—of the State is the Governor, who is elected in the same way as the members of the general assembly. His term of office is for 4 years and he cannot succeed himself. A Lieutenant Governor is also elected at the same time with the Governor and if anything happens to the Governor, then he takes his place. The Lieutenant Governor is president of the senate and presides over all of its sessions.

The Governor is commander in chief of the militia of the State, except when they are called into active service of the United States. He has the power to grant pardons and commutations of sentences to prisoners, to require reports from all executive departments and boards of public institutions, to call into extra session or to adjourn the general assembly, to commission all officers of the State, to make recommendations to the legislature, to suspend public officers for reported misconduct, and to veto or sign all bills passed by the general assembly.

Whenever a bill passes the general assembly it must be presented to the Governor for his signature or his veto. If he neither signs nor vetoes it within 3 legislative days' time, it becomes law without his signature. A bill which the Governor vetoes may become law if two-thirds of the members of each house of the general assembly voting should vote in favor of passing it.

In addition to the Governor there are other executive officers elected by the people for a term of 4 years each year. They are the secretary of state, the comptroller general, the attorney general, the treasurer, the adjutant and inspector general, and the superintendent of education.

A whole article—11—of the Constitution tells about the State school system and its financial support.

The general assembly has the power to increase the duties of all these executive officers, and to establish new departments when necessary for carrying on the government's business.

Some of these departments already established include health; agriculture, commerce, and industries; highway department; tax commission; insurance commission; industrial commission; departments of game and forestry; public service commission; department of labor, and many others.

The power of the judicial department—article 5—of the State is vested in a supreme court which consists of a chief justice and four associate justices elected by the general assembly for the term of 10 years, the term of one justice expiring every 2 years so there are always experienced men serving. There is also a court of common pleas which has civil jurisdiction, and a court of general sessions which deals with criminal cases only.

The general assembly also establishes county and municipal courts which try cases of minor importance when, and if, a majority of those who are voting request it.

There are, in all, 17 articles in the constitution which give us our rights and guard our liberties. Every citizen, and that means every boy and girl, should know the organization of his government. It is the duty and the privilege of everyone to help make it better and to take advantage of, in an intelligent way, the opportunity guaranteed in article 1, section 1, which says:

All political power is vested in and derived from the people only, therefore they have the right at all times to modify their form of government.

THE CAPITAL CITY, COLUMBIA

In 1786, the State of South Carolina purchased 4 square miles of land according to an act of the general assembly for the location of the capital.

The town was then laid off in blocks so that there are exactly 10 to the mile. The streets all run parallel north and south or east and west and are 100 feet in width. Two avenues at the center are 150 feet wide. The great width of the streets lessens fire hazards, makes possible beautiful avenues of trees, and prevents traffic congestion to a great degree.

In and around Columbia are many interesting and attractive features. Among them are the rapids in the rivers which have led to enormous power developments, and textile manufacturing plants; Millwood, the boyhood home of Gen. Wade Hampton; the First Baptist Church in which the Secession Convention met December 17, 1860, organized and adjourned to Charleston; the University of South Carolina, the third State university organized in the United States and possessing the oldest college library in a separate building in the United States; the boyhood home and graves of the parents of Woodrow Wilson, America's World War President; and many beautiful old homes and gardens, as well as commodious new public buildings.

There are many educational institutions in the capital city in addition to the public schools, and the university already mentioned. They are Columbia College for Girls, Columbia Bible College, Lutheran Theological Seminary, Ursuline Convent, Epworth Orphanage, Allen University, and Benedict College for Negroes.

THE STATEHOUSE

The old statehouse, which was begun in 1786, was occupied in 1790 and used until the 17th day of February 1865, when it was destroyed by Sherman's troops. It was planned by the architect James Hoban, who later designed the White House in Washington, and was a large wooden structure. Prior to the burning of the old statehouse the legislature had made provision for the erection of a new one. For 3 years futile efforts were expended in this direction and then in 1854, Niernee, a native of Vienna, was selected as the architect for the new building. Finding both the plans and the material unsuitable, he tore down what had been done during the 3 previous years and started the present building which faces north and south across Main Street at its intersection with Senate and Gervais Streets. Wings extend to the east and west, the main floors of which furnish the large halls for the meeting of the two houses of the legislature.

The original plan called for completion within 5 years but interruptions and delays attended its construction. More than 10 years elapsed since its beginning and the burning of Columbia in 1865. The new building was not hurt during the invasion although it carries some scars made by shells from the cannon fired by the invading army. The greatest loss was in the old statehouse which was burned and with it all the valuable drawings, contracts, and plans of the new building, as well as Niernee's library of architectural and scientific books, engravings, and several thousand drawings.

At a cost approximating over $3,540,000 the building has progressed to its present proportions. The original plan, with the exception of the dome which replaces the "lofty and finely proportioned tower" supposed to rise through the center of the building, has been followed by the various contractors.

As the building now stands, it is an imposing, beautiful, and dignified Roman Corinthian style structure of granite.

IMPORTANT CITIES

Charleston, chief seaport of the Southeast and at one time the capital of the State, is a very old town, located on a fine harbor. Its history is filled with adventure and romance. In April 1670 some English settlers landed on the west bank of the Ashley River at Albemarle Point and began to build a fort and dwelling houses. The settlement was called Charles Town. Later a new site was chosen nearby on Oyster Point. Because the two rivers, the Ashley and the Cooper came together here the harbor was much better and boats could land more easily. Soon the whole settlement had moved across the river to the new site and it is the present city.

In addition to its interesting history and importance as a seaport, it has today many lovely houses and gardens. Visitors come from all parts of the world to see them.

Beaufort, at one time one of the richest towns in America, is the second oldest town in South Carolina.

The cities in the State which have a population of 5,000 or more are:

Charleston	62,265
Columbia	51,581
Greenville	29,150
Spartanburg	28,723
Florence	14,774
Anderson	14,383
Sumter	11,780
Rock Hill	11,322
Greenwood	11,020
Orangeburg	8,776
Union	7,419
Newberry	7,298
Gaffney	6,827
Aiken	6,033
Clinton	5,643
Darlington	5,556
Chester	5,528
Laurens	5,443
Camden	5,183
Georgetown	5,082
Hartsville	5,067

MOTTOES

"Animis opibusque parati" (prepared with minds and resources).

"Dum spiro, spero" (while I breathe, I hope).

CHIEF AGRICULTURAL PRODUCTS AND COMMERCIAL INDUSTRIES

Farming: Cotton, tobacco, and truck produce.
Farming.
Textile manufacturing.
Lumbering.
Hydroelectric-power production.
Fishing and marketing sea foods.
Canning foodstuffs.
Fertilizer manufacturing.
Mining: Gold, tin, kaolin, granite, and quarrying.
Poultry and pigeon raising.
Hog raising.
Fruit growing and marketing.
Shrubbery and flower nurseries.
Operation of tourist hostelries.
Paper manufacturing.

Prospect of a Constitutional Peace Amendment

EXTENSION OF REMARKS

OF

HON. LOUIS LUDLOW

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 30, 1937

RADIO ADDRESS OF HON. LOUIS LUDLOW, OF INDIANA, OVER THE COLUMBIA NETWORK NOVEMBER 29, 1937

Mr. LUDLOW. Mr. Speaker, by unanimous consent I present for publication in the RECORD the following radio address I delivered November 29:

In the opinion of the humble citizen who is addressing you, there is a very fair prospect that we shall witness before long the birth of a new constitutional amendment in the United States which will be the greatest achievement for democracy since the adoption of the Bill of Rights and which will round out and complete that immortal code of liberty. There is the most abundant and convincing evidence, supported by a great surge of public sentiment, to substantiate the belief that this new amendment is on its way.

The proposed new amendment is a peace amendment, especially designed to protect America from foreign entanglements and to keep our boys out of the slaughter pens of foreign wars.

As the author of this proposed peace amendment I beg your indulgence while I read its text to you. It proposes to insert in the Constitution the following provision:

"Except in the event of an invasion of the United States or its Territorial possessions and attack upon its citizens residing therein, the authority to declare war and to send armed forces to engage in war beyond the geographical limits of the United States shall not become effective until confirmed by a majority of all votes cast thereon in a Nation-wide referendum. Congress, when it deems a national crisis to exist, shall by concurrent resolution refer the question of war or peace to the citizens of the States, the question to be voted on being: Shall the United States declare war on ———? Congress shall otherwise by law provide for the enforcement of this section."

This constitutional amendment would give all of you who are listening to me the right to vote on the question of participating in foreign wars. Now you have no choice in the matter. When war comes you are hurled into the conflict, whether you like it or not. In America today we have a dual autocratic and popular control where popular sovereignty stops at the water's edge. In its foreign relations our Government is not a democracy but a pure autocracy. You can cast your ballot for constable or dog catcher; you can vote on the location of a pesthouse or a waterworks; but you have absolutely nothing to say about a declaration of war, the most important of all decisions, involving your most sacred rights and the lives of your loved ones. The amendment I am advocating would give you a vote on war, as well as on these relatively minor and insignificant things. The constitutional amendment I propose is based on the belief that if the people of America are given the right (which in a democracy ought to be conceded to them without question) to vote on participation in wars in other parts of the globe they will keep our boys out of foreign slaughter pens.

If this proposal to give the people a right to say whether our boys shall be sent into foreign wars is adopted by the Congress and ratified by the States, it will become the twenty-second amendment of the Constitution of the United States, but logically it should appear in that immortal document as amendment No. 11, at the close of the Bill of Rights, for the reason that it would insure to the people for all times the inestimable right which they do not now possess of being permitted to vote on declarations of war.

Let us review some of the guarantees of the Bill of Rights:

(1) Freedom of religious worship.
(2) Freedom of speech.
(3) Freedom of the press.
(4) Freedom to peaceably assemble and petition the Government for redress of grievances.
(5) Freedom from unreasonable searches and seizures.
(6) Freedom from cruel and unusual punishments.
(7) Trial by jury.

It is now proposed by my resolution to add to the Bill of Rights one more guarantee, as follows:

"No participation in foreign wars except with the consent of the people."

What could be more in harmony with the spirit and the purpose of the Bill of Rights than that the people shall have a right to say whether they shall sacrifice their sons and pour out their treasure in foreign wars? It is now time to complete the Bill of Rights by adding this proposed new amendment to the Constitution.

I believe that if it had not been for obvious and insuperable imperfections in the means of communication 150 years ago Jefferson and his compatriots would have made provision for a referendum on foreign wars in their cherished Bill of Rights. The only tenable argument ever made against the plan for a referendum on participation in foreign wars is the time required to take such a referendum, which, it is argued, would give an enemy nation the advantage.

That was a valid argument in 1837, but not in 1937.

In the early days of the Republic the railroad, the telegraph, the telephone, the radio, the airplane, were in the bosom of the unknown future. Even the pony express was as yet undreamed of. Letters mailed on the eastern seaboard were 6 months reaching the uttermost frontiers, if indeed they ever reached there at all. Now it is all different. The fast train roars its way across the continent in 100 hours, the airplane in 24. Sitting before a microphone in Washington the President talks to the entire Nation. Is it not plain that the only real objection ever made against a referendum on foreign wars, namely, that it would consume too much time, has been completely nullified by modern perfection in the means of communication?

The constitutional amendment I propose is based on the philosophy that those who have to suffer and, if need be, to die and to bear the awful burdens and griefs of war and to bind themselves and their children and their children's children with a century of unremitting toil to pay the costs of war, shall have something to say as to whether war shall be declared. What could be more elementally just than that? My proposed constitutional amendment would not impair our national defense in any way, in any sense, or in any degree. In the event America is attacked or invaded, the referendum would not apply.

A declaration of war is no idle and inconsequential thing. It signs the death warrant of our fine young manhood. Surely it is a matter of sufficient importance to entrust to the decision of all of our people, with women having equal voting rights with men, as is proposed in my resolution.

And why should not women have the right to vote on a declaration of war? War is the supreme calamity affecting family ties. It breaks up happy homes and tears heartstrings asunder. Women go down into the valley of the shadow of death to bring our boys into the world. Why should not they have something to say as to whether their flesh and blood shall be hurled into the hell of a foreign conflict? In every war, terrible as is the fate that awaits many men, women, I believe, are the worst sufferers. Of the 531 Members of Congress only 7 at this time are women, so you see, with the war power vested in Congress, how pathetically negligible and impotent is the opportunity afforded to give expression to whatever may be women's viewpoint on any particular war proposal. I would think that the women of America, who, after long and painful effort have acquired the right of suffrage, would arise in their might and demand a vote on war.

It would have to be a mighty good cause that would drag America into war under this constitutional provision. I believe it would keep us out of all foreign wars and, indeed, out of all wars, unless occasion might arise to wage a righteous war of defense, which is highly improbable. We are not a nation of aggressors, and the chances that some foreign power will come to our shores and attack us are about as remote as the probability that the moon will suddenly jump from its orbit and land on top of us. We will never have security from war and the awful fear of war in this country until the war power is democratized and vested with the people. That is where it ought to be, for that is where sovereignty abides.

America has lost confidence in the ability of diplomats to keep us out of war. When the war power is transferred to the people who have to do the dying and the suffering, we may look forward to an unbroken era of peace and freedom from foreign wars, when America may bind up the wounds of the last war and establish itself as an exemplar of righteousness among the nations of the earth. To promote the coming of this era of peace and good will is the purpose of the proposed twenty-second amendment of the Constitution.

One hundred and ninety-four Members of Congress, representing more than 50,000,000 American citizens, have signed a petition now at the Speaker's desk to bring my peace amendment before the House for a vote. The congressional delegations from 15 States have signed the petition solidly, and 40 of the 48 States are represented among the signers. The American War Mothers, whose sons sleep in France, are asking Congress to pass my proposal, so that—and I quote their language—"the women of the future may never know the anguish that has been theirs." A million workingmen, comprising the 21 railroad brotherhoods, are giving it valiant support. Countless thousands of parents and teachers and school children—the potential cannon fodder of the future—are urging it. The organizations supporting it—religious, educational, social, and fraternal—are innumerable. They see in it the one great hope to escape involvement in threatened war at a time when both the Occident and the Orient are aflame and we are likely to be dragged in at any moment.

In recent visits to universities in Ohio, Indiana, and other States I saw before me many fine young men whose faces bore the imprint of character and high resolve who desire under all circumstances to do their duty as God gives them to see their duty, and I think I know what they are thinking. I think they are thinking that they love their country and that they would pour out the last drop of their blood, if necessary, to defend it from attack or invasion, but they are resenting, just as I resent the idea, that if the world war, which seems to be imminent, comes, they will be conscripted and sent away to distant countries to die in foreign shambles. Such a thing will never happen if the people of America acquire the right to vote on a declaration of war.

The peace amendment to keep America out of foreign wars is more than a hope. It is a very definite prospect, but a great deal of hard work remains to be done to make it a reality. Only 24 more signatures of Members of Congress are required to bring the peace amendment before the House for a vote. You who are listening in can render the greatest service for peace you will ever have the opportunity to render if you will help to get those 24 signatures. I firmly believe that if my peace amendment is brought up for consideration in Congress it will pass, and that when it goes to the States it will be ratified, and that this new twenty-second amendment of the Constitution will make America a safer place for our children and our children's children and will stabilize through all the years to come the peace and security of our country.

Religious and Ethical Basis of the Rights of Labor—Economic Factors—The Movement, Not Organizations, Is the Important Thing

EXTENSION OF REMARKS

OF

HON. MAURY MAVERICK

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 30, 1937

SPEECH BY HON. MAURY MAVERICK, OF TEXAS, BEFORE A MEETING OF MACHINISTS' UNION, LABOR TEMPLE, SAN ANTONIO, TEX., SEPTEMBER 21, 1937

RELIGIOUS AND ETHICAL BASIS, RIGHTS OF LABOR

Mr. MAVERICK. Mr. Speaker, leaving Congress last session, we traveled on down to San Antonio, and when I arrived, there was much discussion among the labor groups of the C. I. O. and the American Federation of Labor. There was some misunderstanding, but no ill feeling whatever of individual members of labor organizations as against members of other organizations.

However, I determined to make a report to the labor organizations on conditions as I saw them. I spoke at the Labor Temple, headquarters of the American Federation of Labor, and frankly stated that I favored all labor organizations, the C. I. O. as well as the A. F. of L. and the four brotherhoods. The reaction was good. After discussing the matter with numerous members of organized labor, I concluded that the rank and file of the labor movement want the labor movement to succeed and want the C. I. O. and A. F. of L. to get together.

A stenographic copy of the speech that I made is as follows:

LABOR PROBLEMS FROM THE SUPREME COURT ON DOWN

Friends and fellow Americans, it is my pleasure to talk to you on the various aspects of the American scene. You are either members of a labor organization, or sympathizers with the movement. A majority of you belong to the Machinists Union, a high type of craft union in which skill, training, and intelligence is essential. To your organization and to any other labor organization, I offer my cooperation.

I shall divide my talk into several heads, and among them I shall speak to you about civil and religious liberty, the moral, ethical, and religious basis of the rights of labor; the actual labor movement today in America; economic aspects; and then I shall speak of what I call the new America, and legislation to be considered in the next session of Congress.

CIVIL AND RELIGIOUS LIBERTIES BASIS OF DEMOCRATIC GOVERNMENT

We must first understand that civil and religious liberties are the basis of our Government, and of any democratic government. We have recently been observing the one hundred and fiftieth anniversary of the Constitution of the United States. I shall only discuss that phase of the Constitution which deals with civil and religious liberty and the right of assembly.

The Constitution signed in Philadelphia in 1787 was adopted as an instrument of security for business, property, and life, and did not contain a Bill of Rights. Immediately after, however, a big cry went up for this Bill of Rights, and soon 10 amendments were adopted, and of which the first deals with civil and religious liberties.

It is not very long, and I shall take occasion now to read it to you in full:

"Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances."

Civil liberty is very simple. The Constitution grants this liberty to everyone. Some say radicals, Fascists, Communists, members of the Worker's Alliance—and sometimes, the C. I. O. [laughter]—should be denied these liberties. Of course we know, as all real Americans know, that is wrong. What distinguishes us from Fascist and Communist and other dictator countries is that we guarantee liberty to everyone, and that is the only way in which all of us can preserve it.

Remember, if we deny liberty to others, we will surely lose our own liberty. And using a thought from the Bible, it might be said that he who lives by the sword—or modern violence—will perish in the same manner.

RELIGIOUS, ETHICAL, AND MORAL BASIS OF THE RIGHTS OF LABOR

There is, my friends, a religious, ethical, and moral basis of the rights of labor. These rights have developed through the ages until now by experience and time every single church in America, and of course, of every Christian church in the world, not only recognizes but proclaims and demands the rights of labor.

Let us read, for instance, what the Quakers say in the World Conference recently held in Swarthmore, Pa. You know the Quakers are a simple people, believing in peace and justice.

He is what they say:

"Payment of unemployment benefits should be as legitimate a charge against the receipts of business as is the payment of dividends to absentee stockholders," the report holds.

"There is no valid reason why the Red Cross or the Community Chest should be required to support industrial workers when new machinery is installed or during seasons of slack employment."

"Capital needs to be protected from its own greed or shortsightedness. In the long run, the upper tenth of our population cannot be secure in prosperity with 60 percent of the population living on incomes below the poverty line."

This statement is made by a very conservative and reasonable people after much thought. Had I said this myself, or had any member of the labor organizations said it, we would probaby have been charged with being "radical."

POPE PIUS XI—CONDITIONS NEED "A RADICAL AND SPEEDY REFORM"

And speaking of radicalism, there are many documents of the Roman Catholic Church whose thoughts, if followed, might forestall this same radicalism. It would be wise for all persons to read the encyclical of Pope Pius XI, entitled, "On the Reconstruction of the Social Order," wherein he said that solid Christians had come to the conclusion that harsh conditions "needed a radical and speedy reform."

This remarkable document speaks of people "who are isolated and helpless, surrendered to the hard-heartedness of employers, and the greed of unchecked competition." These words were quoted from an encyclical 40 years before by Leo XIII, and which are repeated in the latest encyclical. Organization, collective bargaining, are specifically recognized. The expansion of modern industry, and the "sacred rights of the workingmen" are referred to, and laws are specifically approved concerning "the soul, the health, the strength, the housing, workshops, wages, dangerous employment," and there is added "with particular regard to women and children."

One of the important parts of this encyclical indicates the working classes must learn "to defend their temporal rights and interests energetically and efficiently," but states that they should have due respect for justice and a sincere desire to cooperate with other classes, meaning, of course, business and commercial classes.

Not alone does this encyclical approve of labor organizations but also approves of farmers' organizations, hoping that they will "combine economic advantages with mental culture."

ENCYCLICAL—"TWOFOLD CHARACTER OF OWNERSHIP"

Of great importance is the fact that in this encyclical reference is made to the "twofold character of ownership," which is described as individual and social, being for the person's "own advantage, but also for the common good." Then it said specifically "to define in detail these duties when the need occurs and when the natural law does not do so is the function of the government."

The encyclical says specifically that land, and, of course, property, can only be owned when used in harmony with the interest of the public good. It is effectively explained that unless justice is given with energy and without delay that "the tranquility of human society" cannot "be effectively defended against the forces of revolution."

This encyclical is reaffirmed in the recent joint pastoral letter of the Catholic bishops of the province of San Antonio, which covers Oklahoma and Texas. In that document collective bargaining is specifically recognized as a Christian right. There are other Catholic documents, such as one known as Organized Social Justice, printed by the Social Action Department of the National Catholic Welfare Conference. It, too, reaffirms the rights of labor and says, "the right of a family living wage is a fundamental of Catholic social teaching."

CHURCHES OF CHRIST OBSERVE RIGHTS OF LABOR

The Federal Council of the Churches of Christ, composing practically every Protestant Church in America, have said the same thing in slightly different language. They too approve the rights of labor, protective social legislation and collective bargaining.

In this we must not forget that the Government of the United States has lately taken the same stand as of all the churches. More, the laws have been specifically written and adopted.

Belatedly, but nevertheless surely, the Supreme Court of the United States has also approved these laws.

So every interest, religious and civil, approve of the rights of labor in the manner I have explained.

SOME INDUSTRIALISTS SET THEMSELVES ABOVE GOD

Now, my friends, this is no time for personalities, but as you know, there are many employers, and some very large ones, who consider themselves entirely above the law of both man and God. In spite of the authorities I have quoted you, they set themselves as superior to legal, moral, and ethical law. In the encyclical of the Pope, it is said: "These men either slander a doctrine of which they are entirely ignorant," or are "open to the charge of base injustice and ingratitude."

My friends, I therefore say to you that from every viewpoint, even of financial profit, which I shall prove later on—from every viewpoint, the church or the state, common sense or decency, organization is the proper thing for the American people. [Applause.] I therefore urge all persons, whatever their station of life, to proceed upon the principle that to organize is not only in itself legal and just, not only the proper thing to do for the individual, but the unselfish thing to do, for the preservation of human rights. [Applause.]

THE LABOR MOVEMENT IN AMERICA TODAY

I shall now discuss frankly the labor movement in America today. There is, they say, great division in labor. Insofar as the rank and file of the American people are concerned, this is not true. [Applause.] Stick together! I have spoken to laboring people all over the eastern part of the United States, near great factories, and those who work in small places, the building trades and in the mass industries, and I find working people have a greater feeling of justice for each other and the necessity for organization than has ever been had before.

I shall frankly restate to you that I am for any labor organization which dominates a particular field and serves justly the members of that particular craft or industry. For that reason I definitely approve of all labor organizations, and when I say "all," I mean all of them; and that means the American Federation of Labor, of which you are members; the Committee for Industrial Organization [applause]; and the rail brotherhoods. [Applause.] If there are any more, I am in favor of them, too. [Laughter.]

Let us review the charge that labor has suffered by the recent controversy. About 16 months ago there were around 3,000,000 organized workers. Today the American Federation of Labor has more than 3,500,000 members, and the C. I. O. also has more than 3,500,000. This means that the movement has grown from around 3,000,000 to 7,000,000; at the same time the rail brotherhoods have increased in power and strength, have put more men to work, and have obtained wage increases without violence or bloodshed. The rail brotherhoods have approximately 300,000 members. Therefore there are between seven and a half and eight million organized workers in the United States.

C. I. O. VIOLENT?—SEVENTEEN MEMBERS KILLED, NO POLICE

Now, I understand some have said that it is very bad that I am not unfriendly to the C. I. O. My answer is that as a Congressman I play no favorites, but as a matter of legal and moral principle I favor the labor movement. But, someone says, the C. I. O. is a violent organization. Oh, let us review what has happened in the last few months. Seventeen members of that organization have been killed by the police; a great majority have been shot in the back.

C. I. O. members have killed no one.

The United Mine Workers of America, affiliated with the C. I. O., have a record of having never broken a contract. The Amalgamated Clothing Workers have the same record, and not only that, but a record that they have never put an employer in bankruptcy. The same is true of the International Ladies' Garment Workers.

Now, my friends, I can serve labor, not by being a cotton-mouthed demagogue, catering alone to local political machines and local prejudices, but by developing national friendships and some influence. Would you ask me to favor the American Federation of Labor where they had no organization and there was only a C. I. O. unit as, for instance, in mining? Or favor the machinists' organization for railroad engineers, when there is already Big Four? I would not favor the C. I. O. taking over your jurisdiction. In any event, I announce as my policy the encouragement of the labor movement and humanity as such, and not as being herded into organizations.

JOHN LEWIS, WILLIAM GREEN, AND A. F. WHITNEY

Now permit me to mention three personalities: John Lewis, William Green, and A. F. Whitney. Mr. Whitney has definitely approved of the attitude which I have expressed, and which he has mentioned in the Railroad Trainmen's Journal by printing in full one of my speeches, and also by printing a long editorial in praise of that.

As to William Green and John Lewis, let this be known: That the craft movement would have occurred when it did and that the industrial movement would have occurred when it did, whether John Lewis or William Green had been born or not. The personalities of Lewis, Green, and Whitney ought not to be the dominating factor of what we should do.

The question is, What are the rights of labor, what does the labor movement mean?

To you I say, Develop no ill feeling, let there be peace, and eventually there shall be one great labor organization and movement in the United States of America [applause], and I look forward confidently to that day.

ECONOMIC ASPECTS OF THE LABOR MOVEMENT

I now wish to mention the economic aspects of the situation. Every laboring man in this country desires a decent standard of living. For that reason, I believe that the new labor organization should organize itself just as a business. More, that they should be students of economics and government, and continuously educate themselves on affairs in America today.

You must let the businessman understand that if we have underpaid workers that their lack of purchasing power will make it impossible to maintain stability of business. Also if the health, the morals, and the character of the workers are low they will affect not only business but the life of those who control this business as well.

Locally, we must meet this very situation. We have nearly a hundred thousand persons who are underprivileged, who live in one of the biggest slums in America. As a result they have tuberculosis, syphilis, and other diseases, and bad conditions. All of this has its effect upon the rest of the population. More, it is a dead financial expense to the rest of the people of our city.

Therefore the labor unions, as well as any organization, must have as their duty the study of the functions of the State and the welfare of the people. It is our patriotic duty to demand a stable and just economic structure.

THE NEW AMERICA—NATIONAL VIEWPOINT

Now, my friends, like you, I dream of a new America. We have been a great nation in the past because, migrating to this mighty continent with unlimited natural resources, we had the opportunity to build and grow great. But, my friends, we have wasted with a prodigality that has never occurred in the history of nations of the world.

Two hundred million agricultural acres are either destroyed or in the process of destruction.

There has been vast waste of our forests, minerals, and waters.

Hence, in this new America we must think of this country as our own, and because rivers and creeks care nothing for State lines we must think upon these things from a national viewpoint and not altogether from the local viewpoint.

DEMOCRACY IN AMERICA—ROOSEVELT GREAT LEADER

Now, let me speak of democracy in America. And when I say democracy I mean the forces of the American people to bring better conditions for themselves and their children. I say, and I hope not with vulgar partisanship, Franklin D. Roosevelt is the true and honest friend of the American people. [Applause.] He is not only a man who is a good leader, but he also understands the economic processes of this country, and is intelligently working for the economic good. In the last Congress he was betrayed by some of his own people in his own party. [Boos.] I believe that it is the duty of the American people to repudiate these men in order that the great reforms that he and the party have attempted may be carried out. [Applause.]

LEGISLATION IN THE NEXT SESSION OF CONGRESS

I shall, therefore, briefly mention legislation in the next session of Congress. First of all, the minimum wages and maximum hours bill should be enacted. I say to you frankly that it will not directly benefit you of the highly skilled trades. Every man in this audience obtains above the minimum wages which this bill will properly give.

But as I said to you, there are nearly eight million organized workers in this country and the rest of them are completely unorganized, and as far as that is concerned, disorganized. When we think of the millions of Americans who are receiving much less than $10 per week—men who have families, widows who have children to rear—then we should bow our heads in shame. And, indeed, from a selfish viewpoint, the skilled workers of America want the masses of the people to obtain good wages in order that their constantly depreciating standards will not depreciate those of the skilled classes. The slum conditions here in San Antonio are an example. We have such large classes of disorganized workers that they are constantly depreciating not only the standards of the skilled workers of this city but are depreciating the profits of the businessman.

There is other labor legislation, the details of which are too complicated to explain tonight. But when this legislation is considered, it should be in the light of justice, the authorities of which I read you tonight.

LABOR ORGANIZATIONS SHOULD PRESERVE RIGHTS OF FARMER

Every labor organization should have as a part of its platform the preservation of the rights of the farmer. [Applause.] Everything, after all, comes from the earth, to which everything will return.

The farmer must obtain decent prices for his products. [Applause.]

As a matter of justice and economic common sense, every member of labor should be in favor of a fair agricultural bill at the next session of Congress. But let me mention common-sense politics, too. If the laborer loses the support of the farmer, then the average people of America will be divided; then labor will also lose its rights. [Cries from the audience: "You're right."] Therefore, both from a selfish and unselfish viewpoint, labor should support agriculture.

I mentioned to you a moment ago some points about the matter of conservation. There are several bills which are of great importance to the American people. One of the most important is the one known as the seven-T. V. A. bill.

The present T. V. A. is a great success. On that project the standard of living of some 2,000,000 people has been raised somewhat, and several hundred thousand have been raised directly. On these projects the work was done reasonably and fairly, and good prevailing wages were paid those who worked on them.

The development of our natural resources and their protection, flood control, reforestation, navigation, and the production of power must be developed by the Federal Government as advocated by the President of the United States.

THE SUPREME COURT CONTROVERSY HAS DONE GOOD

Now, my friends, I have no time to discuss the recent Supreme Court controversy. Whether you believe in what Mr. Roosevelt advocated or not, the truth remains that the only reason you now have the right of collective bargaining established legally is on account of his suggestion. Minimum wages, the right of collective bargaining, and a half dozen other important rights of our citizens were impossible of adjustment on account of previous Supreme Court decisions. Then Roosevelt made his suggestion for the enlargement of the Court, and the Court reversed themselves, thereby establishing these rights.

Year after year the Court had denied the rights of labor. So the President has made a great contribution to the American people by this controversy.

Now, the questions concerning the Supreme Court, I must frankly tell you, are not well understood by the American people. All the enemies of progress, all the enemies of Roosevelt, as soon as he suggested the reform of the judiciary, used that as an excuse to defeat every other progressive measure.

The Democratic Rules Committee has defeated minimum-wage legislation, or has refused to even permit the members of their own party to vote on it. The Judiciary Committee in the House of Representatives did not even have a hearing on the Supreme Court bill.

What was the result? The result was that at the last session of Congress not very much good legislation was adopted, except that of housing and a few other bills. The important legislation was laid by the side. So you, as free-born Americans should demand at the next session of Congress that we proceed to carry out the Democratic platform and our duties to the American people, and that we do not bow our heads to reactionary lawyers, newspapers, the Liberty League, the National Chamber of Commerce, and the National Manufacturers' Association.

My friends, I think you very much indeed for listening to me tonight. Here on this roof it seems prettier, brighter, in the starry night of Texas. This may only be fancy, but it is a pleasure for me to be home, to shake hands with you, and to get your opinions on various matters. I was elected with certain pledges. I have kept those pledges. [Applause.] I have been criticized for sticking to principles and not to individual persons. My idea is that we American people with brains enough to be for ourselves, with heart enough to favor the rights of others, and backbone enough to fight ought to march forward courageously, intelligently, and patriotically. [Applause.]

Dominant Ideas of the Constitution

EXTENSION OF REMARKS

OF

HON. DAVID I. WALSH

OF MASSACHUSETTS

IN THE SENATE OF THE UNITED STATES

Wednesday, December 1 (legislative day of Tuesday, November 16), 1937

ADDRESS BY HON. JOSIAH W. BAILEY, OF NORTH CAROLINA, TO THE ECONOMIC CLUB OF WORCESTER, MASS., NOVEMBER 1, 1937

Mr. WALSH. Mr. President, I ask unanimous consent to have printed in the RECORD an able and most informative address entitled "Dominant Ideas of the Constitution," delivered by the senior Senator from North Carolina [Mr. BAILEY] before the Economic Club at Worcester, Mass., on November 1, 1937.

There being no objection, the address was ordered to be printed in the RECORD as follows:

We are celebrating, under extraordinary circumstances, the one hundred and fiftieth anniversary of the signing of our Constitution. Heretofore it has sufficed to rejoice in it and extol it. But this anniversary finds it under attack and distrusted by alarming numbers of our citizens. It is necessary now, for the first time in our history, to explain it, to advocate it, and even to defend it.

In the first hundred years we debated about its terms, but we sustained the Constitution as the charter of our Government and the bulwark of the rights of the people. Both sides in the Civil War upheld it, and under it they were reunited. But now we are informed that it is out of date and inadequate, and important men demand either that it shall mean whatever the Congress wills it to mean, and so be brought to nothing, or that it be interpreted by the courts according to the election returns, and so be rendered impotent. There is a large school declaring that the will of a majority in an election, concerning the powers of government, shall prevail against the historic will of States and people as to such powers as declared in the Constitution—not the will of the people under the Constitution by amendment duly submitted but regardless of the Constitution, and in response to political demand or alleged economic reforms, or in response to millennialistic promises. The Constitution intended to stabilize our civilization in every emergency is proposed to be subordinated to the agitations of any election.

Heretofore the Constitution has been presumed to be written into the platform of any political party and into the personal platform of every candidate for office and no party or official has dared to attack it. But now there is important demand that regard for the Constitution be cast aside even that the official oath to support and defend it be violated in behalf of momentarily popular legislation; that doubts be resolved against it; and even that it shall be interpreted politically or economically rather than judicially.

Heretofore, whenever the Constitution was considered insufficient, demand has been made for amendment in the way provided by the Constitution. But now we are informed that that method is too slow or that it cannot be relied upon; that we must have action "now," constitutional or unconstitutional; and we are urged to alter or amend the instrument of the national life by compelling the courts to interpret it as may be demanded from time to time by President and Congress. We must change its meaning by selecting judges who will do so. The restraining sense of constitutional morality is flagrantly defied. Heretofore the oath to support the Constitution has been understood to bind a public officer to accept the Court's interpretation, but now it is proposed, even by such officers, to fix the Court.

Thomas Jefferson proposed three tests of any candidate for office: (1) Is he honest? (2) Is he capable? (3) Does he believe in the Constitution? All these have been discarded by millions for only one test: What does he promise us? So the national interest is sacrificed to group interest; even to personal interest and ambition.

If this disease of our national life—this political contagion, as indicated by the symptoms which I have described and which are matters now of common knowledge—is permitted to spread, the Constitution will be destroyed and, with it, liberty and union will depart. There will be no Republic of the United States such as we have known these 150 years. What in its stead we will have remains to be seen. One may look across the Atlantic for the model.

Our question then in this year of celebration is, What may be done to restore our Constitution to its necessary place in the hearts of the American people? What may we do to preserve to them liberty and union—their Republic of free men? What may we do to preserve to ourselves and our posterity the blessings which we as Americans have enjoyed for a century and a half? These are not the gestures of alarmists, but issues pressed upon us from all directions day by day.

On the occasion of the one hundredth anniversary of the Constitution, Guizot, the French historian, asked James Russell Lowell how long the Constitution would last. Our poet and political philosopher answered, "So long as the ideas of the men who made it continue dominant." Profoundly and absolutely true.

The Constitution is no stronger than the convictions and aspirations of the people of the United States. It will be discarded whenever the American people cease to hold precious the ideas which it embodies. It gets us nowhere to talk of it as sacred, however sacred it may be.

I proceed, therefore, with no intention of merely extolling the Constitution on this occasion. We must preach now a crusade to convince our generation, and the next, of its meaning and of the value of that meaning to them as individuals and as the collective mass constituting the living Republic of the United States. I propose that this shall be the whole tenor of this celebration of the one hundred and fiftieth anniversary of our Constitution. I propose it to the National Commission in charge of this celebration and to all who love this Republic. I propose it as the most important task since the Civil War.

What, then, were the dominant ideas in the American people creating the Constitution? What has been the value of those ideas as maintained and advanced these 150 years? What is their value now? What will be their value to our children? What is the nature of the modern attack and what is the defense? These questions are the source of my message. I propose to answer them.

1. What were the ideas that produced the Constitution of the United States? What was the demand that brought it forth?

The demand was for union, a more perfect union in place of the federation that, after the Revolution, had failed. The newly won domain could not be defended, could not maintain domestic peace, could not thrive, could not be governed under 13 separate sovereignties. The people could not cooperate because there were no standards of cooperation.

Held together by George Washington and the common aspiration for independence so long as the pressure of war lasted, the United States promptly went to pieces with victory. Read your histories. Washington himself thought that all the fruits of his glorious leadership were to be lost. He declared, "Something must be done or the fabric will fall; it is certainly tottering." A Member of the Congress wrote to him of the rebellion and demoralization in this State of Massachusetts, and he replied:

"You talk, my good sir, of employing influence to appease the present tumults in Massachusetts. I know not where that influence is to be found; nor, if attainable, that it would be a proper remedy for these disorders. Influence is not government. Let us have a government by which our lives, liberties, and properties will be secured, or let us know the worst at once."

So the first function of the Constitution was the creation of the Federal Union, and the dominant and permanent function of that instrument is to preserve that Union, to the end that there shall

be government in the United States in the form of a republic. Washington's concept of government was in terms of maintaining order, not in terms of a gift enterprise nor of retreats before agitators or tubs to political whales, but in terms of equal laws to be obeyed, and, if not obeyed, to be enforced.

And those who would impair or strike down that Constitution would impair or strike down government in the Republic itself, however innocent they may be of such intention. For the Constitution is the soul of the Government of this Republic. Strike it down and you must find a new national soul and a new framework of government for 130,000,000 of people.

But Washington's sentence in this letter expressed the necessity for more than union and government. Hear his words once again:

"Let us have a government, by which our lives, liberties, and properties will be secured; or let us know the worst at once."

It follows that the heart of the problem in framing the Constitution was to establish a government that would govern consistently, not only with the preservation of the safety, but also with the preservation of the liberties and properties of the people.

And what were their "liberties and properties" in the popular conception at the time?

For what was the Revolution fought? The answer is clear—the one universal and constant motive sustaining it was the demand for the liberty of local self-government. It was not the tax on tea, nor was it the aspiration for independence. It was the conflict with the King and the Parliament of England, who insisted upon their power to govern the local affairs of the people of America and upon their powers to repeal the acts adopted here, both local and general. As against remote control the Revolution raised the standard of local self-government. The cardinal principle and grand objective of the Constitution is, therefore, Federal union with local self-government. To the Federal Union were committed only those subjects of such manifest national import and concern as to demand Federal action and uniformity—as the national defense, the regulation of the currency, commerce among the States and with foreign countries, the inviolability of contracts, and the relation of the States with one another and with the whole Union. All the rest of the functions of government, the police or social power, the functions of public education and public health, the regulation of personal activities, the repression of crime, the management of social and racial relationships, were reserved to the States and to the people. The purpose was that the people might govern in their domestic, local, and regional concerns, and move as one in all others.

This brings us to a present pressing question: The whole of the current attack upon the Constitution and the Supreme Court is directed toward the destruction of this principle of local self-government, the principle and the root of the Constitution. And we must now face the issue of sustaining or abandoning once and for all this principle. For control by London we are now threatened with the substitution of control by Washington.

The significant words in the statement of Washington is "our liberties."

"Let us have a government by which * * * our liberties will be secured."

In the minds of the men of the Revolution local self-government was the sufficient and only necessary means of preserving their liberties, and their properties, their farms, and firesides. They had fought with this in their hearts. They knew they could control local government. They did not desire a central government—they had had enough of government from afar. The Union was accepted only as a last resort, and then on condition; accepting it, they were resolved upon nothing so unanimously as upon the preservation of their rights to manage their local affairs in the interest of their liberties. Hamilton, who advocated a strong central government—but to no such extent as it is advocated today—lost his standing in the Convention and left it. Not one State would have ratified the Constitution without the understanding that the Federal Union should have only the powers granted therein; and North Carolina would not ratify until this was expressly included in the instrument.

The problem of reconciling the necessary Federal Union with the demand for local self-government in the interest of preserving our liberties was the problem of the times, of the Convention, of the State conventions, and of the people. Union was necessary, liberty was indispensable—the whole prize of the Revolution and the new government; and local self-government meant liberty—it was both a liberty and the means of preserving the liberties of men.

What were those liberties? What did Washington mean by "our liberties?"

If you are in doubt as to that meaning, if you desire specification in terms that leave no doubt, read the Bill of Rights, the first 10 amendments to the Constitution, omitted from the original, as Washington himself declared, only because it was understood by the Convention that the Constitution limiting the Federal powers as it did, made specifications and express reservation unnecessary; and which were added only as further assurance in deference to jealous popular demand. Read the express limitations upon the powers of the Congress. And by all means read also the bill of rights of any of the original 13 States. These are the charters of American liberty, these are the specifications of the rights of men as conceived by the generation that produced our Republic—these are the solemn muniments of civil liberty which that generation conceived a government must recognize in order to be worthy of existence. Little did they dream that the mighty power they were calling into existence might some day be used to destroy or in the slightest measure to impair those rights, the possession of free men for centuries, and the dynamic of the great declaration under which they had fought and won the American Revolution. Whatever may be the doubts now as to the meaning of the Constitution, the Convention, the Congress, the ratifying States had no doubts whatever on this point—the Constitution would secure for all time the blessings of liberty.

These were the rights conceived to be inherent in man as man, derived from his Creator and not to be encroached upon by any earthly power whatsoever. They were not only reserved in the people, they were set out in terms as conditions precedent to the Constitution and the creation of the Republic or of any State. They were derived from and founded upon the dignity of man as man—God's special creature.

Those liberties were the ancient liberties of the English-speaking people, the rights of the common law: The right of personal liberty, the right of personal security, the right of personal property, plus two others—the right to vote and the right to worship God according to the dictates of one's conscience. All five are contained in the one word "liberty," and without any one of them liberty is not complete, indeed is not secure. They include the right to go and come, to have your own business, to choose your course, to have a hearing upon indictment, to worship according to your will, to have judicial inquiry made at once if arrested or imprisoned, to own property, to defend your home, to control your children and their education, to a fair trial before a jury according to law and in a free and open court, not to be compelled to testify against yourself, freedom of public assembly, a free press and freedom of speech—each and all the most precious possessions of the human species.

Sometimes it is said that the framers of the Constitution placed emphasis upon property rights at the expense of human rights. There is nothing whatever in the accusation. Re-read the list—each is a personal right. The right of property is an indispensable incident of liberty. If you may take my property at will, you may deprive me of all my liberty at will, and I become your slave. The authors did affirm that no man should be deprived by the Federal Government of his life, liberty, or property without due process of law, i. e., under equal and reasonable laws justly and openly administered. Later the Constitution was amended to extend a similar prohibition to each State. And why was property included? For the manifest reason that the tyrannical power to deprive one of the fruits of his labor would make his labor worthless, his life a slave's life, and his liberty a mere mockery. And this is why Washington spoke as he did of our "liberties and properties." They go together. What would liberty be worth if one's property could be taken from him as fast as he made it? This was precisely the condition of slavery in the South.

Such were the dominant ideas of the Constitution. To guarantee them another was necessary—a framework of government unlike any other in all history, unlike any other because it was conceived and directed not just to respect those ideas, but created subject to them and so ordered as to preserve and not impair them.

To express limitations the framers proceeded to add a subservient framework of government, a govenment of laws and not of men.

Accordingly the Constitution is an extraordinary system of powers and restraints, of balances and checks, of grants and reservations. One might liken it to a great bridge, so balanced as to correct strain, so united that each part aids the whole, at one point pressing upon the structure, at another holding it up, and altogether maintaining the purpose—government, union, and liberty.

It provided three independent but coordinate branches of the Government, executive, legislative, and judicial, vesting in each respectively its functions, to perform, to frame policy, to do justice and judicially maintain the balance of powers. It provided for the independent functions of the States, and a Senate to represent them in the national council; and for the people in their localities with Representatives to speak for them in the Congress. And it provided no less for the preservation of the ultimate power of the governed in the means not only of electing public servants, but also in the means, solely reserved to them, of altering their Constitution. The vesting of governing powers in three independent but coordinate branches, the limitations of general power, the specification of particular powers, and the reservations of power to the States and the people, constituted the new order of the ages, to which the young Republic was dedicated. To bear testimony to the character of the new institution, we engraved upon the great seal of the Union two inscriptions—E Pluribus Unum, on the face, and Novus Ordo Seclorum, on the reverse—"One of many"; "A new order of the ages."

And so we erected for the first time in human experience a government of laws, not of men; a government under a constitution, binding the governing and the governed; a government of equality under law, in which neither President nor Congress, vast majority nor mighty influence, could deprive a minority or even the lowliest human being within its border of any of the rights of man. For the first time the founders of our Government placed each man in his proper place with respect to the governing power.

The Constitution is the guaranty, therefore, not only against the tyranny of one or a group, but of all together—it is the absolute guaranty against all tyranny whatsoever, and no less against personal or class privilege, sectional favoritism, or group advantage.

Our Republic and its Constitution embody the ideal of lawmaking not just for order but also for liberty—and it is acknowledged to be the ultimate institution of ordered liberty.

It must be recognized that any substantial alteration in our constitutional system will be at the expense of those liberties of men

which in the founding of the Republic and for more than 140 years thereafter have been considered of paramount importance. I mean to say that the modern attack must of necessity be upon that principle of liberty which brought forth the Republic and which the Republic was created to preserve. The demand for more power in the central government is a demand for less liberty in men. More central power means less local self-government.

One could wish for no more emphatic example of the effort to expand central power at the expense of local self-government and individual liberty than the current pressure to have "the general welfare" clause in the taxation section so interpreted as to give the Department of Agriculture absolute control of every farm; and the concurrent pressure to have "the commerce clause" so interpreted as to give a Federal board control of practically every industrial and business institution and every farm. Is it necessary to say that each uproots our fundamental principle of local self-government? Or that had any of the members of the Convention that framed the Constitution, or any of the ratifying States, suspected that these clauses could be susceptible of such construction, there would have been no Constitution, there would have been no Federal Union, there would have been no Republic of the United States.

Or is it necessary to say that neither the Convention, the States, nor the people of the United States, nor any responsible person in this country, considered at the time, or at any time thereafter for 140 years, that these clauses would or could ever be so interpreted—that all generations of Americans prior to this generation accepted and approved the clear meaning of the written words that the general-welfare clause was a limitation upon or a general objective of taxation, and that the regulation of commerce did not remotely connote the control of production or manufacture, of crops, or prices, of wages or hours?

Having set out the dominant ideas of the Constitution, I proceed now to discuss their value.

II. What has been and what is the value of these ideas of (1) National Government, (2) local self-government, (3) civil liberty, and (4) a government of powers enumerated, segregated, and distributed, of powers reserved to constituent States, and of rights and power reserved to the people as individuals and in the mass by States?

I can be brief, because I am speaking in the presence of the witnesses to the value of those ideas.

Here we are tonight in the one hundred and fifty-first year of our Government under that Constitution, under those dominant ideas which gave and continue to give it life.

Looking backward, we behold a remarkable progress, a progress without parallel in all the story of mankind. The feeble Republic of 1787 has become the foremost of nations, the mightiest and most wealthy of our time or any other. Its population conquered the wilderness and created great systems of agriculture, industry, commerce, and transportation. Our farmers and workers enjoy a standard of living without precedent and without equal. It may not be all that Americans wish, but it is better than the peoples of any other nation have hoped for. There are 30,000,000 families here and 45,000,000 of their members are engaged in gainful occupation—a job and a half for every family. Roads, schools and hospitals, parks and playgrounds adorn every scene. It is more largely than any other a land of home owners. We produce a real national income of $70,000,000,000 annually, by far the largest per capita on the globe. It is universally agreed that the lot of man in this Republic is superior to his lot in any other portion of the earth. It is said on high authority that the lot of the unemployed here is superior to the lot of the employed in Russia. We have brought to the feet of the millions the benefits of transportation, of invention, of scientific discovery, of sanitation and preventive medicine, and of vast benevolences, great universities, colleges, and libraries. Every boy and girl in our land can have an education free, and every decade has borne witness that the door of opportunity is open here to everyone who would prepare to enter. The rise of individuals from poverty to power is the unfailing characteristic of our life, and every father looks forward to triumphs of his children.

So attractive has our land been that only the barrier of exclusion was sufficient to prevent hundreds of millions of other nations from coming to share our lot. To the whole world American liberty has meant individual opportunity, and of the millions who have come here few indeed have been willing to return.

Our Republic has survived every test; under the Constitution we have triumphed over every difficulty. We have been victorious in every war; and the war between our States served, thanks to the Constitution, only to cement forever the bond of our Nation. In 1917 we found the nations of the earth in mortal deadlock, and threw a mighty force into the struggle and saved civilization.

We have overcome every depression. We have survived a thousand political mistakes and will survive others. Discontent has followed demagogues for a season in difficult periods, but common sense and a decent regard for honesty has always overthrown them. Party division, sectional jealousy, factional strife, and personal ambition have run riot here, but a virtue in the people has always shown the way to union. We have borne with much, and much have we learned by experience; we have known how to tolerate vagaries and yield to the purveyors of political nostrums; but in the hour when the evangels of discontent and the propagandists of personal ambition have ventured to invade or assault our Constitution we have known how to arouse and unite, forgetting partisan prejudices and sectional jealousies. As it has been, so may it be. The party of the Constitution in America has so far been—and I hope will always be—the party dominating all parties. There has ever been and always will be a constitutional union in our land far more powerful than any political party—a union of hearts constituting the great heart of the Republic. It has never failed us, and now it rises again in the mighty power to save.

I present the whole American achievement, the progress of six ever-increasing generations, as an exhibit in answer to those who now would undo or undermine the Constitution, without which the achievement could neither have been initiated nor carried on, and which is more responsible for all that we now enjoy in our civilization than all other causes short of the providence of the God of nations. I present the American achievement, individual and national, as the great trophy of our Constitution and its title to the faith of every American.

If men have made progress here, it is because men have been free here—free to think, free to speak, free to worship, free to work, free to enjoy in ways of their choosing the fruits of their labors, free to go forward on every function of the mind and the spirit, as well as of the material. In this new freedom not just a few but the millions of the humble have wrought with new access of energy, new hope, new enthusiasm, new daring, new conceptions of the dignity of man; and, best of all, in a new security of faith in themselves, their fellows, and in the institutions of government.

It is the Constitution which has provided this freedom. It is the barrier between the citizen and all who would oppress him, preventing equally the impositions of tyranny, whether of individuals, on the one hand, or of the mob on the other. Under its protection the humblest has known that no earthly power of office or majority could deprive him of life, liberty, or property without due process of law, i. e., without notice and trial in a free court and under equal laws. He has worshiped God without fear of persecution, he has owned his race without fear of discrimination, he has earned his daily bread or built a home without fear that any save himself could forfeit it, he has brought forth his children in the security of a state that would educate them, endow them with citizenship, vest them with the ballot, elevate them to worthy station, secure them in their persons and their property, and defend them against the alien enemy who would despoil them, and no less against the domestic victim of ambition who would impair the slightest of their rights. Under the Constitution none can make an American citizen afraid.

To these facts you and I now bear willing testimony, and bearing this testimony our hearts are resolved that, whatsoever the sacrifices, this heritage shall be handed down unimpaired to our children as our fathers saved it and handed it down to us.

And if this Union has been maintained in strength 150 years, it is not because the collective will of all the people has been imposed upon the people, but because home rule has been preserved as the President himself emphatically declared in 1930, not because the population has been regimented from Washington, but because men have been free.

I concede that we have not by any means achieved perfection. I agree that much remains to be achieved. And I argue upon the record, that the best guarantee of progress hereafter is the system under which we have wrought the matchless progress we enjoy today. The system that has served the fathers will serve their children. We can be patient with legislative and administrative experimentation, but we will have no experimentation with the foundations of our Government or the character of its institutions, or the muniments of our liberties. We will accept no substitute for liberty.

One hundred and fifty years of matchless national history and popular progress bear us witness tonight to the virtues of this Constitution. As guide and bulwark, pointing the way to a great people's triumphs and preventing encroachment upon their rights, preserving the form and the character of their Government and the spirit of the national and the individual life, we take no risk in saying in any company, that it has accomplished and maintained the exalted purposes which brought it forth: It has crefted a more perfect Union, it has established justice, it has insured domestic tranquillity, it has provided the common defense, it has promoted the general welfare, it has secured the blessings of liberty to our fathers and to ourselves; and by all that is written upon the brightest pages of human history, it must be relied upon to preserve those blessings to our posterity.

III. I come now, in conclusion, to speak of the current attacks upon this Constitution. And I come with great reluctance. I propose to array the evidence. You may draw your conclusions and face the facts as you see them.

One wonders that there are attacks, that there could be attacks. But anything can happen in the United States; it is a free country!

What shall be said when a President openly seeks power to mold the court of last resort to interpret the Constitution according to his views? What shall be said when Senators and Representatives pass bills of known doubtful validity and raise a howl when the Supreme Court declares them beyond the power of the Congress? And what shall be said when Members of the Congress boast that a studied policy of legislative and executive terrorism has coerced judgments from the Court validating acts that otherwise (as they boast, shamelessly I must say) would have been held unconstitutional? It is bad enough to attempt that sort of thing, but to boast of it is unspeakable. And what shall be said when a President urges a Member of the Congress to resolve his doubts of the power of Congress, howsoever reasonable, in favor of the Congress, well knowing that the Court must resolve its doubts in favor of the legislation—a process whereby reasonable doubts as to power are put in the way of becoming judicial presumptions of validity and the exercise of a power of known doubtful validity must be pre-

sumed to be not doubtful at all—a veritable scuttling of the constitutional limitations upon the power of the Congress!

And what, my countrymen, shall be said when a President of the United States argues in a public address that the entire police or social power of this country is vested in the Congress; that Congress may enact any law considered by it to be in the interest of the general welfare?

And what shall be said when a Congress is driven to abdicate its solemn responsibilities, abdicate its legislative powers, and grant them out to private citizens, and because the court of last resort upon complaint of a citizen declares that the Constitution condemns the procedure the President of the United States exclaims that the Court's action has returned us to "horse and buggy" days and a great hue and cry is raised? The simple truth is that that sort of thing, if unchecked, would have, indeed, carried us back to days when, so far as the masses of men were concerned, there were neither horses nor buggies—when a tyrant might go in a chariot but a man could not go at all.

And what shall be said when an Assistant Attorney General seriously argues that refusal of the Court to find power to enact any legislation of the last-elected Congress is a defiance of democracy, as did Mr. Robert Jackson at the University of North Carolina, October 12, 1937? What is that but to make a political and partisan instrument of the great charter—to reduce it to the status of a mere tool of a temporary majority?

Must an Assistant Attorney General of the United States be informed in the midst of this celebration—after 150 years of experience and extensive public education—that this is a constitutional representative democracy? That even the majority in any election is under a Constitution? And is it necessary to say to him that mass democracy is not American democracy? That there are States, there are Representatives? That it was never conceived that the people of Massachusetts were subject to the will of a national majority save in the limited national field? And is it necessary to say to him that mass democracy such as he advocates does not spell democracy at all but does spell dictatorship? Let him have his way—this spokesman for what we have heretofore considered to be the Department of Justice under the Constitution, and what has lately become the department of propaganda to undermine the Constitution—and he will have Americans to follow the paths all too broad in Germany and Italy to Der Fuehrer and Il Duce! Is it necessary to inform an Assistant Attorney General that we know that when he advocates mass democracy in the United States he knows he is advocating the overthrow of representative constitutional democracy, and consequent dictatorship? That when he attacks the Supreme Court for failing to follow election returns he knows he is undermining the Constitution?

Plain words! It is time for plain words in this land!

There is manifestly, my fellow citizens, a powerful direct attack upon the Constitution, and we must deal with it, regret the necessity though we may, and deal with it at once and in no indirect way.

I own to a loyalty to State, to party, to President. But there is a loyalty high above them all—it is loyalty to the Constitution in obedience to the people whose chief protection it is, and in obedience to my oath as citizen and as Senator.

The indirect attack upon the Constitution is more insidious and more powerful. It takes the form of appeals to the masses to the effect that their welfare, or their particular interests, demand the overriding of the Constitution. It is proclaimed, for example, that one-third of the people—that is, 40,000,000 of them—are ill-housed, ill-clothed, and ill-nourished; and it is suggested that the Constitution is the barrier between them and rescue. It is suggested if they are hungry, the Constitution is the reason. And if the method of amendment is proposed, they are told there is no time for that, the only constitutional method. It is proposed to have the Court amend it by interpretation. And if one arises to insist that the method provided in the Constitution is the only method, he is publicly pilloried as a Tory, a reactionary, an economic royalist, or a defeatist lawyer, or with some other prejudicial epithet; and at once the well-organized propaganda is set going to discredit and destroy him, to deprive him of the public esteem and drive him from public life. This is the European purge under the limitations of our American Constitution. Without the Constitution I leave you to imagine the form and method it would take.

Farmers are informed that they must abandon the principle of local self-government, submit to the central power and consent to the overthrow of the Constitution and their liberties in order to obtain fair prices for their crops; employers and employees are informed that they must repose their rights in the trust of a central board in order to conduct business or receive fair wages and improved conditions; all who are out of work are informed that the Constitution is the one barrier between them and gainful jobs; and if a man does not own a home it is suggested that he can never hope to have one under the Constitution. Every ill of the population is laid at the door of the charter of our national life, of local self-government, and individual liberty.

It is most unfortunate that this attack upon the Constitution has come on at a time when the public money may be distributed in the interest of the overthrow of the Constitution; when individuals receiving bounties and subsidies may be called upon to sustain the attack; when the officials of States, cities, and counties—standing around the National Treasury and crying for grants and allotments like children around a Christmas tree—may be given to understand that conformity with the attack upon the Constitution is indispensable; while the bosses of great machines, with the power of life and death over many mayors, some Representatives and Senators, and politicians in general, may send in their orders by long distance to "get right"—for projects mean contracts and contracts mean more power to the bosses.

It is the old, old method of overthrow and the rise to personal power. Absalom, sitting at the gate of his father's palace and with fair promises and seductive blandishments stealing the hearts of the people, cut the same figure.

And to what end is it all directed? The answer is plain—to the transfer of the vast and intimate police or welfare power of the States to central departments and bureaus, in which there is not one official elected by the people and responsible to them; directed no less to the abridgment of local self-government and the individual liberties which only local self-government may preserve.

The Socialists and Communists look on with envious, expectant, and admiring eyes. Their day, they say, is coming in a way they did not dare hope for. They give encouragement, knowing that the break-down of this Constitution will open to them the door which they could not otherwise have hoped to open short of bloodshed, and so remove the last barrier that holds them at bay. Their only question is, when the barrier shall be let down whether the Fascists will beat them to it. None have known better than they that the Constitution is the one barrier to their designs.

And I must add that practical politicians interested solely in their own welfare stand by, first looking one way then the other, speculating to determine how the cat will jump, and scheming for a seat in high places one way or the other.

What is the answer to this attack?

We offer the American achievement these 150 years as the overwhelming testimony to the Constitution. The Federal Union, local self-government, the principle of liberty have worked. You cannot argue against a success.

But those who would now undermine the Constitution are quick to agree. We are for the Constitution, they say, but give us more power. These times are new and difficult. Behold the new complexity of conditions. We must have more power. You must have less liberty. We believe in the Constitution, but not in local self-government, not in the liberties of men!

The answer is twofold. Present conditions are difficult—and so were conditions in 1787, 1857, 1892, new and difficult. The Constitution was meant for new and difficult conditions. Under it the people have never failed to meet new and difficult conditions under their own power!

If men cannot overcome difficulties with liberty, it is to be questioned whether they can do so otherwise. The whole of human history, past and present—and never before so emphatically as now in Russia, in Italy, and in Germany, bears witness that central control and bureaucratic rule as a means of governing degrades mankind, prevents the progress of men, and never has made for human welfare; that man has flourished only under liberty and local self-government. The dark ages were the ages in which the light of liberty was utterly extinguished—and that is the explanation of the longest and blackest night and deepest depression in all the story of the long struggle of men.

There is no good thing a government or a people can do so well as under a government of equal laws, based on federal union, local self-government, and the liberties of men.

There is nothing to be gained by altering in any fundamental way the character of this Republic, and, on the other hand, there is all to be lost. Liberty, life, property, homes, religion are put in jeopardy by the materialists who would convince the victims of an unfortunate hour that their material wants can be supplied by overthrowing their Constitution, and discarding the great moral and spiritual values of civilization. Let these victims have a care. Let them be watchful whether those who come with fair promises of welfare are not in fact more concerned to gain power and privilege for themselves. History is not without her lessons and her examples. The Government, the Constitution, your rights, are yours now—your birthright—and I warn you against any and all who would induce you to barter your birthright for anybody's mess of pottage.

Everything worth doing for the people of this Republic can be done within the terms of the Constitution as it is—as it has been understood now for a century and a half—can be done under its priceless safeguards. To seek more is to seek impairment of the instrument of the national life and the general welfare at the expense of the liberties of Americans and the hope of liberty in every nation, without which there can be no progress.

But granted that further power is needed by the Congress, there is but one way to power in America and that is by amendment duly submitted and ratified by the people in their respective States. To seek any other way is to attempt usurpation.

Agitators tell the hungry they cannot eat the Constitution. True. But the chance to eat under the Constitution is incomparably better than it would be without it. At least your will, your energies, and your rights remain free. At least you can have somewhat to say on the subject.

And so, Mr. Chairman, I conclude. Americans will resist this attack as devoted men and women. We will not count the cost. If a price must be paid, we shall pay it in full. If the Union, local self-government, and liberty came to us through suffering, we will willingly suffer to hand down our blood-bought heritage to our children.

We cannot fail. Our cause is imbedded in the nature of man. He was meant for liberty, and he knows it. Though they that be against us may for a season be more than they who are for us, though distress and discontent, fair promises, and soft manners and political power may deceive, obscure, and confuse for a time—even if this Constitution should in some desperate hour be overthrown—the human spirit would never rest until it had been

recovered. The revolution that brought it forth would be repeated a thousand times to restore it. The ideas which give it life can never die so long as men are made in the image of God and their Maker considers them but little lower than the angels and worthy to be called the sons of God and holds for them a heavenly destiny.

We battle with Him for the rights of His noblest creation—rights inherent in man—and without which he cannot be in the image of his Maker.

Debunking War Promotion

EXTENSION OF REMARKS

OF

HON. HENRIK SHIPSTEAD

OF MINNESOTA

IN THE SENATE OF THE UNITED STATES

Wednesday, December 1 (legislative day of Tuesday, November 16), 1937

ADDRESS BY BOAKE CARTER

Mr. SHIPSTEAD. Mr. President, I ask unanimous consent to have printed in the RECORD a radio address delivered by Boake Carter on October 18, 1937, on the subject Debunking War Promotion.

There being no objection, the address was ordered to be printed in the RECORD as follows:

Senator DAVID I. WALSH received a letter from the Maryknoll Fathers, the only Catholic missionaries in Japan, urging him to suggest to the State Department "a restoration of the previous attitude—impartial tolerance—as more practical." Senator WALSH sent the letter to Mr. Hull, Secretary of State. Mr. Hull answered in a letter to Senator WALSH that he did not think this Government need or should show tolerance toward action inconsistent with treaties to which this country is a party. The Secretary of State added that he believed "an attitude of indifference to the present conflict would be inconsistent with our policies." These policies, he declared, are to uphold the principles of international law and maintain sanctity of treaties.

In the light of this declaration it is therefore purely a matter of self-education to note certain incidents in our own history during the last 10 years. Some have pointed out that it is pointless to go back to the 1860's to observe breaking of treaties, or the carrying out of bombardments ourselves on foreign lands—because since then international morals have become much better and we don't now do the things we used to do. Then it becomes doubly interesting in this light also to scan the last 10 years of our own history from 1927 to 1937.

Therefore, while remembering the present moralizing sprung from the present bombing of Nanking, it is illuminating to note that 10 years ago, March 24, 1927, in conjunction with Great Britain, the United States Navy bombarded Nanking, China, wounding a number of civilian Chinese. The excuse for the bombardment was that there had been disorders, that the United States consulate there had been damaged and United States citizens hurt. London and Washington asked Japan to join in the bombardment, as the Japanese consulate had also been fired on, and Japanese nationals wounded. Japan, however, declined to join, and the United States and Britain went ahead.

On April 11, 1937, the United States delivered notes to two Chinese governments—there were two at that time—demanding apologies and indemnities. On April 14, the Nationalist Government of China, gave a reply. It also addressed the International Commission set up to inquire into the aspects of the bombardment. The Chinese Government note said: "As the laws of nations and the recognized practice of the civilized world prohibits the bombardment of a city or territory of a friendly state, the national government proposes that the Commission of Inquiry shall also investigate the circumstances of the bombardment of the unfortified city of Nanking by the naval forces of the United States, March 24, 1927." China's request was received and conveniently shelved—and in the past 10 years went into the limbo of almost forgotten things. At the time of the bombardment, Frank B. Kellogg, was Secretary of State. Simultaneously to the time the United States bombardment of Nanking was carried out, Mr. Kellogg ordered United States marines into Nicaragua, to overthrow the government of Juan Sacasa, who was not liked by United States financial interests. This venture into Nicaragua drew warm criticism from within the United States. Mr. Kellogg justified his action under the tenets of the Monroe Doctrine. This excuse was not accepted by the critics and he was hard put to it to find a more substantial explanation. Fortunately, the London Government, which had been helped by the United States in Nanking, came to his rescue. It sent him a note which declared that there was so much disorder in Nicaragua, that unless the United States could put a stop to it, Great Britain would have to send a warship or two to Nicaragua to tend to the matter herself. The you-scratch-my-back-I'll-scratch-yours reciprocation between the London Foreign Office and the Washington State Department served its purpose. And while United States guns dropped shells on Nanking, and United States marines chased the Nicaraguans, Mr. Kellogg was busily negotiating the Kellogg Peace Pact, which renounced war, bombardments, and force of arms as a means of settling international squabbles.

The story of our venture to Nanking just 10 short years ago is contained in a pamphlet written by Dr. Stanley Hornbeck, published by World Peaceways Foundation in 1928. Dr. Hornbeck is Far Eastern advisor to Mr. Norman Davis and the American delegation to the Nine Power meeting in Brussels. He is a firm believer in positive action by the United States in the Orient, is a Rhodes scholar, graduating from Oxford University, England, and is a staunch supporter of the foreign policies enunciated by the London Foreign Office. It is Dr. Hornbeck who will be largely instrumental in guiding America's fate in the Nine Power meeting. It is of interest to note that great praise was heaped upon the State Department and the White House by the nations when the Pan-American nonintervention treaty was signed, in which we expressed the view that it was the fixed policy of the United States that there was no excuse in intervening in the domestic or foreign affairs of any nation for any reason whatsoever. That was ratified by the United States Senate April of this year, 1937. It is now announced in October that we cannot be indifferent to what goes on in Asia and lead the way toward discussions leading to possible intervention. Thus one may wonder how April's attitude be made to appear consistent with October's attitude? The key to the Hull-Roosevelt foreign policy, as repeatedly pointed out by them, is that the one cure for war is to eliminate trade barriers. This has been pushed by the Hull policy of no-discrimination-against-any-nation reciprocal trade treaties. Tomorrow the White House and the delegation to Brussels confer on final instructions. One wonders what consideration, if any, will be given to the fact, almost entirely unknown to the public of the United States, that the United States and Japan signed a trade treaty in 1911, which is still in force and which says in article 5 of the treaty the following:

"Nor shall any prohibition be imposed by either country on importation or exportation of any article from or to the territories of the other, which shall not equally extend to the like article imported from or exported to any other country."

Now, quarantine of Japan has been mentioned by the Government of the United States. That can be done by official sanctions or official boycotts. It'll be, therefore, most interesting to see what the Brussels Conference will do. If sanctions are proposed and the United States leads the way, or joins in such measures, then the United States will become a breaker of this trade treaty and, according to Mr. Hull in his letter to Senator WALSH, no nation should have any tolerance for a breaker of treaties. There is a clause in the treaty which provides that either Nation must give the other 6 months' notice before abrogating it. Thus, to propose a quarantine is proposing action which would make them treaty breakers themselves. In the Ethiopian War the United States had a trade treaty with Italy, at the very time the Italians were gobbling up the luckless Ethiopians. Since that war ended that treaty has been abrogated by mutual consent of both parties, but at the time the trade restrictions were laid down by the State Department, which was at the height of the Italian campaign, the treaty was in force. The restrictions themselves were in open violation of that treaty then in force. Therefore, we were breaking treaties ourselves in 1935 and 1936, although Senator WALSH learns from the State Department in 1937 that nobody should have any tolerance for treaty breakers. These incidents all occurred in the last 10 years—bombardments and treaty breakings. It would seem they form an effective and devastating comment not only as to the vulnerability of ourselves when it comes to moralizing to others on the sanctity of treaties but also upon the question as to just how forward the fiber of international morals has progressed. Indeed, it is true one does not have to go back 75 years for examples. One need only go back to 1936.

Nazi Meeting in New York

EXTENSION OF REMARKS

OF

HON. BENNETT CHAMP CLARK

OF MISSOURI

IN THE SENATE OF THE UNITED STATES

Wednesday, December 1 (legislative day of Tuesday, November 16), 1937

ARTICLE FROM NEW YORK EVENING POST

Mr. CLARK. Mr. President, in the New York Evening Post of Tuesday, November 23, 1937, appeared a most startling and serious article recounting the use of the National Guard

armory in the city of New York by uniformed Fascists and Nazi organizations and the active participation in this foray of members in uniform of the military forces of the United States. It seems to me this is a very serious allegation. I ask that the article may be printed in the Appendix of the RECORD, and at an appropriate time I shall undertake to have steps taken to investigate the matter.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Evening Post, Tuesday, November 23, 1937]

NEW YORK GUARDSMEN JOIN IN FASCIST MEETING—THIRTY IN UNIFORM MEET NAZI GROUPS ON NAVAL VESSEL—RUSSIAN, ITALIAN, AND UKRANIAN ORGANIZATIONS FORMED INTO LOCAL AXIS BY HITLER FOLLOWERS

("Primarily we are not citizens of states but racial comrades."—Josef Huenerfauth, leading Nazi philosopher.

("In admiration and deep faith, our racial comrades in foreign states look up to the Reich and its fuehrer."—People's League for Germanism Abroad

(How the Nazi movement in America, while not demonstrably seeking to overthrow the American Government, lives like a state within the state, always aping Hitler's Reich, will be shown in a series of which this is the first article.)

As Adolph Hitler, der Fuehrer, has his international Fascist axis in world politics, so do the Nazis of New York have their own local axis, an assemblage of every possible variety of homesick Fascist import from abroad.

All these gravitate about the leadership of the German-American Volksbund and the American Nazi fuehrer, Fritz Kuhn.

In any Nazi parade, review, rally, and celebration there are inevitably delegations from such brother organizations as the All-Russian National Front, the Ukrainian Hetmanci, and the Italian Circolo Mario Morgantini and Lictors Association.

The Russians are favorites among these little brothers of the Nazis, who have again and again made clear their yearnings for a chunk of the great area over which flies the hammer and sickle.

Only a few months ago Fuehrer Hitler, dreaming out loud, murmured, "If I had the Ukraine * * *."

FASCISTS HOLD BALL ON U. S. S. "ILLINOIS"

So, emulating the example of the all highest, New York's Nazis take the Russian Fascists closely to their bosom. But there is evidence also that another group in New York likes this Fascist axis and consorts with it—substantial numbers of the National Guard, a section of the United States military forces.

On the night of Saturday, November 13, Rossiya, a White Russian newspaper associated with the All-Russian National Front, gave a ball aboard the U. S. S. *Illinois*, which is tied up on Riverside Drive and serves as the armory of the First Battalion of the New York Naval Militia. It is customarily rented out at $225 a night to anybody who can put up that sum of money.

Tickets were sold widely in Yorkville. In fact, a general invitation was issued to the members of the German-American Volksbund through the local Nazi weekly, Der Deutscher Weckruf und Beobachter.

Guests in all types of Fascist uniforms filled the big drill hall aboard the *Illinois*. A crisp military air pervaded the occasion. Two heavy-caliber guns were fixed in the rear of the hall covering its entire width. Rifles and bayonets lined the passageway leading to the hall.

AMONG THOSE PRESENT, 30 NEW YORK GUARDSMEN

At specially reserved tables appeared several of the highest bund officials in full uniform. Russian Fascists stalked about in high boots and Cossack coats.

Also present were fully 30 men and officers in the uniform of the Army of the United States. Insignia on their tunics showed that they belonged to the Two Hundred and Forty-fourth Coast Artillery of the New York National Guard.

There was a lengthy program of Russian imperial and Fascist songs. On one occasion a member of the uniformed National Guard delegation stepped forward to take his place in one of the choral numbers.

As the evening got well under way there also arrived as honored guests two men in the uniform of the United States Navy. From the amount of braid on their uniforms they were evidently high-ranking officers.

Thus, wearing the uniforms of the American armed forces, American soldiers and naval officers participated with Nazi representatives in celebrating a Fascist occasion.

There was no doubt as to the Fascist nature of the occasion, which resembled in a local way a meeting of the members of Herr Hitler's axis. The speeches were devoted to attacks on communism, the Soviet Union, the loyalist cause in Spain, and the need of saving the world from bolshevism.

On sale at heavy-laden bookstalls was a great variety of literature, all Fascist. It included Russian Fascist papers from all parts of the world, most of them bearing a swastika on the front page. There was also a song book of the Russian Fascists from Manchukuo, again with a swastika.

GOEBBELS, MUSSOLINI BOOKS ON SALE

But also on sale were such Fascist classics as Bolshevism in Theory and Practice, by Dr. Joseph Goebbels, German Minister of Propaganda, which was a reprint of a speech at the Eighth National Socialist Party Congress; of Benito Mussolini's book, The Doctrine of Fascism; copies of Action, the British Fascist newspaper, and a violently anti-Semitic pamphlet, Downfall of Russia, published by the Right Cause Publishing Co. of Chicago.

This was not the first time that the Two Hundred and Forty-fourth Coast Artillery, a well-known New York outfit with its armory at Fourteenth Street and Sixth Avenue, had become publicly involved with Fascists.

Last February, Battery D of this regiment was found to have placed an advertisement in the local Nazi weekly, the Deutscher Weckruf und Beobachter, asking Germans to enlist and offering to take them with first citizenship papers.

The advertisement, when called to the attention of Adjt. Gen. Walter G. Robinson, commander of the New York Guard, brought down his wrath on officers of this battery. He termed the advertisement as "unfortunate, untoward, and by no means in good taste." He issued an order forbidding any repetition of this method of recruiting.

WEST POINT CADETS AT BALL, TOO

As to the two officers of the United States Navy who were also present in uniform—

According to Henry Rabusch, assistant to the superintendent of the U. S. S. *Illinois*, the officers had no connection with this training ship, but came as guests. Rabusch, incidentally, also identified among the guests a number of West Point cadets, but said they came in civilian clothes.

Although members of the American armed forces traditionally may wear their uniforms on social occasions with a military flavor, the appearance of the National Guardsmen and the naval officers at a Fascist celebration is apparently a flagrant violation of practice.

A reserve Army officer informed the Post that it is considered highly improper to wear such uniforms at political assemblages, particularly those involving foreign powers. A further aspect is that at this particular assemblage attacks were made on two powers friendly to the United States—Spain and the Soviet Union.

The presence of the naval officers, moreover, is a direct breach of the practice of the Navy Department. Assistant Secretary of the Navy Charles A. Edison, commenting recently on the claim of a member of the Stahlheim, German veterans organization, to have been invited by him to ceremonies at Fort Hamilton, not only denied knowledge of the incident but laid down this precept:

"It is the Navy's policy to have nothing to do with foreign nationalistic groups."

While Nazi penetration of the National Guard has often before been charged, a new aspect of the situation is the enthusiasm with which Russian Fascists have been enlisting in this armed force.

"These Russians," Rabusch commented, "have a lot of their men and boys in the National Guard, especially in the old Sixty-ninth (now the One Hundred and Sixty-fifth) and the Seventy-first Regiments."

The Post was further informed by Dmitri Sulyma, a member of the Ukrainian Hetmanci, that "most of the members of the Hetmanci of New York" were members of the National Guard. There are five Hetmanci in Battery CT of the Two Hundred and Twelfth Coast Artillery, he said, and six in Battery B. He himself is a member of Battery CT.

A prominent White Russian, moreover, is a Reserve officer. He is Capt. J. Rodyenko, once attached to the Two Hundred and Twenty-fourth Coast Artillery Regiment, the same outfit from which came the delegation at the Fascist ball, and is now attached to the Fortieth Engineers.

One Hetmanci, who was a corporal in the Two Hundred and Twelfth Coast Artillery, Eugene von Draginda, left New York 8 months ago, according to Sulyma, to become an inspector in the Ford service department, the private police force which the Automobile Workers Union has charged is used by Henry Ford for industrial espionage and other antiunion activities.

National Wheat Program

EXTENSION OF REMARKS

OF

HON. GEORGE McGILL

OF KANSAS

IN THE SENATE OF THE UNITED STATES

Wednesday, December 1 (legislative day of Tuesday, November 16), 1937

WICHITA EAGLE EDITORIAL ON SPEECH OF SECRETARY WALLACE

Mr. McGILL. Mr. President, on the 23d of November, Secretary of Agriculture Wallace delivered a radio address at Wichita, Kans., over a Nation-wide hookup, on the subject of a national wheat program. On the following day, November 24, an editorial was published in the Wichita

Daily Eagle, of Wichita, Kans., of which Hon. Victor Murdock is the editor in chief. Mr. Murdock was formerly a Member of Congress from Kansas for several terms and later a member of the Federal Trade Commission. I ask unanimous consent to have the editorial printed in the Appendix.

There being no objection, the editorial was ordered to be printed in the Appendix, as follows:

[From the Wichita (Kans.) Daily Eagle, November 24, 1937]

WALLACE'S SPEECH

Whatever may be said critically of Secretary Wallace's specific plans for the wheat farmer, the fact remains that he is raising his voice for and bending his efforts toward an adjustment that is absolutely essential if this land is to prosper. Everybody in Wichita, where the Secretary spoke yesterday, and in the region around it, should understand that without policies permitting farmers generally to make a profit there can be no prosperity for Wichita or for any other city.

By and large public policy and the trend of industrialism have favored the upbuilding of cities in America and the deterioration of the farms. That has resulted in so many punishing problems that the country is returning to a realization it never should have deserted—that given a sound agricultural structure most other good things will follow.

In taking a position against those who would let Nature take its course and those who would clamp on such rigid controls that America would be thrown back entirely upon its own markets, Secretary Wallace proposes six major policies for wheat that will operate in the field between the two extremes. Probably all of them will not work. Perhaps none of them will perform up to the expectations of their proposers. But there is a broad field of effort in which to exert effort for the aid of agriculture, and laborers in that field will do more for agriculture than those who propose to do nothing.

The Secretary's forceful, fighting speech in Wichita, addressed to a Nation-wide audience, adds to the sum of thought upon a problem which must be solved for the good of America.

Unemployment Relief

EXTENSION OF REMARKS

OF

HON. JAMES P. POPE

OF IDAHO

IN THE SENATE OF THE UNITED STATES

Wednesday, December 1 (legislative day of Tuesday, November 16), 1937

LETTERS FROM CHIEF JUSTICE OF THE SUPREME COURT AND GOVERNOR OF THE STATE OF IDAHO

Mr. POPE. Mr. President, I ask unanimous consent to have printed in the Appendix two letters, one from the chief justice of the supreme court of the State of Idaho and another from the Governor of the State of Idaho, with reference to a very important matter which I think should be brought to the attention of the Senate.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

THE STATE OF IDAHO SUPREME COURT,
Boise, November 20, 1937.

Hon. JAMES P. POPE,
United States Senate, Washington, D. C.

DEAR FRIEND: The Government of the United States is, as it should be, deeply and actively interested in finding employment for the employable unemployed of our country. It seems to me reforestation offers an excellent opportunity for the Government to give employment to a great many people and at the same time improve its own property.

I am informed by the State land department that in this State national forests occupy approximately 20,500,000 acres and that the State owns approximately 1,000,000 acres. While I have no information as to the extent of timbered and cut-over lands in private ownership in Idaho, we may very roughly state it to be from 3,000,000 to 5,000,000 acres.

As you know, during the last 30 years a good deal of forest land in Idaho has been cut over and lumbered off and several large areas have been burned over and the timber thereon destroyed. All of this burned-over and cut-over land is suitable for reforestation, and to reforest it would be a gigantic undertaking, much of which would have to be performed by hand labor. I know of nothing which offers a better opportunity for employment of the unemployed.

This letter is written in the hope you will give this matter thought and, if you believe it to be worth while, bring it to the attention of the administration and try to bring about cooperation between the United States and Idaho, to the end that the forests of our State be perpetuated.

If this can be done it will go a long way toward the solution of our irrigation and erosion problems, will stop the filling of our reservoirs with silt, and will provide building materials for those who come after us. I have read and heard that in Norway, Sweden, Germany, and probably some other countries of Europe plans for reforestation have been carefully made and carried out successfully. Probably an investigation of this matter and a study of the problem as it has been met and solved in those countries would be of help to us.

Of course, there are many States which do not embrace Government lands, and in such States some other plan will have to be found to take care of the unemployed, but in Idaho and other States where the Government owns forest lands, it seems to me employment may be offered to the unemployed without making United States citizens feel like recipients of charity.

I am writing a letter similar to this to each Senator and Representative from Idaho.

Your friend,

WM. M. MORGAN.

STATE OF IDAHO,
OFFICE OF THE GOVERNOR,
Boise, November 23, 1937.

Hon. JAMES P. POPE,
United States Senator from Idaho, Washington, D. C.

MY DEAR SENATOR: The Government of the United States is, as it should be, deeply and actively interested in finding employment for the employable unemployed of our country. It seems to me reforestation offers an excellent opportunity for the Government to give employment to a great many people, and at the same time improve its own property.

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I am writing a letter similar to this to each Senator and Representative from Idaho.

Very truly yours,

BARZILLA W. CLARK, *Governor.*

Peace Record of Hon. Hamilton Fish

EXTENSION OF REMARKS

OF

HON. LOUIS LUDLOW

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 30, 1937

Mr. LUDLOW. Mr. Speaker, the gentleman from New York, Mr. HAMILTON FISH, ranking minority member of the Committee on Foreign Affairs, has seen fit to call particular attention to the nonpartisan character of my proposed amendment to the Constitution (H. J. Res. No. 199) which

seeks to give the people of America the right to a referendum vote on declarations of war, except in the case of attack or invasion. Surely all will agree that Mr. FISH is right. The purpose of the proposed constitutional amendment is to keep our boys out of the shambles of foreign wars and that never has been and never will be a partisan issue. The sacrifice that breaks up happy homes, tears heartstrings asunder, and bows nations in grief will never yield to measurement by any partisan standard.

It is a matter of much satisfaction to me that support of my proposal comes in about equal measure from both sides of this Chamber, which stamps it as a national issue, undiluted by partisanship, an issue that appeals to patriotism and rises away above the grovelings of party spirit. I could name a long list of fine and able supporters on the Democratic side of the Chamber, and I might match it with an equally long list of fine and able supporters across the center aisle, all of which again demonstrates that when it comes to protecting our rights in the family of nations and devising means to keep out of foreign wars, politics stops at the water's edge.

But it is of Mr. FISH himself and his activities in behalf of peace over a long period of years that I wish especially to speak on this occasion. According to my way of thinking he has been so uniformly and undeviatingly right on foreign questions that I would like to call attention to his record.

His ranking position on the Committee on Foreign Affairs lends especial significance to his views and activities in the foreign field. If his party should regain control of the House, he would become chairman of that great committee, succeeding the able and distinguished gentleman from Tennessee.

Recently the gentleman from New York, in an address in this Chamber, gave me credit for the favorable position which the proposal for a referendum on foreign wars now occupies before the Congress and the Nation. I fear that he was overly generous to me and not generous enough to himself. It is true that I have worked very hard for years in promoting that proposal, to the extent that it long since became a burden equal at least to one-third of the work of my office; but the gentleman from New York himself is a pioneer in seeking to secure for the masses of the people of the United States the right to express themselves by a referendum vote on proposals to enter foreign wars.

A World War soldier with a record of distinction, he knows what war means and he has exerted the powers of an able and alert mind to keep America out of foreign entanglements.

As far back as the early days of January 1929, he introduced in the House a resolution giving to the American people the right to vote on declarations of war, except only wars of defense, and on January 10 of that year he made a stirring speech in this Chamber in which he said:

> There are an overwhelming majority of the people who believe that the renunciation of war, except for self-defense, is the most forward step taken to do away with, or at least limit, wars, since the begining of all history. * * * The resolution that I have proposed gives the power to the people of the country to determine whether we shall go to war except in self-defense. * * * I propose this amendment not as a millenium, not as a panacea to forever do away with wars, but as a fundamentally sound proposal that the people be given the right to ratify a declaration of war made by the Congress, except in case of invasion or threat of invasion.
>
> It seems to me that the time is ripe for careful and serious consideration of such a proposal * * *. The Congress of the United States is not elected upon the basis of war or peace. It is elected on partisan issues. It is elected on issues of the tariff, on financial issues, on peacetime issues, and may not be representative of the great mass of the American people on the question of war or peace. When you come to consider this resolution I hope that you will not consider it as something radical or urging peace at any price. We surrender no rights by this resolution. We simply permit the American people to be heard on the question of war or peace in case of a war of aggression. * * * Why not have faith in the people of the United States and give them an opportunity to vote on this greatest of all issues involving their life, liberty, and pursuit of happiness? Let us bring the question of war and peace out into the open for the inspection and determination of a great self-governing people.

The arguments so fervently urged by the gentleman from New York 9 years ago are just as applicable today to the proposal for a referendum on war, which I have the honor to sponsor.

There is one other measure introduced by Mr. FISH, bearing upon our foreign relations, to which I would like to advert at this time because, in my opinion, it has outstanding merit. That is his resolution, House Joint Resolution No. 300, to prohibit the peace-time shipment of arms, ammunition, and implements of war from the United States to foreign countries. It is difficult to comprehend how a Christian nation can tolerate the un-Christian practices of the munitions traffickers, whose sordid operations were revealed in all their naked hideousness by the Nye committee. The printed hearings before that committee comprise one of the most shameful stories ever written into legislative annals, showing how "merchants of death" have thumbed their noses at sacred treaties and embargoes and have sent their agents all around the world for the deliberate purpose of fomenting strife in order to reap dirty dollars from the sale of implements of destruction.

The Fish resolution would put an end to this unconscionable traffic. A discharge petition is on file at the Speaker's desk to bring House Joint Resolution No. 300 before the House for a vote. It ought to be taken up and passed immediately. Not only are the foreign sales practices of these concerns iniquitous in the extreme and violative of every principle of humanity, but it is undoubtedly true that American-made munitions are finding their way to potential enemies and may be used later to kill American soldiers if unhappily war should break out between our country and these nations that are using America as a supply house for munitions.

On all matters pertaining to international relations the gentleman from New York [Mr. FISH] has displayed high initiative, clarity, and sweep of vision, and his district ought to be proud of the contribution it has made to the service of the Nation.

Our National Flag

EXTENSION OF REMARKS

OF

HON. JAMES J. DAVIS

OF PENNSYLVANIA

IN THE SENATE OF THE UNITED STATES

Wednesday, December 1 (legislative day of Tuesday, November 16), 1937

ADDRESS BY LT. COL. A. M. EDWARDS

Mr. DAVIS. Mr. President, I ask to have printed in the Appendix of the RECORD an address delivered by Lt. Col. Arthur M. Edwards, retired. His address is entitled "Our National Flag," and very graphically describes the symbolism of the red, white, and blue.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. Chairman and friends, on June 14, 1777, the Continental Congress resolved that the flag of the 13 united States should be 13 stripes, alternate red and white, and that the union be 13 stars, white in a blue field, representing a new constellation among nations.

This official action came after a year's deliberation, for in May 1776, when a declaration of complete independence from England was being planned, Congress had appointed a national flag-designing committee consisting of Robert Morris, the self-sacrificing patriot financier; Gen. George Washington; and Col. George Ross.

These men met at the Philadelphia home of the latter's niece, Mrs. Betsey Ross, a soldier's widow. She was an expert needle woman with artistic ideas that, with the committee's guidance, helped to design our glorious national Star-Spangled Banner.

After the Battles of Lexington and Bunker Hill, where a white flag was used, bearing a pine tree with the words, "An appeal

to heaven," a congressional committee headed by Benjamin Franklin visited General Washington near Boston, Mass., to create a colonial flag, national in its tendency, yet not showing complete separation from England. This group decided upon a flag with 13 horizontal stripes, alternate red and white, 7 red and 6 white. This made the top and lower stripes red. In the upper left-hand quarter of the flag in a blue rectangular field there was a neat combination of crosses of St. George and of St. Andrew, a small Union Jack.

This expressed really the idea of home rule for the colonies, preserving final allegiance to Great Britain.

St. George's crimson cross of courage at right angles was established as an English flag by King Edward the First, since he so devoutly admired the wonderful exploits of this patron saint, about whom he learned while on a crusade to the Holy Land.

The flag of Scotland was St. Andrew's diagonal cross of pure white representing the purest Christian virtues. These two flags were blended into one when the Kingdoms of England and Scotland were united under King James the First. Thus, these colors commended themselves to the American flag seekers as symbols of valor and virtue to represent the Thirteen Original Colonies.

This American flag (with the blended crosses of St. George and of St. Andrew where our white starry blue union now is) was first hoisted as "The Great Union Flag" over the fort at Prospect Hill, Somerville, Boston, Mass., on January 1, 1776.

General Washington, then in command there, said: "We hoisted the Union flag in compliment to the united colonies and saluted it with 13 guns."

As the Revolutionary struggle developed more desperate and bloody fighting with its consequent bitterness, the idea was born of complete national independence.

Then came in May 1776 the flag meeting in Philadelphia when our national flag was planned. This idea is said to have come partially from the Washington family coat of arms, adapted to our national political situation.

In place of the blended British crosses, 13 white, 5-pointed stars, representing the 13 independent States, were arranged in an appropriate circle in the center of the dark-blue rectangular field which has a length or fly of seventy-six hundredths of the length of the flag with a vertical width or hoist of seven-thirteenths of the width of the flag. The length of the flag is about twice its width. There are small flags for rough or windy weather, with larger flags for special occasions, and special flags for the President, Secretary of War, and designated officials.

In the blue union there are now 48 stars for our 48 States, arranged in six horizontal and eight vertical rows. On July 4 of each year a new star has been added for each new State admitted during the previous year. This makes the cannon salute to the Union given now on July 4, our national birthday, 48 guns, fired at intervals of 10 seconds.

The blue field is the honor point of the flag which, when placed flat for memorial purposes, should always be on the flag's own right or on the observer's left as he faces same, just as in heraldry or in battle, the right or sword arm was the point of danger and hence the point of honor. The honor place of a flag is on the right of a line of troops or at the top of a staff or above all other flags. See that it is always paid the honors that are due to it.

General Washington was so pleased with the beauty of the new flag that in a few weeks he told General Putnam to supply one to each regiment. This was before the official adoption by Congress. These new flags were all made by the eager hands of the patient, persistent, peace-loving Quakeress, Mrs. Betsey Ross, who toiled in daylight and at times from dusk to dawn by candlelight to make flags that stirred thousands of ragged and hungry but valiant Continental soldiers to struggle for our national independence.

There is no doubt that General Washington carried the new national emblem when he crossed the Delaware River on Christmas Eve of 1776 to win the Battle of Trenton, followed soon by a victory at Princeton. Competent historians say that indirectly then and there he won the American Revolution.

"Breathes there a man, with soul so dead, who never to himself has said, This is my own, my native land?"

Our flag is the emblem of our country's majestic sovereignty, protecting power, and inspiring ideals. It should be respectfully saluted when carried as colors by organizations marching on foot, or as standards when mounted, or when flags are raised to or lowered from the top of a flagstaff in special ceremonies. Military people in uniform render the right hand salute, or under arms give the prescribed honors.

Civilian men should uncover in pleasant weather, standing at attention in silence, holding the headdress over the left shoulder with the right hand until the flag has passed in procession or any flag ceremony completed. In stormy weather, the honor is modified to protect one's health by slightly raising the hat.

Ladies in saluting do not touch the headdress, but should silently stand at attention with the right hand over the heart.

Spare the dignity of proud Old Glory and treat it with loving reverence.

When you salute our flag you give evidence of your allegiance to the Nation that has benefited millions besides yourself with its institutions, sacred, wonderful, and free. By failing or refusing to honor our flag you show yourself to be ignorant or disloyal. You do not need to salute every piece of red, white, and blue bunting you see draped in public and private, or flags as they fly from flag poles or buildings, or small flags carried promiscuously by individuals.

Be exceedingly careful, however, to salute flags carried as colors or standards by marching organizations representing official national allegiance to our United States of America.

Again we wish to emphasize that in flag etiquette, as in heraldry, the point of honor is on the right of the flag as occupied by the starry blue union. Therefore when the flag is displayed flat against a surface the union should be on the flag's own right as it faces an observer, or on the observer's left as he looks toward the flag. When displayed on a staff in any position the union should always be next to and at the staff top, except for mourning purposes, when it is half way down from the top.

Never let Old Glory touch the ground, the floor, or trail in water. It should always be above or to the right of other flags in point of honor. When stretched on a wire across a street the union should be toward the north or the east, according to the street direction.

In any indoor assembly the national flag is on the speaker's right when on a raised platform. When in the body of the hall below the platform it should be on the assembly's right as it faces the speaker. The flag should never drape a desk or stand. Use bunting. The flag displayed with the union down is a signal of distress. The latter should be placed over the left shoulder of a coffin, carried feet first, having the flag removed before burial.

On Memorial Day, May 30, our flag is displayed at half staff from sunrise to noon when it is raised with the national salute and appropriate ceremonies. It flies from the staff-top from noon to sunset.

On other national and specially observed holidays the flag should be displayed from sunrise to sunset. It should be displayed every day from schoolhouses and from public buildings as it is our national emblem always to be respected in loyal pride.

Our national flag is never dipped in salute. It receives the national salute of 21 guns. It should never be commercialized or carelessly used so as to lower its dignity. It should be carefully stored when not in use and never slighted or dishonored. Faded or torn flags made valueless by service may be privately burned. Do not drape the flag over any part of a vehicle, railroad train, or boat. Use bunting. Small flags on staffs may be secured to the chassis or radiator cap of an automobile.

In the interest of international friendship we should always show respect to the flags of friendly foreign nations and to their national anthems. Our own anthem The Star-Spangled Banner is always honored in a manner similar to our flag.

This is a most noble appeal to love and honor our flag, born as it was from the loyal brain of a patriot poet, Francis Scott Key, who, powder-stained and weary, in an anxious night-long vigil, while temporarily a prisoner on an enemy ship-deck, penned his stirring lines of ardent patriotism and flag-love, which all Americans should learn, ending with the following sentiment which should actuate every loyal citizen.

"Then conquer we must when our cause it is just
And this be our motto: 'In God is our trust'
And The Star-Spangled Banner in triumph shall wave
O'er the land of the free and the home of the brave."

A salute to our National flag should not only express gratitude for its protecting privileges but also loyalty to our beautiful symbol of proper popular liberty under law. If you enjoy blessings under our flag and yet refuse to honor it, you become an undesirable citizen by disloyalty to American laws. Being thus an outlaw you should have no place in these United States of America.

A respectful salute to their flag by the citizens of any country is only a reasonable part of that loyal patriotism which has been commanded by the best civilized nations of all history. This is the only true guide to the most enlightened mental, spiritual, and political faith and practice.

As well take the cross of Christ from the Christian Church as to take the American flag from the schoolhouse. It is the symbol, not of war alone or of our Federal sovereignty, but of the noblest ideals of the home; the church with freedom of true worship and of free and Christian education. The great task of the educator includes not only academic excellence, but also those effective loyalty lessons in enlightened patriotism that promotes the welfare of the State by preserving the liberties and sacred institutions of our country, who will reward its devotees in loyal pride.

From the beginning, our American flag, the most beautiful patriotic trinity of symbolism in color, the most radiant banner in the world, has spoken to its citizens of American ideals of equality of opportunity and the enjoyment of a happy life with liberty without license, as proclaimed by our Declaration of Independence.

It proclaims under our Federal Constitution the principles of freedom and equality under law, an "indestructible union of indestructible States," honest justice, national tranquillity, intelligent and scientific national defense, and the general welfare as ordained by the American people. May no group, insatiably ambitious, destroy the intrinsic integrity of this fundamental instrument of government framed by conscientious patriots inspired by the most enlightened and liberal constitutional principles ever conceived and the righteous wisdom of the Holy Scriptures.

Our flag is the most valiant and virtuous in war and the most beneficent in peace, as it blesses the people with the lofty, moral ideals and the sacred treasures of enlightened freedom. It is the most honest banner in the world and the most humane in a pinnacle of integrity all its own. It is the eternal living majestic emblem of our righteous national sovereignty.

Our flag not only embodies our highest aspirations but it is also symbolic of our achievements. It grows more lovely each year as our loyalty grows stronger to our enlightened sovereignty. Let us drink deeply today from the fountain of pure patriotism

to protect our country with eternal vigilance. Let us fondly renew the creed and vital article of the faith and practice of staunch Americanism as we declare: "I believe that it is my duty to my country to love it, to support its Constitution, to obey its laws, to respect its flag, and to defend it against all enemies."

Let us memorize in heart and mind the following, ready to repeat it as occasion requires. "I pledge allegiance to the flag of the United States of America and to the Republic for which it stands. One Nation, indivisible, with liberty and justice for all."

Of our flag symbolism, General Washington said: "We take the stars from heaven, representing a new national constellation, the red from our mother country, separating it by white stripes showing that we have separated from her, and the white stripes shall go down to posterity representing liberty."

To this we may add as an inspiration from St. Andrew's cross the Christian purity of purpose in thought, word, and action in exercising our enlightened civil liberties in public and private life, moral cleanness and the radiant hope for a happy and secure future.

Under laws untarnished by license it means righteous and helpful liberty and worthy freedom which helps to achieve all that is noblest and best in our national welfare. It permits to us the pursuit of the abundant life providing we in Christian charity safeguard the rights of our fellowmen with justice and moral integrity. Well does the poet say, "May peace and order and beauty draw round our pure symbol of light and law."

The red symbolizes bravery to do and to dare, in martial force when necessary, in every righteous cause as our martyred patriot fathers did, whose courage rose with danger. They shed their blood in vicarious sacrifice that this Nation might be forever securely preserved. May this symbol inspire us with the same dauntless spirit that actuated our forefathers as they legislated our National Declaration of Independence, July 4, 1776, so that we may never falter nor fail in our full duty to our country.

This crimson tide also means the moral courage and strength to combat mightily all social, political, and economic evils in peace or war. This courage to suffer even unto death for our flag must spring from love—constant, strong, and true. Well spoken is he who says:

"Flag of the free hearts hope and home
By angel hands to valor given."

As this symbolism of our flag is spiritual, it is enshrined with much of the soul's bright immortality in its courageous hope. Thus freedom's banner grows lovelier with the years if virtue will ever keep a shining pace with valor. The red blends with the rectangular blue union, which stands for profound and endless loyalty to our country. Blue is said to be the color of the great mother force in life, the power that brings forth and cherishes all that is lovable, noble, and true. In this union are the white stars of national faith and hope.

Each five-pointed star is an ancient symbol for man. It may be taken to represent a sovereign State throbbing with the sworn loyalty of living citizens. It denotes the spirit of helpful service in benign brotherhood and Christian cooperation throughout this fair land which will consolidate us into a people who can withstand all the assaults of our enemies, forever defending the most ideal interests of our Nation. Such a sentiment was approved by our Divine Saviour, who preached continuous and lofty patriotism.

Therefore righteous liberty with exalted union must forever unite us into a mighty Nation, irresistible and invincible if we would preserve the spirit of our patriot founders. From the starry union of our flag as our blue field of national idealism we may interpret the following messages from each five-pointed star:

These are the five desirable living qualities of honor, service, valor, virtue, and protection.

We start with the first star point of honor, which always points upward in the zenith. It should always be most prominent in our minds, pointing heavenward. This quality includes honorable dealings among ourselves and with all nations maintaining a just peace as long as right and proper. Service, the second star point, national and international, ever remembering the sacred word that "He who does not care for his own is worse than an infidel." Valor, the third star point, stands for defense when necessary against all foes without and within, scourging any disloyalty within our borders. Our defenders may die, but they should never surrender. The sword of righteousness against evil aggression is approved by the Holy Scriptures. It is urged by all the dictates of loyalty to home and country. Virtue, the fourth star point, is the achievement of those righteous ideals which should govern all public and private relations. Protection, the fifth star point, inspires the thought that all true Americans should be ready to protect the best interests of their country when it is threatened by domestic or international violence. In return for this service the National Government should properly care for its defenders. In all these considerations America has been supreme among all nations.

When the fair components of our national emblem are so harmoniously blended they signify in all their splendor a sublime unity and all that is good, beautiful, and true in patriotism. In a strength of noble purposes it appeals to Heaven for lasting loyalty from all.

Therefore, I repeatedly urge these flag lessons upon all citizens. I pray fervently that all Americans may be baptized with zeal for God and country both in peace and war. Be loyal, and the loyalty that lies in other men, sleeping but never dead, will rise in eagerness to meet thine own.

All loyal Americans should unceasingly combat those unfriendly influences in our midst which seek our ruin. Beware of foreign intrigue and treason masquerading as a false religion. Let not unpatriotic teaching in academic places nor intellectual anarchists, evaders of eternal truth, deceive you. Do not let morons in patriotism lure you to error. Let us be neither fools nor cowards. No loyal person of sense should object to swearing allegiance to the American national flag and to our Federal Constitution. This requirement eliminates dangerous agitators who by unmoral and treasonable propaganda would crucify our Federal Union.

Former President Harrison said: "God pity the American citizen who does not love the flag, who does not see in it the story of our great, free institutions and the hope of the home as well as of the Nation."

Now again I repeat, our motto must be: "On guard, America." By valor and virtue forever stand firm and loyal to God and country. Whether it inspires us to battle or the cultivation of virtuous citizenship, I ask you all to show respect to our beloved national flag on every occasion that requires it. Teach your children to love and salute it. There is nothing in the Bible that forbids such action.

May we enter into a new covenant with our souls by showing more love for our country and more respect for its matchless banner. If we follow these principles we may take courage because we shall not fail in crucial hours. America will be preserved inviolate.

I now close with a flag song I have written to the music of the Army bugle call, To the Colors, which is used to honor the flag by the field music when there is no band to play the national anthem. This song is approved by our War Department. I hope that it may become popular, as it is really a short oath of allegiance or loyalty lesson, suitable for true Americans. This is not meant to replace the national anthem, but it aims to promote flag loyalty:

To our flag, to our flag, to the red, white, and blue;
To its stars and its stripes may be ever be true.
We shall fight for the right in the strength of God's might
And be faithful in our service to the red, white, and blue.
Hail the red, bravery; white, liberty; blue, loyalty.
In thy purity, sovereign emblem, we live and die for thee.

Prevention of War

EXTENSION OF REMARKS

OF

HON. HENRIK SHIPSTEAD

OF MINNESOTA

IN THE SENATE OF THE UNITED STATES

Wednesday, December 1 (legislative day of Tuesday, November 16), 1937

RADIO ADDRESS BY HON. HENRIK SHIPSTEAD, OF MINNESOTA, TUESDAY EVENING, NOVEMBER 16, 1937

Mr. SHIPSTEAD. Mr. President, I ask unanimous consent to have printed in the RECORD a radio address delivered by me on Tuesday evening, November 16, 1937, on the subject of Prevention of War.

There being no objection, the address was ordered to be printed, as follows:

Ladies and gentlemen of the radio audience, I have the honor on this occasion to speak to you under the auspices of the Council for the Prevention of War, and take great pleasure in doing so.

All the world's people say they hate war and at the same time all governments prepare for war. I am not going to speak to you about the horrors of war or the futility of war. You know that already. I am going to talk to you about the prevention of war. It is difficult to prevent war unless we understand how war is made. We know many reasons why wars are made but we sometaimes fail to understand how the war makers make war possible. They cannot make war unless they can get the people to support war.

The most dangerous thing connected with war is the people's will to war. That will must be manufactured. The state of the public mind must be prepared in favor of war. That state of mind is being prepared now all over the world. It has been going on in this country of ours, too, for several years. It has shown its ugly face in this country by speakers appearing before peace societies talking about the horrors of war and at the same time arguing that when war comes we cannot keep out of it and we must do our share.

When a government makes war it must make the people believe it is for a good purpose. Any particular war into which a government seeks to plunge its people must be made to appear such as, a war to save democracy, or to abolish autocracy, or

dictatorships. When politicians find people discontented at home, they begin to talk of the sins of other governments and peoples.

I am talking now of war for conquest of territories or trade routes or oil fields or raw materials, etc.

I am not talking of war in case our country is attacked. If the United States territory is attacked by any foreign nation, it would be an act of patriotism for every person in the United States to defend this country, if necessary on the battlefield, but we are not going to be attacked. I have always contended that it is the first duty of an American citizen and statesman to carefully guard the interests of his own country. Statesmen of other countries play the game that way. Why should not we? We deplore the horrors of wars now going on. I am sympathetic with the idea that all people and all nations and governments, including our own, should be good. But I have no sympathy with the idea that we should send our armies and navies to foreign countries to do missionary work with the bayonet among other nations and to compel other nations to be good.

When people are being prepared to make war we are always told how bad other people and nations are, how bad other governments are, and how good we are. Many people have the notion that when other governments behave badly we should send armies over to kill their people for fear they might come over here to kill our people. History does not teach that war has raised the standard of morality in international politics.

We were told in the last war that unless we went to Europe, sent our boys to die in the trenches, that Germany would come over here and take our country. We now know that this kind of talk was all bunk. Military experts have definitely exploded that idea. We are being told now the same kind of a story that unless we go some place and make war on other people they will come and make war on us. To those people I would say if any nation wants to come and attack us, we will take care of them when they come.

At the present time all kinds of military and naval alliances are arranged for the purpose of making war, but we are told that these alliances are really organizations for peace. The triple alliance and triple entente were made for war but the people were told, and made to believe, that they were instruments for peace. The Carnegie Foundation for peace became a propaganda organization to get us into the war when war broke out in 1914. On April 20, 1917, the board of directors unanimously passed the following resolution:

"*Resolved*, That the trustees of the Carnegie Endowment for International Peace, assembled for their annual meeting, declare hereby their belief that the most effectual means of promoting durable international peace is to prosecute the war against the imperial Government of Germany to final victory for democracy, in accordance with the policy declared by the President of the United States."

Sir Gilbert Parker, of the British Army secret service, was made the chief of propaganda of the United States for the British Foreign Office. The purpose was to conduct propaganda to get us into the war. His duty was to convince the people of this country that we should go to war in order to have peace. He said that his mission was one of great delicacy. He said that he started his propaganda with university and college professors. He did his work very well.

Now, at this time, we have people traveling over this country speaking and giving interviews to the newspapers telling our people we should make war on Japan or mix into the controversy in Spain. Why not concentrate on home affairs? No country will attack us. We are too far away.

It would be pertinent to ask them why they are so concerned about the welfare of foreign countries. Such concern at times may be commendable. However, when such concern is finally developed into a demand that we shall make war because we do not like what foreign nations do, then the motives of these people should be questioned. History proves that nations now so concerned about China have always exploited China. Of course, the war going on there now is brutal. However, it is no more brutal to women and children than was the food blockade of Germany after the armistice of 1918; or the concentration camps of the British imposed on the Boers; or the French wars in Africa; or the looting of Peking by the allied armies of all the so-called Christian nations.

War makers always prepare the people for war by talking peace—getting the people so interested in peace they are willing to go to war. They stir the country into a frenzy of war fever. At such times people are made to believe that the most vile things are beautiful.

I have talked to you about the prevention of war. I have tried to explain to you how the war makers make war possible by cleverly operating upon the minds of the people with clever propaganda.

Hegel said that people cannot learn from history except one thing—that is, they cannot learn from history.

Often war is started very gently. For instance, by quarantine and economic boycotts. People are led to believe that with an economic boycott no one will be shot; no one will have to die. A boycott of any kind is an act of war. It is, in fact, a blockade. Instead of a blockade by warships being sent to surround a country and keep it isolated so goods cannot come in, an economic blockade is a blockade from a distance by prohibiting the shipping of goods to a country against which we want to make war; an economic boycott or blockade is the first step to war.

The most high-powered salesmanship in the world will be centered upon us to get us in on one side or the other, if and when the next war comes. There is nothing new in the picture from the last war; they have only changed the names. They want us to go to war now against dictatorship; in the last war they called it autocracy. They say now we must save democracy. That was what they said then. The question is, Are we able to learn anything from history? We shall see what we shall see.

Dedication of Federal Building at Centralia, Wash.

EXTENSION OF REMARKS

OF

HON. MARTIN F. SMITH

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 1, 1937

ADDRESS OF HON. JAMES A. FARLEY, POSTMASTER GENERAL OF THE UNITED STATES, AT THE DEDICATION OF THE NEW FEDERAL BUILDING AT CENTRALIA, WASH., OCTOBER 15, 1937

Mr. SMITH of Washington. Mr. Speaker, under leave to extend my remarks in the RECORD, I insert the text of the speech delivered by Postmaster General James A. Farley at the dedication of the new Federal Building at Centralia, Wash., October 15, 1937, in my congressional district.

The address of the Postmaster General of the United States is as follows:

It is good to be in Centralia today and have the opportunity of participating with the citizens of this city in the ceremonies incident to the dedication of your new post office.

I am especially delighted today to be in Centralia with my good friend, your Congressman, MARTIN F. SMITH. This district may well be proud of Congressman SMITH'S able representation in the House of Representatives. He has at all times supported the administration and President Roosevelt in his efforts to be of assistance to the people. I congratulate this district upon its good judgment in selecting as its representative Congressman SMITH, and I hope that you will keep him in Washington as long as he cares to remain.

In assembling here today for the purpose of dedicating this building we are marking another milestone in the history of Centralia's postal service, which dates back to the establishment of the local post office on October 10, 1857. At that time this office was known as Skookumchuck, Thurston County, and our records indicate that Charles Van Wormer was the first postmaster to serve this community. This office was later changed into Lewis County, although it was not until January 11, 1884, that its name was changed to Centralia.

On an occasion of this kind I feel it is appropriate that I talk to you on the subject of the United States Postal Service, which, as we all know, played such a prominent role in our early history, and which has continued to form a very necessary link in the later development and expansion of the entire country.

This new Federal building which we are dedicating today is one of several hundred new post-office buildings that have been and are now being constructed throughout the country under the present administration's post-office building program. During the past 3 years Congress has provided funds for more than fourteen hundred new post-office buildings throughout the country. Eight hundred and forty-six of these buildings have been completed or are in the course of construction, and it is anticipated that the remaining projects will be placed under contract within the next few months. Every State, Territory, and insular possession shares in this vast building program, and I need not inform you of the tremendous impetus that this program of President Roosevelt has given to the building, heavy industries, and allied trades. It has resulted in thousands of men receiving employment, both at the site of construction and in the production of the raw materials that have been used in the buildings.

It is true that a lot of money was spent and is being spent in worth-while projects and emergency employment, which, to a great extent, has helped in establishing new markets for your products here in the Northwest as well as every other section of the Nation. Our adversaries never tire of pointing out the extent of this expenditure. One would think from their wails and groans that the money had been loaded on scows, towed out to sea, and dumped into the depths of the ocean. Actually, of course, this money went into the arteries of trade, into pay envelopes. A lot of it is represented in the bank deposits and in investments that those bank deposits made possible. It was not wasted and is still working to the benefit of our whole economic system. Without it, we would have had a picture very different from that presented today.

All of you can remember the miles of idle factories, the armies of jobless men, the crashing banks, and the business failures of the period of the depression. Do you think that any price was too great to pay for freeing this country of the horror of that time?

I need not inform you of the new sane and far-reaching prosperity that has been reborn in this country. For the whole country is faring just about as well as Washington. I haven't time to talk about what the C. C. C. camps have done for your State—I mean what they have done in addition to preventing thousands of boys becoming tramps and in building up their mental and physical strength, until nowadays the alumni of the Conservation Corps are in demand by employers everywhere. Instead of being an alarming liability, these young men have become a great asset to our Nation. I haven't time to talk about the protection of your forests, steps taken to prevent soil erosion, or of the many new public buildings, and miles and miles of good roads that have come to you as a byproduct of the processes of the recovery.

This particular project here in Centralia was authorized under the act of Congress of August 12, 1935, at which time $98,000 was allotted for the acquisition of a site and construction of this new post-office building here in Centralia.

This new building will result in the residents of this community receiving better mail service than they have had at any time in the past because of the enlarged and improved facilities, while at the same time it provides ideal working conditions for those public servants who work within its walls.

Reverting to the subject of actual postal service, the United States Postal Service is the largest and most important single business enterprise to be found anywhere in the world, and it is generally regarded as one of the most efficiently administered of all business enterprises, either public or private.

There are more than a quarter of a million men and women regularly engaged in handling the mails, and they are organized into various divisions of the Service so that all mail moves from sender to recipient in the most expeditious way. A major share of the credit for the efficiency of the system must go to these capable, conscientious, and loyal officials and employees.

Since the early colonial days it has been the policy of successive Government administrations in this country to keep extending and improving and modernizing the facilities for intercourse and commerce and communication among the people. In a very large degree our Nation owes its greatness to this policy. Without satisfactory means for travel and for the interchange of goods and information the Colonies could not in the old days have established that community interest, could not have reached that unity of spirit and that national sentiment which made possible their successful war for independence. Without these things the Thirteen States could never have been welded into a single people. Without them our country could never have reached its high place among the nations of the world.

In this age we have the telegraph, the telephone, and the radio. But the Postal Service remains, as it has always been, the backbone of our system of communication, and the Government's policy is to keep it modern and efficient. The construction of this post office and of similar post offices at other towns and cities which are included in the Federal building program is a part of that policy.

The happiness and prosperity of the entire country is definitely interwoven with the successful operation of the postal establishment, although the average person has but scant knowledge and information as to its operations and far-flung ramifications. It appears to him to go on automatically in a matter-of-fact manner after he deposits his mail in the letter box and little does he realize the tremendous amount of work and planning that enters into the transmission of a single letter.

A great deal is being said these days about Government in business. It is quite a controversial subject. Be that as it may, the United States Postal Service is the one business which is carried on by the Government with unanimous approval.

As a business enterprise, it is, perhaps, unsurpassed in the extent and scope of its operations. It has more than 45,000 offices, and a highly trained force of approximately a quarter of a million employees. We handle some 20 billion pieces of mail annually, and render numerous special services to the public. These involve hundreds of millions of transactions, and the collection and disbursement of billions of dollars in money.

The Post Office Department is rendering a service which, although an indispensable governmental function, is paid for by the public in the same manner as you pay for services provided private concerns, except, of course, that the Postal Service is not conducted for profit. While its primary purpose is the receipt, transportation, and delivery of the mails, it carries on other activities necessary to complete the regular functions of the mails, such as the registration and insurance of letters and parcels, and the C. O. D. facilities.

The Postal Service may be regarded as a huge enterprise owned by all the people to whom its executives and its employees are responsible. This big business should be conducted on a sound financial basis, that is to say, the postal revenues, which embrace the money derived from the sale of stamps, postage paid on matter which may be mailed without stamps affixed, and the charges for various other services, should cover the cost of postal operations.

The Post Office Department wound up the fiscal year 1931 with a net postal deficit in round numbers of more than $98,000,000, the fiscal year 1932 ended with a net postal deficit of more than $152,000,000, and there was a net postal deficit in the fiscal year 1933 of more than $50,000,000. The deficit for 1933 was incurred notwithstanding that at the beginning of that year the postage rate on all first-class matter was raised from 2 to 3 cents, which increased the revenues of the Department approximately $75,000,000. The present administration assumed office in March 1933, 4 months before the end of that fiscal year and too late to exercise any marked effect on the finances of the Department for that year.

The fiscal year 1934 was the first full year of operation under this administration. At the beginning of that year the postage rate on local first-class matter was reduced from 3 to 2 cents. This reduction resulted in an annual loss of more than $20,000,000 in revenue. With postage receipts for the year $900,000 below the receipts for the previous year, the Department showed a net postal surplus of more than $12,000,000.

The fiscal year 1935 was ended with a net postal surplus of approximately $5,000,000.

The 40-hour-week law and the transfer of the custody of post-office buildings from the Treasury Department to the Post Office Department brought an increase in expenditures of $60,000,000 during the fiscal year 1936. Notwithstanding, the year ended with a net postal deficit of less than $17,000,000.

Reports which I now have before me in Washington indicate that for the fiscal year 1937 another net postal surplus will be shown.

Some critics have pointed out that while surpluses were shown for the fiscal years 1934 and 1935, the Department drew substantial sums from the Treasury to meet expenses in those years. In this connection, let me remind you that large sums were also drawn from the Treasury during the fiscal years 1931, 1932, and 1933, and that these sums, like those drawn from the Treasury during the fiscal years of this administration, were to cover the cost of services rendered free by the Department under law or at less than cost, or to pay aviation and merchant-marine subsidies which the law required to be paid through the Post Office Department.

It was after taking credit for such so-called nonpostal items that the previous administration showed deficits ranging from $50,000,000 to $152,000,000 a year, and it was after taking credit for such items that this administration has shown annual surpluses, with the exception of the fiscal year 1936, when the 40-hour-week law and the transfer of the custody of post-office buildings from the Treasury Department added $60,000,000 a year to the Department's expenses.

In conclusion, I would like to leave one thought with you. Whenever you enter this building, whenever your eye falls upon its attractive exterior, let it be a reminder to you of the power and dignity of the United States, of the undying principles which animate our Government, and of the determination of President Roosevelt to serve the common good.

The Postal Service

EXTENSION OF REMARKS

OF

HON. JAMES M. MEAD

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 1, 1937

Mr. MEAD. Mr. Speaker, the Postal Service has been operated in a most businesslike manner during the past 4 years. In other words, without any change in bookkeeping methods, a net deficit of $152,000,000 in 1932 was reduced to $50,000,000 in 1933, and became a surplus of $12,000,000 in 1934, a surplus of $5,000,000 in 1935, a deficit of $17,000,000 in 1936, and a surplus which will equal approximately a million dollars a month for 1937.

In balancing the postal budget, savings were effected in the leasing of buildings and by constructing annexes and substations as well. Savings were also effected by the consolidation, since March 1933, of nearly 7,000 rural routes. A reduction was effected by this administration in the subsidies both to domestic and foreign air-mail contractors and also in the marine subsidies. The latter are now a charge against the Treasury, through the Maritime Commission. Savings have been effected in the purchase of trucks and supplies, as well as in the increase in personnel efficiency. Revenue income has also been increased, mainly through the levy of 3-cent postage.

While the postal budget has been brought into approximate balance during recent years by added revenues, increased efficiency, and administrative savings, the Department has been burdened with new costs. The 40-hour-week law, the transfer of the custody of post-office and Federal buildings to the Department, the new services rendered other departments by the postal system, including the sale of Treasury bonds and hunters' stamps, the payment of the soldiers' bonus, the work associated with the launching of our Social

Security program, and now the work incidental to the unemployment census, are some of the added services required of the Post Office Department; and yet with it all the postal revenues are in approximate balance, which is a remarkable tribute to the administrative and the postal personnel. It is all the more remarkable when we consider the huge losses incidental to the operation of our second, third, and fourth-class mail services. The Department for the fiscal year 1936, according to the cost ascertainment figures, lost $90,000,000 in handling second-class mail, $23,000,000 on third-class mail, and $18,000,000 on fourth-class mail. If the Department could eliminate the free services, the subsidies, and require each classification to pay the cost of the service, the postal budget would be balanced without 3-cent postage. A satisfied public, a prudent administration, an efficient personnel, a cooperative Congress, have produced the Nation's most successful public enterprise.

THE WORK OF THE BOARD OF DIRECTORS, AS THE POST OFFICE COMMITTEES ARE CALLED

In the last session there were 750 postal bills presented to Congress. This averaged four bills a day, most of which were referred to the Post Office Committees. Included were private relief bills for claims against the Department; bills relating to the construction and maintenance of post offices; bills dealing with every phase of the postal activities, including the use of the mails, rates, classifications, regulations, postal facilities, and the pay and working conditions of postal employees. Five hundred of these bills dealt directly with the operation of the Postal Service, and 10 of them were enacted into law and approved by the President. Six of those approved related to compensation and employee working conditions; two concerned postal rates; one provided payment to temporary postmasters at the small offices in cases of emergency; and one was for the purpose of classifying certain bills and statements of account as first-class mail matter.

Ten postal bills which passed the House are still awaiting consideration in the Senate Post Office Committee. Nine of these relate to employees, one to experimental air-mail service.

Four House postal bills are on the House Calendar, and concern air mail, compensation for fourth-class postmasters, and the illustration of United States postage stamps.

Two House postal bills are on the Senate Calendar and may be considered early in the next session. One extends air-mail mileage and the other affects the compensation of postal laborers.

Four Senate bills approved by the Senate are still to be acted upon by our House committee. These bills affect the consolidation of rural routes, protection of the mail monopoly, extension of second-class mail privileges to publications of certain State departments, and the punishing of senders of threatening communications.

The President vetoed one postal bill during the last session which had for its purpose the status of star-route carriers.

During all the time these measures were receiving consideration, the committees of the House and Senate were aware of the friendly cooperation of all parties interested.

EXPANSION IN UNITED STATES AIR MAIL SERVICE SINCE 1933

In the fiscal year 1933 the northern transcontinental route extended no further west than Billings; today it extends from Chicago to Seattle, giving fast, through service to the entire Northwest.

The States of Maine, New Hampshire, Vermont and West Virginia had no air-mail service in 1933; those States now have direct service. In 1933 the Territory of Hawaii had no air-mail service, whereas now all of the major islands of the Territory are connected by means of route AM–33. In Alaska, where the airplane service is performed under star-route authorization, we have 18 air-mail routes at the present time giving service from twice a week to once a month, and the Department is now advertising for additional service by air from Juneau, Alaska, to White Horse, Canada, and from White Horse to Fairbanks, Alaska.

There has been a complete renovation of equipment since 1933. At that time there was not a single Douglas, Electra, or any of the newer model Lockheed multimotored planes in operation, which types are now predominant in the high-speed trunk-line service which we have today.

Our domestic air-mail routes in 1933 covered 27,679 miles; today they cover 31,991 miles and serve 47 States. The amount of mail transported over these routes has increased from 6,741,788 pounds to 19,553,543 pounds, and the mail revenue from $6,116,441 to $12,000,000. In 1933, 304,289 passengers were transported, bringing in a revenue of $6,407,748. This year 918,662 passengers were transported at a revenue of $21,508,325, while the express carried has grown from 744,452 to 6,845,275 pounds in the same period.

Our foreign air-mail routes show the same satisfying results. In 1933 the length of the routes was 18,898 miles; this year it is 29,955 miles. The mail volume has increased from 166,705 to 384,695 pounds; the miles flown from 3,775,454 to 4,445,590 miles; and the passenger-miles from 22,589,926 to 56,975,000.

In looking over the record of the Department of Commerce for the period 1933 to 1937, it is noted that a number of new mail stops were established; approximately 249 beacons, 43 landing fields, and 41 new radio stations set up, and some 42 of the earlier and more obsolete type of radio stations were rebuilt. Also, the teletype weather reporting system has been extended about 8,000 miles, from 13,000 miles in 1933 to 21,000 miles in 1937.

THE TRANS-PACIFIC AIR SERVICE

A few days ago, November 24, the *Hawaiian Clipper* left San Francisco to begin the third year of the trans-Pacific service. America's first transoceanic air-mail service has been in operation for 2 years and is without parallel any place in the world. It is the only over-the-ocean passenger-carrying service that exists. It has completed 162 scheduled flights without a forced landing or accident of any kind, covering 1,288,773 miles in regular service, or 96 percent of its scheduled mileage. This indicates that America has made greater progress in commercial aviation than any other nation in the world.

The trans-Pacific service has increased its mail volume this year over that of last year by 173 percent. The first year it carried 954,730 letters; the second year it carried 2,608,246 letters, doubling, almost tripling the first year's performance. More than half a ton of mail is being carried weekly from California to China by air, or about 230,000 letters every month.

The passenger service is increasing. Nearly 2,000 persons flew the Pacific in the past year, a record of some 7,931,312 passenger-miles.

The cargo-carrying department shows even bigger figures. Since schedules were started across the Pacific the clippers have carried 505,944 pounds of cargo in addition to passenger and mail loads. Serum and other medical supplies have been rushed across the ocean to the Orient; news reels of the bloody conflicts now being waged in China have been flown to the States; practically everything that could be put aboard has been sent by air.

Amend the Revenue Act of 1936 With Regard to Undistributed-Profits Tax Now

EXTENSION OF REMARKS

OF

HON. ALFRED F. BEITER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 1, 1937

Mr. BEITER. Mr. Speaker, recent newspaper dispatches indicate that employment in the steel industry has been slashed to about half of that of last Spring. In Lackawanna, N. Y., the Bethlehem Steel Co. has dropped some 8,000 men from the rolls. The same firm in Dayton, Ohio, has dropped some 26,000 men, resulting in the industry's lowest production in 3 years.

We do not want to permit this period of industrial recession to result in collapse and another depression. Building and real-estate operations must be revived if we are to restore normal economic conditions in the country. Repeal of the surtax on undistributed profits is widely advocated, and leaders of the House and Senate have given assurances that such legislative action can be expected. It appears, however, that the action to be taken by the Congress will be postponed until January. I want to take this opportunity to urge that action be taken now.

One of the large manufacturing firms in my district writes me regarding the effect of this tax on his business as follows:

It has been very destructive in its action because of the fact that on account of the severe depression our working capital was sadly depleted and it is necessary that it be built up for two reasons. First, to put us in good financial position. And second, to provide extra funds to carry us through the next depression, which is sure to come, as depressions do come. We have been obliged to replace several of our machine tools recently and to buy additional new ones. In addition to this we have been obliged to make extensive repairs because of our inability to do these things during the depression. We have an investment of over $1,600,000, and when we are busy we employ about 400 men. Therefore, the management has a double responsibility; that is, the responsibility to stockholders and responsibility to employees in order to keep our plant in a healthy condition and to carry on development work necessary to expand our business. There are thousands of companies in like condition.

Another large construction company in my district writes thus:

Corporations do not, as a rule, object to paying their stockholders reasonable dividends, but the management is faced with the necessity of building up a strong financial condition, as well as providing money for improvements and expansions. To a very large extent this is the way that many great corporations have been built up. I might mention United States Steel, Bethlehem, General Electric, and many others who have also paid reasonable dividends.

My bill (H. R. 4594) designed to ameliorate the tax on undistributed profits, has been pending in the Ways and Means Committee since February 10, 1937. The provisions of the Revenue Act of 1936 do not permit deductions for expenditures for improvements. My bill would permit deductions for payments made in liquidation of a debt for construction or other improvements over a period of years. I am firmly convinced that enactment of this legislation would develop a great volume of private construction, thereby furnishing private employment to great numbers of workers and relieve the Government of large expenditures in developing work at public expense for the unemployed. A petition to bring the bill out on the floor for immediate action is on the Speaker's desk and I urge those who are interested in obtaining action now to sign this petition without delay.

Relations Between Employers and Employees

EXTENSION OF REMARKS

OF

HON. IRA WALTON DREW

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 1, 1937

RADIO ADDRESS BY HERBERT M. SYME, ATTORNEY FOR THE PENNSYLVANIA UNEMPLOYMENT COMPENSATION BOARD

Mr. DREW of Pennsylvania. Mr. Speaker, under leave to extend my remarks in the RECORD I include the following radio address by Mr. Herbert M. Syme, attorney for the Pennsylvania Unemployment Compensation Board:

It is difficult to find a cure-all in social and human problems. I believe that the greatest contribution that can be made to a solution of our industrial problems is a better understanding by employer and employee.

Let me enumerate some of the difficulties that have been presented in my experience in industrial matters.

Employers say that labor must be responsible, that unions are arbitrary and unreasonable in their demands; they do not consider the employers' plight.

Unions say the employer is hardheaded, obstinate; that he won't give in and won't try to understand.

What of the closed shop? How about the check-off? How about discharge cases? What are you going to do with these things?

Some of these questions are answered by the National Labor Relations Act. Some are not. Legislation has outlawed the company-dominated union. It has said to an employer that where a majority of his employees indicate a desire for a particular labor organization he must deal with that organization as the exclusive bargaining agency with respect to wages, hours, and working conditions.

It has said to that employer that he may grant the closed shop, but it is not obligatory upon him to do so. After that he must bargain in good faith. Bargain in good faith is a very sensitive, delicate, and difficult subject.

We have legislation providing for certain things, and a great many employers are willing to go as far as the law compels them. Organized labor, however, in most instances wants the employer to go far beyond what is required of him by law.

The important thing, I believe, is the desire on the part of both sides to try to understand the problems and establish a mutuality of understanding.

Labor must live up to its contract; must live up to every commitment it makes. That is also true of the employer. The difficulty is that contracts in early labor relations were negotiated merely as a gesture of good faith, never as legal instruments, enforcible in court. Notwithstanding that, the United Mine Workers, American Federation of Hosiery Workers, International Ladies Garment Workers, Amalgamated Clothing Workers, building trades, and various other unions have a long and honorable record of living up to their contractual obligations.

With the rapid growth of the labor movement, a labor leader may have crept in here and there who does not appreciate the responsibility he bears. But that may also be true of employers.

With new procedures established and new laws passed, labor leaders will have some tribunal other than the picket line to go to, and there will come a change in strategy.

Although a minimum wage may be established by law, the problem of wages will still agitate employer-employee relationships. Then there are small grievances that, notwithstanding their smallness, may be a source of trouble. I recently had an experience where an employee in a specialist dress shop insisted on eating garlic. He was a good man; he served the company faithfully; but still he ate garlic. The company wanted to discharge him, but felt the union would object and label such action as discriminatory, not against garlic eaters but against union members. The matter was adjusted. There are a multitude of such instances where someone outside the employer and employee should be brought in. Especially is this true in new unions.

The United States Department of Labor and the State department of labor have had men and women as mediators who have tried to do their best and in many instances have performed a commendable job in adjusting labor industrial controversies. But they have many handicaps. First, they are undermanned. Secondly, they are individuals frequently coming into strange territory, not knowing and not being able to influence either employer or employee.

For a number of years now individual localities have adopted systems of mediation. Toledo has a plan of that kind. Philadelphia for some time had such a plan. New York has recently passed an act that provides for such a plan of mediation. Newark has a similar plan.

How do these boards work? The boards consist of an equal number of representatives of labor and employees. In other words, the outstanding and most enlightened industrialists in a community are recruited to serve on the board with the outstanding and most enlightened labor leaders. The board usually has an impartial chairman, who represents the public and who usually holds the balance of power.

That is all there is to it. You get a hearing before such a board usually by writing a letter or making a telephone call. The members of the board are men in a local community. They have a local responsibility. They have been born, they live and probably will die in the community. They are interested in the continued welfare of the community.

An enlightened employer talking to another employer can accomplish a great deal more than either a government agent or a labor leader. On the other hand, an experienced labor leader, who has gone through many a fray and has solved many an economic problem, can do far more with his colleagues than can any other person. In addition to this, there is the problem of arbitration. Neither labor nor industry wants compulsory arbitration. But there are instances where both sides may say, "Let us submit this issue to an impartial tribunal and be bound by the decision handed down by it."

The older and stronger unions spend each year thousands and thousands of dollars on arbitrators, but the younger and weaker unions do not have the wherewithal, and the result is that very frequently they hunt for an arbitrator, cannot get a suitable person, and industrial strife results. The local community can supply a great many persons who would be willing to serve without compensation. If necessary, compensate them. In the long run it would cost the city much less than strikes cost.

Another difficulty in our employer-employee relationships has been the fact that we become conscious of a difficulty only at the time a strike arises. Then we see in screaming headlines that John Doe broke Richard Roe's skull and that Mary Smith stripped Bessie Jones and that a hearing will be held before a magistrate the next morning.

Industrial relations, however, should be looked into before they break into strikes, before they get on the front page. We should have not only a hospital of industrial relations, but also a convalescent home. We should have an industrial clinic.

I have been in conference with several Congressmen and I proposed a national mediation plan of this kind. I proposed that a single body be established in Washington for the purpose of setting up, directing, and coordinating local boards of this kind all over the country. Uniformity of policy would be established by the national board. It would have its representatives sitting on every one of these mediation boards. Labor and industry would be recruited from each community. Newspaper and radio support would be enlisted to corral public opinion.

The employer who under such circumstances would not act in good faith, or the union that would not act in good faith, would not have the legislative whip over it but would have the full force of public opinion. In Toledo, for instance, two newspapers actively support the plan and that city, which was strife-torn for a number of years, has established relative peace.

There is one fundamental principle that should never be lost sight of. We can safeguard labor's right to organize. That has to be done. But collective bargaining as such, the question of bargaining in good faith; that sensitive and delicate approach to a problem and an earnest effort to solve it, can never be legislated into existence. That is a subjective approach. And in that respect, society must take a hand and a good-neighbor policy must be adopted.

These bipartisan boards would bring about an interchange of opinions and a method of solving problems. They would initiate research to establish the status of a particular industry. The wages and the working hours might be investigated so that both sides would not work blindly as they do today.

The older unions have done a fine job in that respect. The Hosiery Workers Union recently spent $10,000 for a survey of the industry. The hatters have done a similar work. The mine workers are constantly investigating economic conditions.

When it comes to the weaker unions, newly organized unions, the unions where most of the trouble arises, the problem is more difficult and that should be a source of concern to society.

The Farm Bill

EXTENSION OF REMARKS

OF

HON. WILLIAM A. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 1, 1937

COMMUNICATION FROM FRED BRENCKMAN, WASHINGTON REPRESENTATIVE OF THE NATIONAL GRANGE

Mr. ASHBROOK. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following communication which was sent to Members of Congress yesterday by Mr. Fred Brenckman, Washington representative of the National Grange:

THE NATIONAL GRANGE,
Washington, D. C., November 30, 1937.

To the Members of Congress:

There are certain features of the farm bill, H. R. 8505, now pending in the House, with which the National Grange is in full accord. We believe that, broadly speaking, the soil-conservation program is sound and should be continued, and we favor the objectives outlined in the declaration of policy contained in the bill, particularly with reference to giving the farmers price parity with other groups and a fair share of the national income. We likewise favor that feature of the House bill which would make $10,000,000 available each year for research in the effort to find new uses for farm products in industry and to extend markets and outlets for farm commodities. Another new feature of the bill which meets with our approval is that which would authorize the Secretary of Agriculture to intervene and cooperate with farm cooperative associations in rate cases coming before the Interstate Commerce Commission.

However, we are strongly of the opinion that the new legislation should be based on the idea of voluntary cooperation on the part of the farmers, rather than compulsory control on the part of the Government. It should be clearly understood that under no circumstances does the Government have the right to use the word "must" when it comes to telling the farmers of the country how much or how little they should produce of any particular crop, or how much or how little they should place upon the market. There can be no such thing as a majority, under the guise of a referendum, dictating to a minority in matters of this kind.

The provisions relating to compulsory control, quotas, and penalties contained in Senate bill S. 2787 violate all the best traditions of American democracy. If this bill should be enacted, it would lay the basis for perhaps 100,000 lawsuits in the agricultural States of the country every year. So far from being a help in the solution of the farm problem, there is justification for saying that the enactment of this measure would further complicate the situation and render the plight of the farmer more desperate than ever.

It should be remembered that Congress has a responsibility regarding the constitutionality of legislation that is enacted, as well as the Supreme Court. If such a measure as the Senate bill should pass and in due time the Supreme Court, in the performance of its sworn duty, should declare it to be unconstitutional, it would simply furnish an excuse for certain elements to raise a hue and cry that would resound throughout the agricultural sections of the country to the effect that the Supreme Court is the enemy of the farmer. That would not be fair to the Supreme Court, nor would anyone be benefitted by it.

In the opinion of the National Grange, both House and Senate bills should be referred back to committee and stripped of their compulsory features. In planning a long-time program for agriculture, we should not begrudge the time nor the patience that is necessary to make it sound, workable, and constitutional.

Yours sincerely,

THE NATIONAL GRANGE,
By FRED BRENCKMAN,
Washington Representative.

Reciprocal-Trade Agreements—Shoe Industry

EXTENSION OF REMARKS

OF

HON. WARREN R. AUSTIN

OF VERMONT

IN THE SENATE OF THE UNITED STATES

Thursday, December 2 (legislative day of Tuesday, November 16), 1937

ARTICLE BY HON. HENRY CABOT LODGE, JR., IN THE BOSTON ADVERTISER, NOVEMBER 28, 1937

Mr. AUSTIN. Mr. President, I ask unanimous consent to insert in the RECORD an article by the junior Senator from Massachusetts [Mr. LODGE], published in the Boston Sunday Advertiser of November 28, 1937, entitled, "Shoe Industry Must Have Pact Delay."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SHOE INDUSTRY MUST HAVE PACT DELAY

[By HENRY CABOT LODGE, JR., United States Senator from Massachusetts]

(Written expressly for the Boston Sunday Advertiser)

(Last week Senator LODGE introduced a resolution calling on Secretary of State Hull to suspend all further negotiations for reciprocal-trade agreements for 1 year so as to maintain employment and prevent involvement in European war zones.)

(Copyright, 1937, by the Boston Sunday Advertiser)

When a cotton sheet factory closes or a shoe factory shuts down, there are doubtless many reasons for it. But you will often find that one reason is that cotton sheets or shoes have come into the United States from foreign countries which sell so cheap that they undersell the articles which we make here.

These foreign goods—be they sheets from Japan or shoes from Czechoslovakia—sell at low prices because the help in Japan or in Czechoslovakia are paid a low wage and are worked for long hours.

If we Americans want to stay in business, keep our jobs, and meet this competition, there are two things we can do. We can either cut our wages to the Czechoslovak level, raise our hours, and lower our standard of living, or we can pass a law which will keep these substandard goods out of the United States.

Throughout our history we have chosen the second course. We have refused to cut our living standards to those of pauper-paid foreign labor. We have instead had a tariff law which set up a barrier which protected us against this type of foreign competition. The existence today of many of our industries would not have been possible without that tariff law.

OFF IN OPPOSITE DIRECTION

Today Secretary of State Hull and others propose that we go in the opposite direction. They say that we should make agreements

with foreign nations to lower our tariffs and let in more foreign goods. Then, they say, the foreigners would buy more American goods. It sounds like a wonderful theory.

They tell us that the old system of making tariff laws was bad. I agree.

As a newspaperman, I observed the making of a tariff law. I have seen the logrolling. I have seen the way in which tariff protection was given merely as a device to raise prices in industries which deserved no protection at all. I have seen the abuses of the old system. They prevented a healthy foreign trade, which means increased sales of American goods. They kept prices to the consumer artificially high. I agree wholeheartedly with Secretary Hull and his supporters that the old system of congressional tariff-making was bad.

We should therefore look at any proposal to change this system with a friendly eye. We can go a step farther and agree with Secretary Hull that it is a fine thing for us to sell our surplus production abroad and that, of course, we therefore must buy those foreign goods which we do not produce at home.

CASE OF PRACTICE VS. THEORY

The purpose of getting away from the old logrolling tariff system is a fine purpose. And the purpose of conserving and strengthening our legitimate foreign trade is a fine purpose. And the purpose of promoting peace and goodwill is a fine purpose.

So far, so good. We can agree on these aims. Let's see the method. How does the Secretary of State propose to achieve these aims?

One way which he intends to use is that of making an agreement with Czechoslovakia. Let us study this idea. It will show how different actual practice can be from beautiful theory.

1. In Czechoslovakia they make furniture and shoes and other things. They make many of the things which we make in Massachusetts. Recently Czechoslovak shoes were offered for sale in this country at $1.17 a pair.

Think of the low wages that must have been paid to make that low price possible.

A reduction in the tariff on shoes may be the deathblow to our Massachusetts shoe industry. The tariff on shoes is too low already. Several million pairs of Czechoslovak shoes came into this country last year. We should raise the tariff on shoes—not talk of lowering it.

2. Now, consider this: We are trying to raise wages. We are trying to shorten hours. We have a government which tries to do many things for its citizens and this means heavy taxes. Our national budget is out of balance. Therefore we have a big national debt.

And all these factors create an upward spiral which raises our costs.

3. Other countries have not followed our example where hours, wages, and taxes are concerned. Consequently their costs are lower.

4. We are told over and over again that one of the main purposes of this new policy is to promote peace. We presume that this means peace for the United States. Now, look at your map of Europe. See where Czechoslovakia is—right in the heart of the armed camp on the world's most celebrated battlefield—continental Europe. With war looming as large as it does today, how does it promote peace for us to increase our trade relations—and hence the chance for friction and involvement—with people in that part of the world?

5. Trade agreements have been concluded between the United States and 16 nations—all of them within a space of time so recent that their exact effects cannot yet be ascertained. Should we not see how these have resulted before going further?

TIME TO PAUSE IS NOW

These five points deserve consideration. It is, of course, easy to find fault—and so I do not merely criticize. We can readily admit the faults of the old system and the undoubted worth of the stated purpose of the new policy. We do criticize some of the methods which it is proposed to use.

And we submit that the time has come to pause * * * to go slow * * * until we can see the effect of wage legislation; of hour legislation; and of tax legislation. We simply cannot raise our costs at home and lower our defense against low costs abroad—and expect to have any industry left. We cannot go in two different directions at once.

Therefore, let us wait for a year, when we can make agreements more intelligently because we may then know the facts.

It is true, as Secretary Hull says, that we are all consumers who buy food and clothes and household goods and that it is a fine thing for consumers to pay low prices. That is true. But the intelligent consumer does not want prices so low that they can only be the result of sweatshop wages. The intelligent consumer does not buy foreign-made goods at prices so low that his neighbor is thrown out of work. We must not run the risk that this will happen.

Let us wait. Let us wait until we can see the results of the 16 agreements now in effect. Let us wait until the war clouds blow away. It is sometimes better, in the words of the old adage, "to make haste slowly." Let us wait for a year. If you go ahead now, you may add still more men and women to the tragic army of the unemployed. We merely want the chance to work. Do not deny us that chance.

The Unsolved Problem of Monopoly

EXTENSION OF REMARKS

OF

HON. WILLIAM GIBBS McADOO

OF CALIFORNIA

IN THE SENATE OF THE UNITED STATES

Thursday, December 2 (legislative day of Tuesday, November 16), 1937

ADDRESS BY HON. HOMER S. CUMMINGS, ATTORNEY GENERAL OF THE UNITED STATES, NOVEMBER 29, 1937

Mr. McADOO. Mr. President, I ask unanimous consent to have inserted in the Appendix of the RECORD an address delivered a few days ago by Attorney General Cummings on the subject of the Unsolved Problem of Monopoly. I think it is a very illuminating address.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. Chairman, members of the Associated Grocery Manufacturers of America, ladies and gentlemen, you have invited me to discuss a subject that is highly controversial and beset by difficulty. What I shall say represents merely my own viewpoint and grows out of my personal experience. A frank expression of opinion may, perhaps, be of some help in this vexing business. The title of this address, "The Unsolved Problem of Monopoly," is a recognition at the outset that, despite long years of debate and controversy, a satisfactory solution has not been found. And yet the need of a remedy is increasingly insistent.

Whatever else may be said of our antitrust laws, they represent an honest attempt to preserve democratic processes. With the objectives of these laws, I assume that few responsible persons have any serious quarrel. To forbid monopoly, to preserve free competition, to insure fair trade practices, and to prevent the price range of commodities from getting beyond the reach of the consumer, these and related purposes are at once worthy and of the essence of democracy. Yet, manifestly, our antitrust laws, admirable in design, and, within certain areas, reasonably successful, have failed of their major objective. They may have checked the growth of monopoly, but they have not prevented it. And, let me add, that unless we destroy monopoly, monopoly will find ways to destroy most of our reforms and, in the end, lower the standards of our common life.

The trend toward an undue concentration of wealth and economic control is unmistakable. It is estimated that in 1929, 200 nonfinancial corporations controlled 49.2 percent of the assets of all such corporations. In 1933 the percentage had increased to 56 percent. Reports from the Bureau of Internal Revenue for 1933 indicate that nearly one-third of all the property passing by death was found in less than 4 percent of the estates. The studies made by the Brookings Institution in its 1929 report indicate that 6,000,000 families had incomes of less than $1,000 annually, and that 36,000 families in the high-income brackets received as much of our national income as 11,000,000 families with the lowest incomes. Reliable statistical information discloses that large numbers of industrial units have totally disappeared, and that there has been a progressive elimination of the small businessman as a factor in American life.

If this is what democracy comes to, then we must amend our ways or confess judgment in the face of the world.

Competition, as a restraining influence, is being gradually displaced and in large areas remains only as a shadowy reminder of conditions that once existed.

Its illusory nature is well illustrated by the futile attempt upon the part of the Government itself to obtain competitive bids in a wide range of materials. The law requires the submission of sealed offers pursuant to detailed instructions duly advertised, and awards the contract to the lowest responsible bidder. These offers are handled with the utmost care and impartiality. Finally the critical moment arrives and the bids are opened. They are found to be identical. The whole proceeding degenerates into a farce. Not so long ago, the Denver office of the Bureau of Reclamation received 17 bids for reinforcement bars. Of these bids, 14 were identical to the last cent. When the Navy Department opened 59 bids for steel pipe, each and every one of the 59 companies bid precisely $16,001.83. In one instance, in purchasing cement, 40 companies bid each precisely $17,148.60. Substantially this same experience has recurred in bids for paper, rubber, meat, rope, office supplies, cans, chemicals, medical supplies, plumbing, explosives, and other materials without end.

It would not be feasible within the limits of this address to consider the legal aspects of this situation. I reserve such discussion for another time and place. My purpose is to call attention to the fact; and to ask you, What has become of competition

in the sense in which it is generally used? No one can claim, I suppose, that these identical bids were the result of identical costs of production, or the result of calculations based upon independent estimates. Whether they grew out of round-table conferences or more subtle devices which it is claimed defy prosecution, the result is the same. If such a result can be attained within the law then our prohibitions relative to collusion are aimed at methods and not at results; and yet results are the things with which we, as a people, are chiefly concerned. If a result harmful to the public may not lawfully be achieved by one method but may be reached by other means held to be legal, we are confronted by a judicial paradox difficult to resolve. Manifestly, private action, voluntary in character, which sets in motion a chain of circumstances producing frozen price levels is, from the standpoint of public interest, as offensive as arbitrary price fixing by a private monopoly. No matter what mechanism the Government—Federal, State, or local—may set up to assure price competition in public buying, it may, with reference to a large range of materials, be completely set at naught by ingenious devices of control which, it is contended, have not yet been brought clearly within the purview of our law.

Moreover, the complexities of modern existence and the pressures of events have undoubtedly had their effect upon the antitrust laws, their interpretation, and their administration. If you look at the statutes, do you find the law? Not at all. Only the simple expect to find the law in the statute books. The law must be searched out, as if it were a quarry in the tangled underbrush of an almost impenetrable forest. The courts have interpreted and reinterpreted the law and have, from time to time, laid down doctrines of a modifying and even self-contradictory nature. It is a case of "confusion worse confounded."

When the Sherman Antitrust Act came before the Supreme Court in 1895 in the famous Knight case, it was held that the sugar refining business of the country "bore no direct relation to commerce between the States or with foreign nations." It is hardly to be doubted that this decision devitalized the Sherman Antitrust Act to a marked extent, and for many years thereafter monopolistic practices went forward under judicial sanction. We have come a long way since that time, as you may readily see by comparing the reasoning in the Knight case with the reasoning of Chief Justice Hughes in the Jones & Laughlin case.

The Congress, after 24 years of experience with the Sherman Act and its judicial interpretations, passed the Clayton Act and set up the Federal Trade Commission. Following 20 years of experience with this form of procedure, we came to the period of the National Recovery Administration, the establishment of which was due, in part at least, to the relative inadequacy of the antitrust laws. Its period of existence was, however, so brief that it is impossible to say what the ultimate effects would have been had it not been declared unconstitutional.

The Robinson-Patman Act, the Miller-Tydings bill, and enactments like the Wagner labor-relations law, the Walsh-Healey Act, and the Guffey coal bill affect business methods in many essential ways, with resultants we have not yet fully appraised. In the meantime various decisions have been rendered by our courts which have tended to curb the power of the Federal Trade Commission and limit the scope of its useful activity. All these considerations lead to suggestions to which I shall later on refer.

ENFORCEMENT

Despite the difficulties and uncertainties to which I have alluded, there still remains an extensive area within which antitrust proceedings, even under existing laws and procedure, may be highly fruitful. This we have demonstrated by many successful actions dealing with such matters as unfair methods of competition, harmful restraints of trade, and ruthless suppression of small business by unethical methods. In fact, this administration during the 4½ years of its existence has instituted more antitrust suits than were commenced in any comparable period theretofore. Necessarily we in the Department of Justice take the law as we find it and enforce it to the utmost of our ability and resources. This is our plain and inescapable duty. This we have done and this we will continue to do.

Nevertheless it is literally impossible, with the limited personnel of the Antitrust Division, to give attention to every complaint or to prosecute all the cases that ought to be brought to the attention of the courts. Roughly speaking, it costs the Government not less than $100,000 per year to prosecute one sharply contested antitrust suit. Under the conditions that now prevail, it is only by working under extreme pressure that we are able to investigate the most urgent of current complaints and keep three or four large cases moving simultaneously. Moreover, the Department of Justice should be supplied with a staff especially qualified for economic analysis. Practically all of the difficult antitrust cases involve intricate economic and business problems. Manifestly no suit against an American enterprise should be instituted without the most careful preliminary investigation. No responsible person would desire the Department to file suits on popular rumor and suspicion without adequate check or preparation and without an eye to ultimate results.

My proposition is that the Antitrust Division of the Department of Justice should be more adequately implemented. Laws do not operate in vacuo. They do not achieve their results automatically. There must be behind them the driving force of the Government.

It is idle to pass new laws or to revise old ones without realizing that their administration is fully as important as their formulation, and that to enact ambitious laws and not to provide the means of their enforcement is to "keep the word of promise to our ear and break it to our hope."

CONCLUSION

In what I have said it has been my primary purpose to state a problem, to indicate roughly its outlines, and to stress its importance. Manifestly we have built up a body of law that is at once difficult to understand and well-nigh impossible of practical application in many of the urgent situations of modern times. A thorough overhauling of these laws is imperatively required.

This is necessary, not only from the standpoint of the Government and the public, but from the standpoint of business as well.

Naturally, I deprecate a slap-dash approach to the subject. In my judgment, there should not only be serious study, but extensive hearings, so that every interested element of our national life may be represented and so that it may not be contended that any legitimate factors have been ignored. Adequate consideration of the matter must of necessity cover a wide range of inquiry which should touch such subjects as mergers, holding companies, financial control, Federal incorporation or licensing, base-point bidding, price leaders, identical bids, patents, and taxation. It should run the whole gamut of our national life.

Competing considerations should be given their appropriate weight so that the resultant may gain general respect, for there is nothing in the world more futile than to enact laws which public opinion and the courts are not prepared to support.

We should determine how far wrongful intent is to be considered as a criterion when actual restraint of trade has been shown, and whether the so-called rule of reason requires redefinition. We should consider whether we are chiefly concerned with the form of competitive practices, or whether the accent is to be placed on the control of the supply and price of the product with the resulting mastery of the market.

A sinister intent is difficult to establish, whereas an economic result stares one in the face. The establishment of rebuttable presumptions, within reasonable limits, would tend to relieve the Government of many almost insupportable burdens in the matter of affirmative proof that now has to be drawn from reluctant or adverse witnesses.

Monopolistic practices could undoubtedly be more clearly defined. This would be helpful in the interest of enforcement, and would be a protection to those who honestly endeavor to comply with the law. Consideration might well be given to an increase in the authority of the Federal Trade Commission as an advisory body.

No doubt, in rewriting the antitrust laws, thought should be devoted not only to strengthening them and making them more intelligible, but attention should also be given to providing protection and encouragement to legitimate efforts of enlightened businessmen to increase production and employment, to improve working conditions, to eliminate waste, to provide more effective methods of distribution, and to supply better services to consumers and to the public. Nor should we overlook the fact that recalcitrant minority groups may, by ill-considered methods, impair or destroy the orderly conduct of business, with incidental injury to labor and to the public. The word "chiseler" has in modern times come to have a very definite meaning.

In short, the antitrust laws need clarification and restatement. They need to be adapted to our modern problems more realistically and intelligently, and they need behind them the drive of adequately financed enforcement machinery. Do not for a moment imagine that this is solely the Government's business. It is the problem of all of our people, and that includes every element of American life.

It must not be forgotten that we have found it necessary to set up an Interstate Commerce Commission to deal with railroads and other means of transportation. What has occurred in the utility field you are, of course, well aware. These developments were the direct result of indefensible practices that the average man deeply resented. The American people will not permanently tolerate monopoly or its evil fruits. Every business group understands this full well and, indeed, those who maintain conditions that are tantamount to monopoly are opposed to every monopoly except their own. Complaints under the antitrust laws almost invariably originate with businessmen and are directed against other businessmen. In this welter of things, nothing is more obvious than the fact that big business, if I may use that term, is moving blindly but with accumulating acceleration down the road leading to ultimate Government supervision. Indeed, there are those who are persuaded that economic groups that in one way or another have arrived at a position of dominance in any essential line of activity are likely candidates for regulatory treatment—and that this is especially true with reference to so-called natural monopolies or lines of business dealing with national resources. The problem has been so long with us that unless it is frankly considered and firmly grasped, it will get quite beyond control and lead to remedies of a character that few really desire.

The American people have a deep and abiding faith in democratic processes. They have seen the stop-look-and-listen sign passed all too often; but while their patience endures, every possible effort should be made to solve the problem within the terms of our political and economic ideals. Personally, I adhere to the faith that these difficult matters can be dealt with within the framework of our customary processes.

The very fact that this subject is being seriously considered by such a group as the one I see before me is a source of deep satisfaction and encouragement. Fundamentally, all our people

want to do the right thing. With courage and goodwill, and in a spirit of rank cooperation that excludes no helpful element of our national life, we may undertake our task with confidence.

The American System of Broadcasting

EXTENSION OF REMARKS

OF

HON. WALLACE H. WHITE, JR.

OF MAINE

IN THE SENATE OF THE UNITED STATES

Thursday, December 2 (legislative day of Tuesday, November 16), 1937

ADDRESS BY WILLIAM S. PALEY, CHICAGO, ILL., NOVEMBER 29, 1937

Mr. WHITE. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD a very informing and interesting address on the subject the American System of Broadcasting, delivered by Mr. William S. Paley, president of the Columbia Broadcasting System, at Chicago, Ill., November 29, 1937.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

I am particularly glad to have an opportunity to talk about the American system of broadcasting before this special group. As educators among a free people, you are familiar with the older tools of democracy and I know that you are keenly aware that a new one has been fashioned and that the manner of its use is of vital import to America.

We broadcasters, as custodians of a great means of mass communication, are eager to have you know what a driving force in our democracy it has become. We are eager to have you know, because we believe that if once you know you will see that he who attacks the fundamentals of the American system attacks democracy itself.

So my thesis today is that broadcasting functions democratically in harmony with the American pattern and, so functioning, has itself become an essential part of that democracy.

Broadcasting may be divided, somewhat arbitrarily, it is true, into three broad categories. The first is public affairs. The second, for want of more exact language, I shall call culture and education. The third is entertainment. In all three I shall trace the pattern that I have just defined.

If I were talking about broadcasting in the countries of the dictators, I should have a simple story to tell. In those countries broadcasting has been owned by the state and used by the state to mold the people to its will, with the people compelled to listen to what their rulers wanted them to hear and barred from hearing anything else.

In America it has been different. We were pioneers and there was no authoritarian hand to mark out a path for us.

In the beginning we stumbled and groped. We saw only dimly the possibilities of mass communication, the complex and often conflicting avenues that were open to us. We were new in a world that was changing and changing fast. Economic necessity was driving the man in the street, the man in the factory and the man on the farm to take a deeper and a more active interest in the public affairs and the politics of his country.

As more and more millions abroad were forced to lay their liberties on the altars of dictators, Americans, slowly realizing that democracy anywhere might be threatened and even lost, found themselves newly and intimately and deeply concerned with the drama of Europe and the chief actors in it.

While all this was happening, the evidence was accumulating that broadcasting could move the actions of men. People would listen, they would understand, and they would act. Living participation in the events of the world and of the Nation—events great and small—had arrived. Frontiers melted like mirages, cold type turned into the warm voices of real men; ideas, good and bad, traveled farther and faster.

Naturally, once so powerful a thing as broadcasting had proven itself, all sorts of people and all sorts of interests wanted to use it for all sorts of purposes. Manifold evidences of this desire forced us to think, to decide, and to act. Particularly in the realm of public affairs did we need, as we grew in experience, to develop a code of ethics. We were under a very compelling necessity to do our best. Public confidence and good will was the only thing we could rely on to perpetuate the system in which we believed. Seldom, if ever, has private enterprise had stronger motives for trying to serve the public interest. I come now to some of our major conclusions, the practices which flow out of them, and the reasons for them. Most fundamental in my own mind is this: Broadcasting as an instrument of American democracy must forever be wholly, honestly, and militantly nonpartisan. This is true not only in politics but in the whole realm of arguable social ideas.

To put it another way, we must never have an editorial page, we must never seek to maintain views of our own on any public question except broadcasting itself. Moreover, we must never try to further either side of any debatable question, regardless of our own private and personal sympathies. Of course, I do not mean that any broadcaster as an individual may not on occasion express his own views like any other citizen. I state this principle of nonpartisanship first, and I state it as emphatically as I can because I believe this is the cornerstone of democratic broadcasting.

You will perceive at once a striking difference between our position and that of the press. Let me point out the reason for that difference and at the same time try to clear up some of the confusion that has existed as to the meaning of such terms as "freedom of the air," "freedom of the press," "censorship," "editorial judgment," and the like.

I realize that having dwelt in the beginning on the power that lies in broadcasting I must offer logical evidence to back my conclusion that we ourselves must not use that power in the realm of controversial ideas, political or otherwise. Now, freedom of the press, as I understand it, means the right of the publisher or the editor to express any view he happens to hold on any public question, and even to refuse to publish the utterances of those who seek to controvert his views. He may even use his whole publication for the sole purpose of furthering his own ideas.

Why may the press be as editorially partisan as it pleases, while we may not? For the reason that there can be an unlimited number of publications devoted to countless purposes, whereas the number of broadcasters is rigidly limited for physical reasons and therefore an editorial attitude on the part of broadcasters would always carry with it the danger of one side of a vital argument being maintained preponderantly or even exclusively. If an editor's views are stodgy, or unpopular, or if he rides hobbies that bore most people, he pays the penalty of dwindling circulation, but he has violated no public obligation.

If you accept my definition of freedom of the press, let me next define freedom of the air as I and nearly all other broadcasters understand it. Freedom of the air means the right of a speaker to express any views he may hold on any question of general interest. He must be guarded, and he is guarded in that right, regardless of how the operators of network or station may themselves feel about the thing he discusses. If he is not libelous or otherwise unlawful, if he is not obscene, if he does not seek to provoke racial or religious hatred, he may say whatever he pleases over the air. I admit that ordinary questions of good taste or good manners sometimes arise, but virtually always they can be satisfactorily settled by consultation with the prospective speaker.

Right here I want to admit, too, that isolated instances of violation of this canon can be found. Most of them lie in what is for radio the distant past. Occasionally one is due to sudden emergency and lack of time for proper consideration; now and then someone, somewhere blunders.

I have given you a definition of freedom of the air. I have tried to show why it is not the same thing as freedom of the press.

The next great principle in keeping American broadcasting forever keyed to the needs of our democracy is "fairness of the air." By that I mean that no discussion must ever be one-sided so long as there can be found anyone to take the other side. The party in power must never dominate the air. No majority must ever monopolize. Minorities must always have fair opportunities to express their views. Again, because the number of broadcasters is limited by physical necessity and since, in the case of networks, millions listen at one time, it is imperative that all sides be fairly treated. Moreover, the dramatic velocity with which ideas reach the Nation through this new medium, the compelling attention gained by those who, in this modern way, contend in person in the public arena of thought and opinion, the degree to which our people have come to rely on the radio for first-hand contact with men and events, all thunder this same democratic moral of freedom and fairness. For us willfully or by the force of others, to do differently would be an unforgivable betrayal of the people themselves.

This discussion of fairness leads me naturally to the next cardinal principle evolved out of experience. Let me describe another and a costly policy maintained by Columbia and, I believe, by virtually all broadcasters as a further safeguard to the fair and democratic use of our medium. We sell time to sponsors solely for the advertising of their goods and services. We do not sell time for propaganda.

By propaganda we mean any attempt to influence legislation, regulation, taxation, and the like. Despite the tempting revenue we might have derived from such sales, we decided against them, first of all, because we believed it was part of our public obligation to provide time for the discussion of controversial issues.

An even more compelling reason was the danger that the side with the most money would win the argument, and often that special interests would drown out the voice of the public. Moreover, if we did sell time for such uses, the amount of talk on the air would be wholly dependent on the willingness and ability of proponents and opponents of issues to buy it. Obviously we could not sell time for such use to some and refuse to sell it to others, and thus we should be unable to maintain anything like program balance. The sole exception we make to this policy is the sale of time to political parties during an actual election campaign. This exception is made because the parties want to use, and are entitled to use, more time than we could possibly afford to give away.

What I have already said will, I believe, foreshadow what I shall now say about the field of education and culture. Democracy is a

pattern of living which great nations and very many millions of men have found worth while. It has been hard won and sometimes easily lost. It does not automatically maintain itself in 1937 any more than it did in the centuries of the past. Many men and many institutions must struggle constantly to preserve it, because unfortunately the thoughtless are apt not to know how precious a thing they are surrendering until it is already lost.

If I may venture my own definition of democracy, it is this: The ability of a people, provided they shall have free access to truth, to choose by instinct and understanding, by trial and error, that way of life which, with fairness to minorities, gives to the greatest number those things which they want. When I have said "access to truth" I have defined our policy with regard to culture and education. To the limit of public acceptance the broadcaster must be willing that the listener shall be exposed to all kinds of ideas on all kinds of subjects. It is his technical job to see that they are competently and interestingly presented because otherwise a twist of the dial renders his medium sterile. But he must not have ologies or isms or cults of his own favoring; he must not have his particular system of economics or his pet brand of science and seek to foist it on the audience. Rather, with constant heed to the demands of those he seeks to satisfy, he must search for that which is familiar and tried or that which is new and vital. He must look for those who know and those who do and bring them to his microphones whether or not he likes them or their ideas or their ways, satisfied, with democratic discipline, to let the people take what they can use and reject the rest. Continually the broadcaster, and all the creative agencies which help him, put on the air a variety of things which both arouse and satisfy listener appetite. It is a widely varied and a voracious appetite; it is often a fickle one. Sometimes it startles with swift response, sometimes it disappoints with the sluggishness of its reaction. Let him who seeks to force upon it too strongly his own ideas of "good" beware. An inconceivably assorted mass audience can be led, but we have yet to find a way to drive it; nor do I believe that we are entitled to drive it toward our own or anyone else's particular conception of what will "uplift" it.

Just as it is vital that we shall live up to these democratic ideals in the fields of public affairs and culture and education, if we are to serve, it is essential that we shall maintain them in the field of entertainment if we are to survive. I believe I do not even need to argue the right of the audience to be entertained. Entertainment, and particularly the free entertainment to which nearly every man, woman, and child in America has access through his radio set, is a fine thing in and of itself. I shall not dwell on the degree to which much of it is a vehicle for education, for enlightenment, for deepening perceptions, and rising appreciations. He who sits before the loudspeaker, within easy reach of switch or dial, is king. He likes some of everything and he is very vocal about what he wants. It is our job to find the best for him and to keep on bettering that best.

A few moments ago I mentioned program balance, and this reminds me that I wanted to explain what I meant by editorial judgment. So long as there is broadcasting, someone is going to have to decide what should be broadcast and what should not. These decisions are always going to be made by fallible human beings. Just as newspapers have editors who decide what to print and what not to print (there is never room to print all) so do we have staffs to decide what is worth broadcasting and what is not. We engage people of background and skill and experience, and we drill them in the principles I have been reciting. In special fields we do not try to exercise unaided judgment. Instead, we avail ourselves of competent advice. For example, we have both a child psychologist and a committee of qualified advisors to insure that all our children's programs conform to very high standards. We have a council of qualified clerics and laymen to allot fairly and sensibly the time we set aside for religious broadcasting, and our school of the air has a professional faculty.

Though I have narrowed my field of discussion to those phases which I thought would be of especial moment to you as educators, I would be sketching too inaccurate a picture of American broadcasting if I did not dwell for a moment on the stimulus of competition. Frankly, I think we have come a long way in a short time. Had we not rivaled each other, spurred each other, dared each other, we would not have done so well so quickly. We sit hourly before the whole people as our judges. None of us can let himself be outdone in the public service.

And so in a very concentrated way I have given you my observations about the form and the substance of broadcasting in this democracy. In the field of politics and public questions it has worked to develop public opinion that is better informed, more tolerant, and more rational. In a period which has registered the most radical social and economic changes in history, our people are understanding with greater clarity the complex problems and forces with which we are faced.

The general cultural level of our people has risen, but far more significant is the increasing aspiration toward better things. The great variety of daily broadcasts have all done their part to spread knowledge of the way men live, work, fight, play, and think in a mobile world. Broadcasting's contribution to the pleasure and happiness, as well as to the social and intellectual equipment of millions of people, is no less real because it has come to be taken for granted.

But of greatest importance is the fact that radio broadcasting has developed and used a democratic philosophy.

I have talked much today of democracy. It is a thing precious to us all. In broadcasting it has not been achieved without a struggle. The fight is not over, and it never will be. There will be danger from those who seek to lay rude and selfish hands on the medium. There will be even greater danger from those who are sincere and well-intentioned but know not the meaning or the value of the word I have used so often.

As solemnly and as sincerely as I know how, I repeat that our present American system of broadcasting, founded on freedom and fairness of the air, must be preserved and strengthened. Allow censorship to be imposed upon it, deliver it into the hands of autocrats, make it a tool of any party in power, destroy it, and you will have begun to destroy liberty in America.

The Farm Bill

EXTENSION OF REMARKS

OF

HON. ALBERT G. RUTHERFORD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 2, 1937

Mr. RUTHERFORD. Mr. Speaker, let us give the dairy farmer a break. Coming from a section of Pennsylvania where dairying is the principal occupation of a great many of my constituents I am of the opinion that some provision should be made in the Agricultural Adjustment Act of 1937, which we are now considering, for their protection; and to that end I am going to vote for and support the Boileau and Andresen amendments to this bill when they are presented to this body. The Boileau amendment—which will make subsection (d) of section 2 of the pending bill read as follows:

(d) Any payment or grant of aid under subsection (b) shall be conditioned upon the utilization of the land, with respect to which such payment is made, in conformity with farming practices which the Secretary finds tend to effectuate any one or more of the purposes specified in clause (1), (2), (3), (4), or (5) of section 7 (a), and (except for lands which the Secretary determines should not be utilized for the harvesting of crops but should be permanently used for grazing purposes only) shall be further conditioned upon the utilization of the land, with respect to which such payment is made, so that soil-building and soil-conserving crops planted or produced on lands normally used for the production of cotton, wheat, rice, tobacco, or field corn shall be used for the purpose of building and conserving the fertility of the soil, or for the production of agricultural commodities to be consumed on the farm, and not for market. As used in this subsection the term "for market" means for disposition by sale, barter, exchange or gift, or by feeding (in any form) to poultry or livestock which, or the products of which, are to be sold, bartered, exchanged, or given away; and such term shall not include consumption on the farm. An agricultural commodity shall be deemed consumed on the farm if consumed by the farmer's family, employees, or household, or by his work stock; or if fed to poultry or livestock on his farm and such poultry or livestock, or the products thereof, are to be consumed by his family, employees, or household—

is just and reasonable. It certainly is not fair to the dairy farmers of America, to pay the farmers of our country raising wheat, corn, cotton, tobacco, and rice for taking acreage out of production of those crops and then allow them to use those same acres to grow agricultural commodities for market which will compete with the dairy farmer. All that the dairy farmer wants is a fair break from his Government. So far as I know he has never asked for any direct subsidy and if he has, he has never received any to date. The minority report on this bill states the situation clearly when it says:

The dairy industry received no benefits whatsoever from the operations of the Agricultural Adjustment Act or other New Deal legislation. Quite to the contrary, the dairy farmers of this country have been used as trading stock by the administration in the carrying out of its reciprocal trade policy. Tariff duties have been slashed on dairy products and foreign farmers encouraged to increase their production for shipment into the United States in competition with domestic production. During the first 9 months of 1937, 10,148,000 pounds of butter and 42,000,000 pounds of cheese produced in foreign countries entered our ports for sale in this country. In the same period, several hundred million pounds of competitive oils and fats were imported to be used in competition with dairy products. The effect of these importations has been to reduce the price received by American dairy farmers for their products with a consequent loss in purchasing power.

The reciprocal-trade policies of this administration have certainly been a "pain in the neck" to the dairy farmers of

this country, and if the Boileau amendment is defeated and the farmers now growing cotton, wheat, corn, tobacco, and rice be allowed to use their acres for the production of agricultural commodities which will compete directly with the farmers now engaged in the dairy industry, the dairy farmer will not only continue to have a "pain in the neck" but he will have received such a "kick in the pants" as to make him sore all over. The Andresen dairy amendments—reading as follows:

SECTION 1. The importation of agricultural products into the United States is hereby prohibited where the landed cost of such products plus the tariff duties are lower than the domestic cost of production.

SEC. 2. The Secretary of State is hereby directed to discontinue the practice of binding on the free list or binding at the present rate of excise taxes, agricultural commodities imported into the United States. The Secretary of State is further authorized to advise the Governments of Brazil and the Netherlands that at the expiration date of the respective trade agreements the concessions granted by the United States with reference to binding babassu oil and starches on the free list and freezing the excise tax on palm oil at 3 cents per pound will not be continued.

SEC. 3. That on and after 6 months from the enactment of this act, foreign shipments of dairy products into the United States are prohibited unless said dairy products have been produced from milk or cream of cows which are free from bovine tuberculosis—

are also fair and reasonable and should be adopted. Section 1 covers all farm products and simply gives the American market to the American farmer. Why this administration continues to favor the farmers in foreign lands in preference to our American farmers is more than I can understand. But it has been doing it for the past 5 years, and will continue to do so until the American farmer gets up on his hind legs and makes himself heard. Section 3 seeks to compel farmers in foreign lands who desire to ship their products into our country to comply with the same sanitary regulations and laws as are in effect for American dairy farmers. There is certainly nothing unreasonable or unjust in such a requirement. All the sanitary regulations and laws that have to be met by the American farmer before he can sell his dairy products costs him real money, and it is not only fair to him but to the general public to require that foreign farm products which are sold in competition with the American farmer should meet the sanitary requirements of our country. As set forth in the minority report—

The production of milk and dairy products is the largest agricultural business in the United States. As compared with the five basic commodities covered by the proposed bill for the 1936–37 crop year, the following figures tell the story: Milk, $1,761,000,000; cotton (lint and seed), $947,797,000; corn, $1,518,411,000; wheat, $624,338,000; tobacco, $269,061,000; rice, $40,730,000.

The above figures show that the dairy industry is the biggest agricultural business in the country today. It did not happen so. It took years of hard work and study on the part of the American dairy farmer to bring it to its present position. As I said before, all that the American dairy farmer wants is a fair break from the Government. Protect him from his enemies, both foreign and domestic, and he will go on his way rejoicing. Let us adopt the Boileau and Andresen amendments and show to the American dairy farmer that Congress has a real interest in his welfare.

Wage-Hour Bill

EXTENSION OF REMARKS

OF

HON. H. STYLES BRIDGES

OF NEW HAMPSHIRE

IN THE SENATE OF THE UNITED STATES

Thursday, December 2 (legislative day of Tuesday, November 16), 1937

LETTER FROM WILLIAM GREEN TO HON. MARY T. NORTON, IN THE NEW YORK HERALD TRIBUNE, NOVEMBER 23, 1937

Mr. BRIDGES. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD a letter from William Green to Representative NORTON on the subject of the wage-hour bill, published in the New York Herald Tribune of November 23, 1937.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune, November 23, 1937]

GREEN LETTER TO MRS. NORTON ON WAGE-HOUR BILL

WASHINGTON, November 22.—The text of William Green's reply to the request of Mrs. MARY T. NORTON, chairman of the House Labor Committee, for a restatement of the views of the American Federation of Labor on the wage and hour bill was made public today by the federation as follows:

"DEAR MRS. NORTON: You have asked me to state the present attitude of the American Federation of Labor toward the fair labor standards bill (S. 2475), as amended by the House Committee on Labor and now pending before the House Rules Committee.

"Your inquiry is also bound up with the present attitude of the American Federation of Labor toward the petition now pending in the House for required signatures to discharge the House Rules Committee so as to bring the fair labor standards bill on the floor of the House for action.

"The position of the American Federation of Labor on these inquiries is:

"'The American Federation of Labor is in accord with the purpose of establishing a point below which wages could not be paid and hours of labor beyond which wage earners could not be employed.' This quotation is from the declaration of the last convention of the American Federation of Labor on wage and hour legislation.

"On August 9, 1937, the American Federation of Labor stated as its position on the fair labor standards bill, as approved by the House Labor Committee, that the bill was 'reasonably acceptable and fairly satisfactory to labor.' This position must now be qualified to give effect to two new factors not then existent: (A) The recent experience since that date of labor, of governmental agencies, and of the public in the administration of the National Labor Relations Act, and (B) the serious and adverse changes in the economic and industrial life of labor and of the Nation, to which the President of the United States directed attention of the Congress in his special message of November 15, 1937.

"With trial and error as teacher, the Department of Labor, many Members of Congress, and the public generally have come to agree with labor that the administration of the National Labor Relations Act or other labor legislation by the National Labor Relations Board or similar independent governmental agencies is fatally defective. In the light of recent experiences, every effort should be made to protect the purposes of the fair labor standards bill from being thwarted by an administrative board of this kind.

"It is now apparent that such administration by the National Labor Relations Board has repudiated generally accepted concepts and disrupted tried and tested principles of collective bargaining between capital and labor. It has impaired and destroyed rights of contract and of property upon which labor has hitherto predicated its very existence and continued progress. Such administration has brought turmoil into industrial relations, has usurped the prerogatives of the courts essential to the preservation of our democratic form of government, and has jeopardized industrial freedom and initiative—all contrary to the clear intent of the Congress to create unrestricted opportunities for labor to organize, to strengthen bargaining agencies, to promote fair practices, and to foster the objectives of a more harmonious and stabilized relationship between labor and capital as part of the national policy for the general good.

"It is, therefore, generally recognized, and the American Federation of Labor insists, that it is no longer safe to permit a Government board of that kind to make the many determinations necessary in the administration of the fair labor standards bill as now written. Whether, for instance, collective bargaining is effective in a particular industry or whether collective-bargaining machinery is adequate in a particular case when predicated upon open, voluntary, and harmonious cooperation between employers and independent collective-bargaining agencies; to determine the proper units for purposes of collective bargaining; or to make the other numerous determinations permitted under the fair labor standards bill upon the precedents established by the National Labor Relations Board on the basis of interpretations of corresponding language in the National Labor Relations Act.

"To prevent a repetition of the confusion resulting from the Nation's experience under the National Labor Relations Act, many suggestions have been offered for changes in the wage and hour bill. The Department of Labor is now suggesting that the administrative machinery under the fair labor-standards bill be radically changed from that which it approved at the last session of the Congress, as embodied in the present draft. It now suggests that the administration of the proposed act be taken away from the proposed governmental board. Instead, it proposes that it be placed in the hands of a single administrator, who would be bound by the recommendation of committees composed of representatives of capital, labor, and the public.

"Former proponents of the bill in the Senate and Members in the House have suggested that the act should establish specified minimum wages and maximum hours with enforcement thereof by the Department of Justice or by the Federal Trade Commission.

"The American Federation of Labor can no longer endorse the draft of the fair labor standards bill now before the Rules Committee. It will not do so until the same has been revised, whether through the above-suggested amendments or methods, or through

others to be submitted by the American Federation of Labor, to preserve it beyond doubt and without possibility of distortion as the constructive force contemplated by the President's message of May 24, 1937, pursuant to which enactment is contemplated.

"Elaboration need not be made of the serious recession of business since the President's message of May 24, 1937, and the formulation of the fair labor standards bill now being considered.

"For labor this recession already has assumed the proportions of a serious depression. Unless prompt cooperative action is taken by the Congress, we are threatened with a duplication of the distress of the depression years following the collapse of 1929. The fair labor standards bill, as drafted, was not intended to and does not give effect to possible remedial steps to cope with the unemployment problem now upon us in aggravated form as a result of the present recession in business, and which it was assumed had been substantially met under the industrial improvement which took place during the spring and summer of 1937. For this special reason, the American Federation of Labor believes that the fair labor standards bill should be amended by incorporation of provisions therein for a shorter workday and a shorter workweek.

"Whether the petition now pending before the House for discharge of the Rules Committee to bring the fair labor standards bill before the House should be acted upon, and how, is a matter of procedure for each Member to determine as he sees fit.

"The American Federation of Labor feels, however, that the character of the changes to the present draft of the fair labor standards bill now before the House Rules Committee is such that proper consideration thereof can only be had before the House Labor Committee, where it was originally considered, rather than on the floor of the House. It feels, therefore, that the draft should be referred back to that committee for amendments or that a new bill be substituted. But whatever the procedure followed, and whatever is done, the present position of the American Federation of Labor with respect to the present draft and its future course of action remains as stated above.

"Very truly yours,

"WILLIAM GREEN.

"President, American Federation of Labor."

"1. The federation cannot and will not endorse the bill until it has been changed or amended to preserve its fundamental objectives, without possibility of distortion, as the constructive force contemplated by President Roosevelt's message of May 24, 1937.

"2. Recent experiences with the National Labor Relations Board and the present business recession have compelled the federation to qualify its position of last August that the bill was "fairly satisfactory to labor."

"3. The federation feels as a result of the administration of the National Labor Relations Act by the National Labor Relations Board that it is no longer safe to permit a Government board of that kind to make the many determinations necessary in the administration of the fair labor standards bill as now written. * * * It is now apparent that the N. L. R. B. has repudiated the generally accepted concepts of collective bargaining, impaired rights of contract, usurped the rights of courts, and brought turmoil into industrial relations.

"4. Because the unemployment problem is rapidly becoming more serious as a result of the present business recession the federation believes the bill should be amended to provide for a shorter workday and a shorter workweek. * * * Elaboration need not be made of the serious recession of business since the President's message of May 24 last because for labor this recession already has assumed the proportions of a serious depression.

"5. The federation feels that the basic changes necessary to preserve the objectives of the bill can receive the required thorough consideration only before the House Labor Committee and therefore recommends that the draft be sent back to that committee for amendments or for the substitution of a new bill."

Flood Control

EXTENSION OF REMARKS

OF

HON. H. STYLES BRIDGES

OF NEW HAMPSHIRE

IN THE SENATE OF THE UNITED STATES

Thursday, December 2 (legislative day of Tuesday, November 16), 1937

ARTICLE FROM BOSTON TRANSCRIPT, DECEMBER 1, 1937

Mr. BRIDGES. Mr. President, the problem of New England flood control has been very much in the foreground during the last year. I ask unanimous consent to have printed in the Appendix of the RECORD an article published in the Boston Transcript of December 1, 1937, purporting to give the general background in relation to this particular subject.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Boston Transcript, December 1, 1937]

NEW ENGLAND PREFERS FLOOD TO GRAB BY NEW DEAL—HERITAGE OF WATER POWER, LONG CHOICEST POSSESSION, NOT TO BE BARGAINED AWAY

WASHINGTON, December 1.—That the floods in New England were disastrous is now an old story. That the loss to New Englanders from the swirling muddy waters ran into millions is also an old story. It happened nearly 2 years ago.

Since then New Englanders have been seeking some way to control the levels of their streams and to protect their property during flood years. With the help of Army engineers and the cooperation of the New England Governors a feasible plan was adopted, a scheme whereby a series of earthen dams would control the level of the rivers, but more important still, New England would control the power produced by her rivers. This is the only plan that New England will ratify. Letters to Congress on the subject clearly reveal that floods, no matter how disastrous, are more welcome than the New Deal control of New England power.

HERITAGE OF STREAMS

This philosophy of independence, traditional to New Englanders, was not acquired overnight. Perhaps early association with the sea, which always breeds independence, has had something to do with it. When the first settlers arrived in the country they found a rough and rugged prospect. There was none of the large fertile fields, later developed in the West. The rugged hills of the North bore no minerals to enrich her native sons, and in the winter the snow lay deep for many months.

True, New England had her granite, her fish, and some timber, but these did not combine to produce her highly industrialized life of today. To a larger extent it was the swift, clear streams that were responsible for the New England wealth. On these streams New Englanders developed cheap water power, and with this power developed an industrialized community. Why otherwise would the cotton from the South or the wool from the West come to New England to be processed?

Mill towns—Lawrence, Lowell, Haverhill, Manchester, Nashua, to mention only a few—owe their birth and growth to the New England streams, the heritage passed down through the centuries to the New Englanders of this generation; a heritage which the New Deal has the will to destroy. Is it extraordinary that New Englanders refuse to sell this birthright, even for a mess of New Deal pottage?

COTTON PRODUCTION CUT

Figures from the Department of Commerce show that the United States now produces but 35 percent of the world's supply of cotton. A few years ago this country produced 65 percent.

Those opposed to the New Deal blame Mr. Wallace's A. A. A. experiment for the loss of this world market. The "plow under every third row" regime so reduced United States production that the world developed new cotton-producing areas in Brazil and British India. This year the United States has the biggest yield of cotton on record. High administration officials are keenly aware of the problem, but no one has any idea what New Deal sleight of hand experiment will be able to dispose of 10,000,000 bales of cotton without treading on a great many toes.

Perhaps the cat is out of the bag. The Senate Agricultural Committee produced a bill with no visible means of financing it. The President objected to that kind of a bill. The consumers seem to have learned from experience that a processing tax is, in reality, a consumer's tax on the necessities of life.

True, it is a tax paid by the manufacturer, but it is passed on to the consumer. The consumers are the voters, and by their recent actions the voters have shown they want no more taxes. The Agricultural Committee wanted to throw the perplexing problem of financing their bill over to the Ways and Means Committee, but they haven't been able to get away with it.

Sixteen Wasted Days

EXTENSION OF REMARKS

OF

HON. H. STYLES BRIDGES

OF NEW HAMPSHIRE

IN THE SENATE OF THE UNITED STATES

Thursday, December 2 (legislative day of Tuesday, November 16), 1937

EDITORIAL FROM THE MANCHESTER (N. H.) UNION, DECEMBER 1, 1937

Mr. BRIDGES. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial published in the

Manchester Union of December 1, 1937, entitled "Sixteen Wasted Days," dealing with the present session of the Congress.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Manchester (N. H.) Union, December 1, 1937]

Sixteen days have now elapsed since Congress was reassembled in special session. The depression, the product of fears provoked by New Deal policies and the economic consequences of unsound legislation, grows more menacing. The need of some official reassurance has been recognized by the President and New Deal leaders in a score of ways. But nothing practical is being done. The prices in both security and commodity markets continue to go down. The number of unemployed steadily increases. The question of relief for the destitute is again acute. Business everywhere is alarmed and discouraged.

And in the face of these conditions, which are overwhelmingly felt in the industrial centers, the Senate dawdles away its time, first on a sharply controversial antilynching bill, and then on a highly complicated farm subsidy bill, which is certain to increase living costs, if it works at all. Meanwhile the House squabbles over procedure relative to a wage and hour bill, which would set up a new dictatorship over industry. The constitutionality of both the farm bill and the wage and hour bill is challenged, and neither can possibly do aught at the present time but increase confusion in the public mind.

One of the favorite defenses of President Roosevelt and his New Deal advisers, when their revolutionary emergency measures have been attacked, has been that they were determined to prove that democracy could successfully function in national emergencies.

We are certainly in the midst of an emergency right now. The more than 2 weeks of futility and inaction, for which President Roosevelt and his overwhelming majority must accept responsibility, provide anything but assurance of swift remedial action in a crisis. This paralysis, in the presence of imperative need for action, however, does not indict democracy, but it does convict Roosevelt and his New Dealers of incapacity to understand the principles of democracy and give the institution of popular government a chance to function.

Take the two pieces of legislation, "must" legislation from the White House, the farm bill and the wage and hour bill, which engage the attention of both Houses at the President's orders. Are these a resort to the principles of democracy? They are not. The farm bill frankly sets up a system of compulsory control of farm crops, and the wage bill sets up a dictatorship over industry. Each one of them is a complete denial of democracy; each is a blow struck at free enterprise. And it is from such undemocratic measures as these that the President expects a sick business community to regain confidence and go forward.

Just to make the picture complete, the President chooses this particular time to go on a fishing trip in the delightfully tropic waters of Florida in order "to get away from it all." Those millions of American workingmen and businessmen who cannot "get away from it all" but have to stay at home and face hard, brutal conditions, do not grudge the President his frequent vacations, but they feel, somehow, that before he went away he might have tried to do something in the way of congressional action that would lend aid and encouragement to a harassed private industry upon which even he declares the country depends for recovery. Mr. Roosevelt must not forget that this is his depression. It was his policies which produced it, and he should do all he can to help get us out of it.

The Administration and Business

EXTENSION OF REMARKS

OF

HON. MORRIS SHEPPARD

OF TEXAS

IN THE SENATE OF THE UNITED STATES

Thursday, December 2 (legislative day of Tuesday, November 16), 1937

ADDRESS BY HON. JESSE H. JONES, AT THE OIL-WORLD EXPOSITION, HOUSTON, TEX., OCTOBER 14, 1937

Mr. SHEPPARD. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by Hon. Jesse H. Jones, Chairman of the Reconstruction Finance Corporation, before the Independent Petroleum Association of America, at the Oil-World Exposition, Houston, Tex., October 14, 1937.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. Chairman and members of the Independent Petroleum Association of America, as one who for many years has watched the development of the oil industry with keen interest I am happy for the privilege of taking part in this celebration.

We are living in a rapidly changing era, and if a few decades ago anyone had ventured to predict the changes that have come about in our normal everyday lives in this short period he would have been classed with Jules Verne. Even the fantasies of Jules did not encompass the possibilities of science and invention. While great strides have been made in many other lines and the inventors seemed to have overlooked nothing, petroleum and its products have made the greatest contribution to the pleasure and convenience of people. Through the ingenuity of chemists and engineers in developing petroleum products transportation by every means has been developed seemingly to the *n*th degree both in speed and comfort. And the world wants to travel in a hurry and in comfort. If oil does not constitute our greatest industry, it is certainly an inseparable part of our greatest industry—transportation. It employs millions of people and billions of money and is a strong factor in the prosperity and welfare of our country.

Prospectors for oil are imbued with the same pioneering spirit that has developed this great Nation. The spirit that carried our civilization westward to the Pacific, built the railroads, developed water transportation, travel by air, and other improvements that have brought so much comfort, convenience, and pleasure to our generation.

So yours is an industry vital to the welfare of all, finding, conserving, and utilizing to the best advantage this great God-given natural resource.

I am glad to visit with you and to talk with you as one citizen to another. I do not assume to speak for the government, though it is from the background of more than five years in government that I venture to comment on national problems.

I am aware that many in business feel that the national administration is unfriendly to business. I am sure that it does not intend to be. The efforts of the President to bring about greater security for those who must work for a living, and against poverty and old age, are frequently mistaken for unfriendliness to business. The cost of this security must necessarily be levied against business and industry, and none in business likes to have the normal tranquillity of his operations upset or disturbed by new rules and new costs. Viewed from the standpoint of the welfare of all which must be our first consideration, and observing social, political, and business trends, I feel that if business will have a little patience with government in meeting these new problems, recognizing these trends and the responsibility of government, everything will work out all right.

Many new factors have entered into our business and industrial lives, and it will take some time for business and industry to become adjusted to these, but it undoubtedly will, and therein lies the necessity for patience and cooperation between business and government. I am aware that some in business feel that all of the cooperating is required of business, and none of it by the Government; but when business leadership shows a real willingness to recognize the principles of social security and to undertake the burden of financing it, government will, in my opinion, meet it more than half-way.

We must not forget that in running government every citizen, regardless of his station, is entitled to equal consideration, and that it is government's responsibility to protect the weak from the strong. We do not like to admit that the weak need protection from the strong, but we know they do. Human beings still have the spirit of dominance. You have it in the oil business. One trouble with the strong and powerful is that they don't appreciate how hard they hit or how ruthless they sometimes are without necessarily intending to be. To the fleetest goes the race, but we all have to eat. Most people in business and industry want to get rich, at least in some measure, and riches, of course, are relative. A few thousand dollars means riches to a great many. The vast majority want to make a living, and if possible to lay a little something aside for a rainy day. All too often we forget our early struggles when we reach a position of security and are inclined to drive on with not enough concern about how the other fellow gets along. I have seen so many broken, distressed, and humiliated men in the last 5 years that my sympathies go out to every insecure person. Social security within reason, and by a proper effort on the part of those secured, is right and we will be remiss in our duty if we do not try to achieve it.

We have come a long way under President Roosevelt, and it is not necessary to approve everything he does to recognize his great service to the country. No man can bat a thousand every day. Business was about as low as the proverbial toad when President Roosevelt took office. Business is good now. This could only have been accomplished through extraordinary procedure. Left alone, we might have gotten well in time, but there would have been much needless distress and suffering in the process. No one wanted that, and we were all crying for something to be done at Washington. The President put us in high, and we liked it. Now we are worrying about the cost, and we should worry about the cost, because the bill must be paid. A debt was incurred on behalf

of all the people, and all have shared in the benefits. The time has now come when many of these unusual expenditures should be discontinued and attention given to balancing the books. That is what I understand to be the purpose of the President.

The oil industry has perhaps had the greatest recovery of any business. We know what oil was selling at, and the condition of the business in 1932 and 1933. The President started out to give us dollar oil and succeeded. Great recovery has been achieved in other lines, but none as much as oil. I think it is generally agreed, and this exposition tends to prove it, that today the petroleum industry is one of the most progressive and prosperous in the world. When overproduction and related ills threatened to wreck the industry, you got together with the Government, State and National, to work out a solution. Times were bad and all realized something had to be done. Something was done, and it succeeded admirably. Our State regulation has been efficiently administered and effective. It has saved many millions of dollars for the industry, which enabled it to pay better wages, a better price for oil, and to make money. It has been equally helpful to the owners of the land from which the oil is produced, and has conserved this great natural resource.

In bringing order out of the general chaos large expenditures were made by the Government. The money to cover these expenditures can only come from taxes, and no one likes taxes. It is better, however, to make $2 and pay $1 of it in taxes than to make no dollars and still have to pay some taxes.

Last week in a speech before the convention of the supervisors of State banks in New York City, I referred to the continually falling securities market, and repeat here that I have been unable to find any good reason for the extent of the slump that has come about in the last few weeks. Commodity prices have also gone off, but bumper crops are responsible for these. It may be that we have an oversupply of securities, though in the great shake-out following 1929 inflated securities were pretty well squeezed out, and the present quoted prices seem low from an investment standpoint, that is if we still believe in our country, and of course we do.

Measures which the Government has taken through the Securities and Exchange Commission to protect investors have limited the operations of speculators, but it is probably still possible for them to influence the market up or down by a concerted movement. Whether any such movement influenced the present decline has not been determined. Unconfirmed reports have it that some such operations have been going on on the other side of the Atlantic where they have no capital gains tax and less stringent regulations. Whatever the cause we should all realize that it is better to make money by working for it than by betting on the rising and falling figures of the ticker tape or which horse can run the fastest. It is business—making, producing, and selling things—that constitutes the real economic strength of the country. The Securities Commission may be too restrictive in some respects, but it is one of the best laws that has ever been put on the statute books.

The most frequent reasons we hear as causes of the slump in the market for securities are "fear of the administration," "taxes," and "failure to balance the Budget." I know beyond question of a doubt that the President is determined to balance the Budget, and that all governmental agencies are being required to curtail and reduce their demands upon the Treasury.

The President has announced that no more P. W. A. grants or loans will be made. The Farm Credit Administration is no longer any considerable drain, nor is the Home Owners' Loan Corporation or Federal Housing Administration. These activities have played an important role in recovery and, with the exception of P. W. A. grants, will in the end cost the taxpayer very little. The Works Progress Administration is employing approximately a million less people than it was a year ago, and there are several hundred thousand less on local relief. The R. F. C. is returning money to the Treasury rather than drawing upon it, and we have quit lending except in extraordinary circumstances. Banks, insurance companies, and the Federal Reserve are amply able to meet all legitimate demands for credit.

We have an unusually large cotton and corn crop this year, 5 million more bales of cotton and a billion more bushels of corn than last year. Loans upon these are apparently necessary to prevent ruinous prices, and while these loans may be privately financed temporarily by the Commodity Credit Corporation, they will add to Treasury requirements and make Budget balancing more difficult.

As for taxes, it is well known that the Treasury is making a study of the entire tax situation with a view to recommending adjustments that will better distribute the tax burden. Taxes will, of course, continue high, and must needs be levied upon business, industry, and income, but should, and I believe will, be fairly distributed. I have no check of taxes in other countries, but we know they are very high and are being largely expended for military purposes rather than civil, as with us. Our government expenditures are to build people not to destroy them.

We hear more criticism of the undistributed-surplus tax and the capital-gains tax than almost any other Federal tax. I do not know to what extent these are under consideration by the Treasury or the Congressional committees that report on tax matters, but certainly the Treasury and these committees will have ample information of the objections to them by those most affected. Personally, I am inclined to the opinion that the principle of the undistributed-surplus tax is right in that it prevents undue accumulations which naturally tend to monopolies. Certainly provisions should be made for corporations in debt; otherwise a great many can never get out of debt, especially those who suffered most during the depression, and the little corporations. Some allowance should also be made for plant expansion and replacement, including equipment, modernization, and so forth, and corporations should be allowed to set aside some part of their net earnings as a reserve against contingencies without too much extra tax upon this reserve. I doubt if there will be any serious objection to some such adjustments, but it may be necessary to add something to the normal tax. This business can stand.

I have no fear that Government will tax business to the extent that there will not be a fair profit left. Undoubtedly the high brackets discourage initiative and investment by those best able to invest and take a risk. This phase of the tax situation should also be given consideration in whatever tax changes are undertaken, not for the purpose of lightening taxes on the rich, but to restore and preserve the incentive for initiative and investment. The hope of reward in every field of endeavor is our most effective spur.

It is not an easy task attempting to satisfy everyone, either in the matter of taxes or any other phase of government or business, but by cooperating in a spirit of friendliness and helpfulness, one with the other, government and business certainly can solve our problems, notwithstanding any seeming lack of compatibility.

Production of Basic Commodities in Relation to the Monetary Situation

EXTENSION OF REMARKS

OF

HON. ELLISON D. SMITH

OF SOUTH CAROLINA

IN THE SENATE OF THE UNITED STATES

Thursday, December 2 (legislative day of Tuesday, November 16), 1937

TELEGRAM FROM FRED H. SEXAUER TO HON. ELLISON D. SMITH, AUGUST 13, 1937

Mr. SMITH. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD copy of a telegram addressed to me on August 13, 1937, by Fred H. Sexauer, chairman of the monetary committee, National Cooperative Council, on the subject of the production of cotton and other basic commodities in relation to the domestic and foreign monetary situations.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

[Western Union Telegram]

AUGUST 13, 1937.

Present plans to control farm production by the National Government before crop loans will be authorized fail to take into consideration certain long-range factors which may undermine the position of United States agriculture in world markets.

A nation producing a major portion of a world commodity can, by restricting production, create temporary scarcity and higher prices—until competing nations increase their production. Cotton is a typical basic commodity with a world market. What is true of cotton is true, in varying degree, of all other internationally traded farm commodities and basic raw materials.

The United States always held world dominance in production of cotton until 1933. In the preceding decade the United States produced, on the average, 57.1 percent of the world's cotton, and never fell below 53.4 percent. Beginning with 1933, United States production fell to 48.5 percent, 41.3 percent, 39.1 percent, 40.2 percent in the succeeding years.

	World bales	United States bales	Percent of world production by United States
1923–32 average	24,834,000	14,243,617	57.1
1933	26,106,000	12,664,000	48.5
1934	22,942,000	9,472,000	41.3
1935	26,641,000	10,420,000	39.1
1936	30,200,000	12,141,000	40.2

Two factors brought about this change. One was the policy of crop restriction; the other, the failure of the United States to adjust the gold value of its currency to the same extent that competing agricultural countries of the sterling area group did under the guidance of the British policy.

While the United States cotton crop remained stationary between 1932–36, Brazil increased 421 percent; Egypt, 95 percent; and India, 24 percent. Brazil, potentially our greatest competitor, increased from 347,000 bales in 1932 to 1,808,000 bales in 1936.

Between 1921 and 1929 a bale of cotton sold in any world market for an average of 5 ounces of gold. Then gold increased progressively in purchasing power until in 1932 and 1933 it took only 1.6 ounces of gold to buy a bale of cotton in any world market. Other internationally traded commodities fell correspondingly in exchange value for gold.

5.2 ounces of gold bought a bale of cotton from 1921–29.
4.6 ounces of gold bought a bale of cotton in 1929.
3.1 ounces of gold bought a bale of cotton in 1930.
2.1 ounces of gold bought a bale of cotton in 1931.
1.6 ounces of gold bought a bale of cotton in 1932.
1.6 ounces of gold bought a bale of cotton in 1933.
1.8 ounces of gold bought a bale of cotton in 1934.
1.7 ounces of gold bought a bale of cotton in 1935.
1.8 ounces of gold bought a bale of cotton in 1936.
1.5 ounces of gold buys a bale of cotton now in 1937.

Brazil took into account this change in the purchasing value of gold and reduced the gold content of its currency so that, despite the smaller number of ounces of gold receivable for commodities in world markets, the Brazilian producer received substantially as many milreis for his product as he received in the twenties.

The Brazilian price of gold has been increased to correspond to an American price of $47 per ounce against our $35. Therefore, when an American and a Brazilian cotton producer, for example, each sell a bale of cotton of the same grade and on the same day in Liverpool, the Brazilian producer receives a price 35 percent higher in milreis—in which he must pay his internal fixed charges—than the American producer receives in dollars. This gives the Brazilian producer competitive advantage which cannot be offset by crop loans made to American producers.

The failure of the crop-loan policy prior to 1933 was due to the failure to recognize that the forces to be dealt with were monetary forces arising out of the changeable purchasing value of gold. This is an inherent defect of a fixed gold standard which only intelligently managed currency system can, we believe, overcome.

Every policy that lifts the domestic dollar price of cotton, when translated into gold, holds United States cotton above the world gold value of cotton at the time, must check the flow of United States cotton into export markets. The difficulty is not lack of market, for the world consumption of cotton has increased from less than twenty-three million bales in 1931–32 to more than twenty-seven and one-half million bales in 1935–36.

The problem for the United States arises from the fact that Congress has failed to carry through the monetary measures that the sterling area agricultural nations have used effectively.

For a short period, in 1933, the United States applied the monetary measures of the sterling area countries. As we raised the dollar price of gold, the price of basic commodities followed, step by step, in almost mathematical exactness. Cotton rose from 6 cents to 11 cents between February and July 1933, corn from 22 cents to 52 cents; wheat from 50 cents to $1.07. Then this policy was abandoned in favor of restricting production by regulating agriculture and industry, with the underlying idea that prices could be raised by scarcity measures.

If this policy is continued, America's position as a producer of basic commodities will be further impaired. The production of basic commodities for world markets will be moved from the United States to other nations as the production of cotton has been during the past 5 years.

A loan policy on basic commodities is justified only as a temporary expedient. The safeguard should be a monetary policy that will give us normal prices with normal production.

Congress delegated to the President power to raise the United States price of gold to $41.34 an ounce. This would increase basic commodity prices, cotton, in particular, by 1.9 cents a pound; and would make reasonable crop loans safe.

In the sterling area countries, governments encourage high production. Their farmers plant more and are crowding United States growers in world markets. Yet, in consequence of sterling area monetary policies they receive profitable prices. This one underlying monetary force, intelligently used, has resulted in high building activity, high business activity, farm prosperity with high production, and more jobs than men, because the high buying power of farmers and basic producers has broadened the markets for the products of industry. These sterling nations are the most prosperous in the world.

We urge Congress to keep the ultimate monetary needs of the Nation in view in considering any emergency legislation intended to support falling markets.

FRED H. SEXAUER,
Chairman of the Monetary Committee,
National Cooperative Council.

Raising Prices by Law

EXTENSION OF REMARKS
OF
HON. EMANUEL CELLER
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Thursday, December 2, 1937

LETTER OF HON. W. A. AYRES, CHAIRMAN OF THE FEDERAL TRADE COMMISSION, TO HON. EMANUEL CELLER, REPRESENTATIVE FROM NEW YORK.

Mr. CELLER. Mr. Speaker, I recently pointed out to the Federal Trade Commission by letter the very wretched results brought about by the passage of the Miller-Tydings Act, the very bad price-fixing law. Its avowed purpose was to do away with the so-called loss leader. But the bill was worded in such a way as to lend encouragement to high retail prices at the highest levels. In fact, immediately upon the passage of this bill, the National Association of Retail Druggists campaigned to elevate prices to an extent of 50 percent of actual cost, regardless of the rapidity of the turnover of any article. This resulted in great harm to the consuming public.

I herewith submit a letter received from Hon. W. A. Ayres, Chairman of the Federal Trade Commission, acknowledging receipt of my letter of complaint, and indicating that the Federal Trade Commission is investigating various situations brought to its attention, involving resale price maintenance undertakings. The letter also indicates that the activities of the National Association of Retail Druggists are being investigated.

Not being satisfied with boosting prices, various groups have sought to dam up the channels of information and prevent the consuming public from knowing the truth.

I pointed out to the Federal Trade Commission—see Appendix of the CONGRESSIONAL RECORD, Seventy-fifth Congress, second session, pages 224 to 227—that certain groups were preventing the sale from newsstands of magazines that sought to give exact information to the consuming public concerning the activities of these groups in their campaign to raise prices. It has now also come to my attention that a very well-known magazine which had accepted and paid for an article entitled "Raising Prices by Law," and which (article) was to have appeared in the December 1937 issue of said magazine, refused to publish the article as a result of the blackjacking tactics on the part of those afraid of the disclosures in that article.

I am also informed that numerous retail associations in various lines of business likewise blackjacked wholesalers, distributors, and manufacturers into increasing the retail sale price of articles. This practice has become widespread, and can be directly traced to the Tydings-Miller act. The consumers all over the country are "paying the piper." It is a case of the "consumer be damned."

FEDERAL TRADE COMMISSION,
Washington, November 30, 1937.

Hon. EMANUEL CELLER,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: This will acknowledge receipt of your letter of November 29, 1937, relative to the efforts of the National Association of Retail Druggists in the fostering of legislation to legalize the maintenance of resale prices and its subsequent alleged illegal price-fixing activities. I have read with interest and concern your observations and the implications set forth with respect to past and present policies of this association, in connection with which you point to specific instances of questionable activities that are being indulged in in an effort to make the same effective.

The Commission has been giving consideration to various situations as they are brought to its attention, involving resale price maintenance undertakings in their relation to the various State fair trade acts and the Miller-Tydings law. With respect to such activities of the National Association of Retail Druggists and its members, as are set out in your letter, you no doubt will be

interested to know that the same are already under investigation by the Commission.

In this connection it is noted that you have specific information and evidence in support of certain statements made by you which you indicate you are willing to furnish to the Commission. You may be assured that we will be pleased to receive for our information and use in connection with pending matters all material and information that you have available.

Yours very truly,

W. A. AYRES, *Chairman.*

One Hundred and Fiftieth Anniversary of the Starting of the Covered Wagon Trip to Marietta, Ohio, to Settle the Northwest Territory

EXTENSION OF REMARKS

OF

HON. GEORGE J. BATES

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 2, 1937

ADDRESS OF HON. GEORGE J. BATES, OF MASSACHUSETTS, DECEMBER 1, 1937

Mr. BATES. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following remarks of myself at the banquet in Ipswich on December 1, 1937, commemorating the one hundred and fiftieth anniversary of the starting of the covered-wagon trip to Marietta, Ohio, to settle the Northwest Territory:

Mr. Chairman, distinguished guests, and friends, it has become my privilege at this time, as the Representative in Congress of the people of the Sixth Massachusetts District, to extend their greetings to this fine gathering and their best wishes for the greatest possible success to those conducting this Northwest Territory celebration.

One hundred and fifty years ago this month history was made in this town of Ipswich, when the Rev. Manasseh Cutler gave his blessing to the little party that commenced the famous wagon-team journey from Dr. Cutler's little church in what is now Hamilton, and this town also is fittingly marking this occasion only a short distance beyond the present boundary line of the two communities. You who are here tonight are probably familiar with the events that followed the tedious trek to Marietta, the first settlement in that great expanse of territory now comprising the great States of Ohio, Indiana, Illinois, Michigan, Wisconsin, and part of Minnesota. The importance of Dr. Cutler's and Massachusetts' contributions to settling this Northwest Territory cannot be stressed too much.

The Ordinance of 1787 is a condensed abstract of the Massachusetts Constitution that had become effective in 1780 and contained the principles of Government, that the Ohio company of Massachusetts were interested in having adopted. These principles were set forth in the original petition in the plans for settlement, in which Timothy Pickering, of Salem, took a leading part in drafting. Perhaps the most famous sentence in the entire Ordnance, with the possible exception of that which excluded slavery from the Northwest Territory, is a summary of the laws and customs of Massachusetts. That sentence reads: "Religion, morality, and knowledge being necessary to good government and the happiness of mankind, schools and the means of education shall forever be encouraged." Prior to Dr. Cutler's arrival at the session of Congress in New York, very little headway had been made in setting forth a form of government for the new Territory, he is therefore credited with having been responsible for the inclusion of that clause and other important features contained in the final draft of the Ordinance.

The Honorable Nathan Dane, of nearby Beverly, as Representative from the Essex District, was the member in the Continental Congress through whom Dr. Cutler directed his principal efforts for the final adoption of the Ordinance by the Congress. Of the provisions concerning "religion, morality, and knowledge," Mr. Dane some years later declared: "These selections from the Code of Massachusetts, as also the titles to the property, have created for her (Massachusetts) an extensive and lasting influence in the West, and, of the most republican, liberal, and beneficial kind." As the Code of Massachusetts was an important guiding force in the drafting of the Ordinance of 1787, so was it also in the framing of the Constitution of the United States which was adopted several weeks later.

Guaranties of human rights, in their broadest application, with equality before law, were introduced into the governmental structure in the Ordinance of July 13, 1787, "for the government of the territory northwest of the river Ohio." This ordinance marks the only time in the history of mankind, with a single exception, where the laws have been prepared and put into effect before a territory was occupied. It was the desire of Dr. Cutler and his associates in the Ohio company—formed in Boston on March 1, 1786, by officers of the Revolutionary Army, meeting in Bunch-of-Grapes Tavern for the purpose of purchasing land from the Government for actual settlement—that the territory should always remain a part of the United States under well-defined powers that could be immediately exercised. These ideas were incorporated in the draft of the Northwest Ordinance when finally passed unanimously by the Members of Congress gathered in New York.

As a result of Dr. Cutler's perseverance, the scheme of settlement itself was a broad and comprehensive one, covering the whole ground of a permanent occupation of that distant wilderness in the interests of a Christian civilization, or republican institutions founded upon the rights of man and supported by every civil and political safeguard. The Revolutionary War now being over, much unrest had arisen within the Thirteen Colonies, and there was fear of internal disorders among different factions. This was in the minds of those attending the Continental Congress in New York, and it was to this that Dr. Cutler pointed in stressing his proposal for expansion, and, he argued, there must be protection assured against the savages on the western frontier to help keep the 13 States together. By declaring that his company would buy land from Massachusetts, which then owned what is now Maine, if not permitted to settle the Northwest Territory, Dr. Cutler proved himself perhaps the original American lobbyist and succeeded in arousing enough sentiment in Congress to authorize the Ordinance of 1787 and the subsequent "greatest private contract ever made in America," as he called it in his journal, when on October 26, 1787, he paid over $500,000 to the Board of Treasury for the land northwest of the Ohio River.

In the words of William Frederick Poole in his historic writings a century after the signing of the famous ordinance: "The Ordinance of 1787 and the Ohio purchase were parts of one and the same transaction. The purchase would not have been made without the ordinance, and the ordinance could not have been enacted except as an essential condition of the purchase. * * * When considered together, every fact in the origin and passage of the ordinance is explained, and is found to be connected with the agency of Dr. Manasseh Cutler. He was the person of the most varied accomplishments, the widest learning, the largest personal influence, and the one most active and deeply interested in the subject matter of the ordinance of all who had a part in its formation. He was then 45 years of age, and in the prime of manhood and mental development. He later became a member of the Seventh and Eighth Congresses from this district. Dr. Cutler was a pioneer of the first order. The masterful work for which he is credited constitutes one of the very cornerstones on which was built this great Nation of ours, for it was Dr. Cutler who, through his tireless personal efforts, secured enough support in the Continental Congress for adoption of the Ordinance of 1787 on July 13 of that year. Only two other documents in our history are considered of more importance than this ordinance—the Constitution of the United States and the Declaration of Independence.

A fervent desire for greater freedom and security, away from the oppression and discontent of other lands, inspired each of those three great documents, which our forefathers made the fundamental law of this land so that we, of a later day, may live in peace and security. The pioneer spirit which was instilled in the minds of those founders of our country and its government is a spirit that seems in more recent years to have been ebbing. The present trend is away from constitutional democracy and alien theories and policies are today threatening our very foundations. Political influence and unhealthy competition in industry are endangering the future of this Nation for which those pioneer men and women gave their all.

The tendency to broaden the field of government and to centralize its authority may now be found in the changing attitude of the people themselves and the decay of that rugged American individualism of our forbears who established the American system of government. The frontier of forest and prairie which challenged the courage of the first Americans, who built their fortunes upon the soil has vanished, and now we see the industrial frontier receding. Uncertainty and experimentation, together with the creation of a fabulous national debt, stalk our industrial life and hamper expansion of its frontier.

At the time of the adoption of the Ordinance of 1787 and of Dr. Manasseh Cutler's memorable achievements there were less than 4,000,000 people in the entire United States, a population that now can be compared with that of Massachusetts alone. It is only proper, therefore, that we, as citizens of the United States of America, gathered here on the soil of Massachusetts, from which sprang the American tradition of freedom and hard-earned prosperity, should here and now resolve to do our utmost to preserve the form of government the early settlers sacrificed so much to establish.

The records of the past show the efforts of men and women to advance life and liberty and government and give all their true meaning. Today our problems are more complex than those of the fathers, requiring greater thought, a broader spirit, more

varied talent, more unselfishness, more cooperation, more heroic action. The heroism chiefly required of us today is to face our duty, to inspire patriotism and a sense of civic responsibility, to guard and to pass along to posterity the heritage of free government. Let us play our full part, faithful to the old traditions, faithful to the new tasks and duties of the day.

We Must Provide Jobs for Our Aged Workers

EXTENSION OF REMARKS

OF

HON. JAMES M. MEAD

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 2, 1937

Mr. MEAD. Mr. Speaker, the problem of finding a job which the unemployed worker over age 40 must face is becoming increasingly acute. No one knows how many individuals with long service records in industry and valuable training and experience are today in desperate need or on the point of becoming psychological wrecks because of hiring policies setting inflexible age limits. The innumerable individuals who write into the Government and lay their troubles and difficulties before us are for the most part the educated, highly skilled group. However, the problem is no less acute among the more-inarticulate, less-skilled group. An age-limit rule is less likely to be suspended in the case of an unskilled or semiskilled job—in which speed is the more important factor—than in the case of a position requiring some degree of maturity and judgment.

How many companies today maintain these fixed age limits for hiring? How many individuals, skilled and unskilled, men and women, are affected by them? What are the actual dimensions of the problems of the unemployed over 40? Only a very partial answer to these questions is furnished by studies made so far, and these partial results are extremely disquieting. For example, a study made in Massachusetts showed that 8 percent of the firms questioned employed no male workers 45 years of age or over. About half of the firms, employing two-fifths of the workers included in the study, employed less than their fair share of older workers.

A study made in New York in 1933 showed that 1 out of every 5 manufacturing concerns surveyed had adopted rigid maximum age hiring limits. A fourth of these firms with age discriminatory hiring policies fixed 40 years or lower, and 57 percent fixed 45 or less. Practically none admitted persons aged 55 or over, no matter how good their physical condition or background. In connection with this, one should bear in mind that the lowest age limit set for old-age assistance or insurance benefit is 65. This presumes that there will be employment opportunities for those not disabled up to that age.

Other questions which cannot perhaps be answered statistically but which confront us are: How great is the waste of human resources due to these policies? How great a burden do these policies throw upon the community, in the form not only of actual relief payments but of homes foreclosed, children deprived of education and training, lapsed insurance policies, unpaid taxes, and a break down in family morale due to the principle breadwinner's loss of job and loss of status. Unemployment among the groups 40 and over has economic and social implications which in some ways are even more serious than unemployment among other age groups. For these are apt to be people at the height of their responsibilities to their families and to their communities; and are also often people at the height of their individual powers. Perhaps they cannot hold their own on the assembly line against younger men, at the pace which industry requires of its workers, but there are many other ways in which a well-managed society could use their aptitudes and experience.

What are the causes behind these policies? It is frequently alleged that older workers cost the employers more in compensation premiums and cost the insurance companies more in compensation payments because injuries take longer to heal and are more apt to entail complications. Even if this were to some extent true, it might be offset by the possibility that older workers are less likely to be involved in accidents. A study of accident and compensation experience by age groups is urgently needed to throw light on this debated point. The bearing of State insurance funds versus private insurance carriers should not be overlooked.

Group life, or pension, insurance policies maintained by the employer are alleged as another source of age discrimination. If this contention proves to be correct, it will go far to offset any possible social good that could be traced to such plans. Perhaps the answer lies in expansion of our present social-security program, which aims at spreading the cost of providing for old age over the widest possible actuarial base.

In attacking this problem of age discrimination the part played by Government agencies and regulations such as those set up by Civil Service Commissions should come in for a share of the scrutiny. The governments, local, State, and Federal, ought to set the pace in observing high labor standards and fair employment policies; certainly we cannot advocate a double standard in this matter, particularly not a double standard which is lower for the Government than for private industry.

I introduced the following resolution, which has been referred to our Committee on Labor. Its approval by the committee will be of invaluable assistance in the solution of this problem.

[H. J. Res. 453, 75th Cong., 1st sess.]

Joint resolution to determine the nature and effect of economic conditions or statutory provisions tending to produce unfair or inequitable discrimination on the basis of age in obtaining and retaining employment in public service and private industry

Whereas the rapid mechanization of industry and other factors beyond his control make it increasingly difficult for the older worker to obtain and retain employment; and

Whereas this condition affects materially the well-being and comfort of a considerable number of our citizens and threatens our social structure, so that its alleviation and correction has become a matter of public concern; and

Whereas the economic difficulties encountered by the older worker has been lost sight of in the praiseworthy concern of governments for those who have passed the age of 65, and for the youth of the country; and

Whereas age is becoming, to a greater degree, an important and often controlling factor in determining the efficiency and compensation of men and women seeking or retaining employment: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Labor is hereby directed to investigate and report to Congress upon the nature and effect of any economic conditions or statutory provisions which may tend to produce unfair or inequitable discrimination on the basis of age in obtaining and retaining employment in public service and private industry; the extent to which age is a factor in determining the efficiency of men and women engaged in such public service and private industry; the effect of pension systems and group and workmen's compensation insurance upon the employment of the older worker.

That the Secretary of Labor is further directed to appoint a representative national advisory committee to act in connection with the planning of the study and to review the results of the surveys and to make appropriate recommendations.

That the sum of $50,000 is hereby authorized to be appropriated for the purposes of this resolution.

Northwest Territory—One Hundred and Fiftieth Anniversary

EXTENSION OF REMARKS

OF

HON. GEORGE A. DONDERO

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 2, 1937

Mr. DONDERO. Mr. Speaker, by virtue of an act of Congress passed in 1935, a national celebration commemorating the one hundred and fiftieth anniversary of the passage of

the Ordinance of 1787 and the establishment of the Northwest Territory will begin December 3, 1937.

The most spectacular feature of this celebration will be the reenactment of the long journey made by the Ohio company, pioneers from Ipswich, Mass., to their first settlement at Marietta, Ohio.

It was on a brief and bleak December 3, 1787, that the first band of men, who had formed the Ohio company, left their homes in Massachusetts to begin the dangerous and hazardous trip to that little-known country situated north of the Ohio River and west of the Allegheny Mountains.

One hundred and fifty years later another group of men, specially selected and trained for the occasion, pioneers of our day, with ox team, pack horses, conestoga wagons, and other equipment of that Colonial time, will begin the long trek, following the original trail as closely as possible, to portray anew with historical accuracy, for nearly half of the Nation's population, the march that inaugurated the building of an empire out of the Northwest Territory.

This historic event is of particular interest to the people of the six States formed out of the Northwest Territory and of general interest to the Nation. It is of special interest to the people of my congressional district, the Seventeeth Michigan, and the people of Michigan, because much of the colorful history of early days in the Northwest Territory had its origin in what is now the southeast corner of Michigan. From the beginning the Detroit area was prominent in territorial history and development.

The old Northwest Territory constituted the first step westward by the United States in its march from sea to sea and in the development of the most self-contained nation in the world.

In the Ordinance of 1787, passed by the Continental Congress, is found not only the organic law of this first new territory, but also the fundamental principles for a government and a civilization new and unique in the progress of mankind.

Out of this territory have been carved six populous States wherein are located the second and fourth largest cities of the United States—Chicago and Detroit. These States, in the order of their admission to the Union, are: Ohio, Indiana, Illinois, Michigan, Wisconsin, and Minnesota. Only a portion, however, of what is now Minnesota was included in the Northwest Territory.

The history of the United States has been largely a story of the clearing of forests, the laying out of farms, the erection of homes, the construction of highways, the introduction of machinery, the building of railroads, and the rise of cities and towns.

In laying plans for the development of the western lands the statesmanship of the Revolutionary leaders was at its best. The seven States which had some sort of title to tracts extending westward to the Mississippi River wisely yielded their claims to the Nation. In the Ordinance of 1787 there was mapped out a plan of government admirably suited to the frontier.

On July 13, 1787, the famous Northwest Ordinance was set forth for the first time in unified form, the essence of American thought as to the relation of our Government to the rights of man—the crystallized expression of what America had fought for—the principles under which her people willed to live. On that date the Continental Congress in session at New York passed the famous ordinance to govern the Northwest Territory. One of the remarkable conclusions reached by that body and which they incorporated in that document was the eternal truth that no people could be happy or have good government unless they possessed religion, morality, and knowledge.

This national celebration will accomplish much if it merely causes our people to accord the Ordinance of 1787 its rightful place among the truly historic documents of the United States.

For the first time in any written American document the Ordinance of 1787 set forth the foundation for our American Bill of Rights. I quote some of its provisions:

"The estates, both of resident and nonresident proprietors in the said territory, dying intestate, shall descend to, and be distributed among, their children * * * in equal parts." "No person * * * shall ever be molested on account of his mode of worship or religious sentiments." "The inhabitants of the said Territory shall always be entitled to the benefits of the writ of habeas corpus, and of the trial by jury; of a proportionate representation of the people in the legislature; and of judicial proceedings according to the course of the common law. All persons shall be bailable, unless for capital offenses, where the proof shall be evident or the presumption great. All fines shall be moderate; and no cruel or unusual punishment shall be inflicted. No man shall be deprived of his liberty or property, but by the judgment of his peers or the law of the land; and, should the public exigencies make it necessary, for the common preservation, to take any person's property, or to demand his particular services, full compensation shall be made for the same."

"No law ought ever to be made or have force in the said territory that shall, in any manner whatsoever, interfere with or affect private contracts or engagements, bona fide, and without fraud, previously formed."

"Religion, morality, and knowledge being necessary to good government and the happiness of mankind, schools and the means of education shall forever be encouraged."

"There shall be neither slavery nor involuntary servitude in the said territory, otherwise than in the punishment of crimes."

While the Ordinance of 1787 was passed to provide a framework of government for a new western territory, it was also to serve as a repository of new concepts of government and as a guide to the framers of the Constitution, creating the United States of America. The Continental Congress supplied the Ordinance of 1787, which contained some of the fundamentals of the Constitution of the United States.

In 1776 the Continental Congress made a solemn promise to the men in the Continental Army to pay them in land for their services. The loosely connected and weak Continental Government, however, did not own any land. It was without money and without power to raise money. It could recommend to the States what should be done, but it was without power to enact or enforce its own recommendations.

It was through the shrewdness and foresight of the American delegates to the Peace Treaty of Paris that this Nation acquired title to the Northwest Territory from Great Britain—subject to the claims of Indian tribes and the claims of some of the Original Thirteen States.

Adjusted compensation to veterans was not unknown even 150 years ago. Immediately following the signing of the peace treaty with England, a petition signed by a large number—288—of officers of the Continental Army was presented to Congress asking that the promise made to them and to the men who fought for freedom in 1776 be fulfilled, and designated the lands between the Ohio River and Lake Erie, west of Pennsylvania, be allotted to them in settlement.

Each man was given a certificate for the amount of money to which he was entitled for his services and that certificate was received in payment of the land assigned to him. With General Putnam, trusted friend of Washington, at its head, the Ohio company was formed and "westward the star of empire took its way." Had Horace Greeley then lived, the advice he gave to young men more than a half century later to go West would have been received and acted upon with equal enthusiasm by the 47 men who left their homes in Massachusetts and blazed a trail to a new home in the wilderness beyond the Alleghenies 150 years ago.

While the fate of the Northwest still hung in the balance, emigration from Eastern States became the rage. The small farmer on barren acres covered with mortgages was eager to sell his homestead and begin life anew on the banks of the Ohio or Muskingum, and land companies painted glowing pictures of the West.

For a decade Ohio was the favorite goal; and within 8 years after the battle of Fallen Timbers this region was ready for admission to the Union as a State. Southern Indiana also filled rapidly.

The West not only called to broken-down farmers, bankrupts and ne'er-do-wells, but a public protest was raised against the "plot to drain the East of its best blood." Anti-emigration pamphlets were scattered broadcast. A rude cut which gained wide circulation represented a stout, ruddy, well-dressed man on a sleek horse, with a label, "I am going

to Ohio," meeting a pale and ghastly skeleton of a man, in rags, on the wreck of what had once been a horse, with the label, "I have been to Ohio."

The settlement of the Northwest Territory was retarded largely because of intermittent warfare with Indian tribes led and organized by two savage chiefs who possessed unusual power and organizing ability together with great leadership. These two savage chieftains who held back the settlement of the Northwest Territory and who organized their people to defend their hunting grounds were Pontiac and Tecumseh. Pontiac, Mich., the county seat of my home county, was named in honor of this mighty chieftain of the redman in recognition of his great ability as a leader of his people.

After the danger from Indian warfare was over, the main obstacle to western development was the lack of means of easy and cheap transportation. The settler found it difficult to reach the region which he had selected for his home. Eastern supplies and foodstuffs could be obtained only at great expense. The ever-increasing products of the western farms, maize, wheat, meats, livestock—could be marketed only at a cost which left scant margin of profit. The experience of the War of 1912 proved the need of highways as national defense as well as for moving products.

Despite these handicaps hundreds of transportation companies were running four-horse freight wagons between the Eastern and Western States; and in 1820 more than 3,000 wagons, practically all carrying western products, passed back and forth between Philadelphia and Pittsburgh, transporting merchandise valued at $18,000,000.

Both East and West became interested in internal improvements, and the Indian trails gave way to rough pioneer roadways and then to carefully planned and durable turnpikes. Long before the War of 1812, Jefferson, Gallatin, Clay, and other statesmen had conceived of a great highway, or series of highways, connecting the seaboard with the interior as the surest and best method of promoting national unity and strength. In the act of Congress of 1803, admitting Ohio as a State, 5 percent of the money received from the sale of public lands in the State was set aside for the building of roads extending eastward to the navigable waters of Atlantic streams.

In 1808 Secretary Gallatin presented to Congress a report calling for an outlay of $2,000,000 for internal improvements for 10 years; and by 1811 the Government had entered into the greatest undertaking of its kind in the history of the country. It was the building of a magnificent highway known to the law as the Cumberland Road, but familiar to the many emigrants, travelers, and traders—and deeply embedded in the traditions of the middle States and the West—as the National Road.

Starting at Cumberland, Md., this great artery of commerce and travel was pushed slowly through the Alleghenies, even in the dark days of the war, and in 1818 it was open for traffic as far west as Wheeling, W. Va. The method of construction was that devised by John McAdams in England, and involved spreading crushed limestone over a carefully prepared roadbed in three layers, traffic being permitted for a time over each layer in succession. This "macadamized" surface was curved to permit drainage, and extra precautions were taken in localities where spring freshets were likely to cause damage. Columbus was reached in 1833; Indianapolis about 1840; and the roadway was graded to Vandalia, then the capital of Illinois, and marked out to Jefferson City, Mo., although it was never completed to the last-mentioned point by Federal authority.

One is surprised when they read that the cost of construction amounted to $10,000 a mile in the neighborhood of Pennsylvania and $13,000 in the neighborhood of Wheeling, W. Va.

The National Road has long since lost its importance as the great connecting link of East and West. But in its day, especially before 1860, it was a teeming thoroughfare. Its course was dotted with farmhouses, fast-growing villages, and towns. Emigration followed this route into the Northwest Territory.

The year 1937 has a double significance to the people of Michigan, for we are in the one hundredth anniversary year of our admission into the Union as a State and we are participating in the one hundred and fiftieth anniversary of the Ordinance of 1787. The part that Michigan played has been an important one in the building of the Nation. It is most fitting that we pause here in the Congress of the United States to turn our eyes backward to the accomplishments of those who acted their part so well upon the stage of life in our allotted portion of the world.

What Shall Congress Do To Relieve Unemployment?

EXTENSION OF REMARKS

OF

HON. WALTER G. ANDREWS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 2, 1937

RADIO ADDRESS OF HON. WALTER G. ANDREWS, OF NEW YORK, NOVEMBER 27, 1937

Mr. ANDREWS. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address which I delivered recently over the radio:

I am very glad indeed to participate at the invitation of your organization committee in this first "Buffalo's Town Meeting of the Air," and it is an added pleasure in this connection to contribute a share in this program along with my friend and colleague, Representative MEAD.

One of the real developments of the past few years in promoting the exchange of ideas, common understanding, and the consequent formation of public opinion has been the town-hall-meeting movement as assisted by the radio, and your organization committee is to be congratulated upon its initiative and industry in arranging tonight's first forum.

The general subject, "What shall Congress do to relieve unemployment," is, to be sure, a big one, and to my mind a very pertinent one at the moment—as pertinent, I may say, as it has been for the past 7 years. My time is short, so I must necessarily limit myself to the brief expression of some of the thoughts and convictions I hold on this subject.

Federal relief if it could be extended through many channels to each and every unemployed man and woman in the country for the year 1938 would not be unemployment relief—it would be temporary relief—temporary relief in most cases to those who await a regular job. I do not say that all such relief is temporary, for it is apparent to everyone who has made any study of the situation that there must of necessity be permanent relief for certain classifications and there have always been some even under prosperous conditions who wouldn't work under any circumstances. While there have been some channels established in the relief program during the past few years which to my mind would be permanently effective, on the whole the so-called pump-priming method brings us back today almost to the situation we were in 5 years ago—after billions have been spent with the resulting impairment of the Nation's credit.

Permanent unemployment relief can come for the large majority only through reemployment by industry and agriculture and the expansion of these interests. The billions which we have spent and are now spending for relief have come either directly or indirectly from taxation on industry alone.

The first necessity is then to change our policy and to start going consistently in one sound direction. The first necessity is to reestablish wholehearted American confidence that the good neighbor policy is now domestic as well as foreign. I refer to the Government in its attitude toward business.

The most encouraging aspect of the Washington picture today is that a considerable majority in both the House and Senate are disposed to do something at once to check the business recession. Everybody wants to stop the distressing spread of unemployment, revive a robust spirit of enterprise, and restore investment confidence. In a word, everyone wants to put a bottom under the present recession before it heads into a major depression. The measures enacted to meet this new situation must be sound, constructive, and clearly worked out in the orderly processes of representative government. We cannot risk a hit-or-miss program. We cannot gamble with rubber-stamp legislation. We cannot risk vast and costly experiments which will mean more taxes on industry.

Our first problem is to lift from the back of enterprise, the prevailing disastrous tax on undistributed profits. I reveal no secret when I tell you it is the firm conviction of an overwhelming majority on both sides of the aisle in Washington that business confidence will not be restored until this tax is off the statute books. It is essentially a punitive tax, which is strangling smaller

manufacturing concerns and commercial ventures in every direction. Until business is again permitted to build up normal reserves, unemployment will continue to spread, for it is these many thousands of smaller companies which are the real backbone of employment and purchasing power. Many instances have come to my attention during the past few months of business enterprises which have been abandoned entirely, simply because the capital expenditures contemplated could not be made under the prevailing tax, which penalizes the retention of profits for the retirement of debt. Adequate credit is available to these enterprises which want to get ahead. They can borrow all the money they need through regular channels at reasonable rates of interest. But these loans, if negotiated, must be paid back from earnings. And under the prevailing tax, earnings not distributed to stockholders may be taxed at an average rate of around 22%.

Therefore, the business borrower must be prepared to repay his loan not on the basis of 106 percent of the principal amount but at the rate of approximately 128 percent—that is, principal, interest, and a penalty tax upon the profits retained for his sinking fund. Obviously, very few business enterprises, particularly very few new ventures, can carry such a burden. The result is that private enterprise is being strangled to death by government. And the first impact of this unsound policy is upon employment; for you cannot give a man a job until you have a place for him to work—a roof over his head, tools, machinery, raw materials, and equipment. Neither can you keep those already employed at work unless management can profitably engage new capital for repairs and plant maintenance. Recent studies show that it requires an average investment of $12,000 to $15,000 in plant and equipment for every job provided in American industry and transportation. When a measure such as this undistributed-profits tax suddenly chokes off the market for industrial capital, we lose not only the new permanent jobs which would be given in the new plants but also a vast amount of temporary work in construction and in the machine-tool industry.

A more direct impact of this situation upon the wage earner is found in connection with the social-security program. This whole theory of social security now in operation, whatever may be its imperfections, is based upon the idea of steady employment. When employment ceases, the social-security contributions are at an end, at least temporarily. Thus, the whole idea of security for workers, without which there can be no substantial progress toward higher living standards, bogs down under the weight of the undistributed-profits tax. That is why it is contended so vigorously today that this theory of taxation runs contrary to all human experience.

Nobody is permanently benefited when Government forces corporations to reduce their reserves by making extraordinary payments in dividends. On the other hand, much harm is done. Worse, this tax operates even to defeat itself in the long run, for as business recedes there is a sudden diminishing reservoir of profits from which to derive taxes of any sort. It is possible to tax business to death. It has been done in other countries and in other times. It is not too much to say that we see the beginnings of such folly in the present system of undistributed-profits taxation. Earnings plowed back into business have been the blood stream of American industry and enterprise for more than a century. The present tax, by forcing all earnings out immediately, tends toward the slow paralysis of our entire productive system. As production is curtailed, living costs advance, until wages no longer provide the necessities of life for the wage earner and his family. This is the beginning of the disastrous spiral of depression. Congress must stop this.

Then I come to another tax, the capital gain and loss tax. At one time people considered land to be the greatest of values because land produced every need for subsistence. As the Nation grew we developed a line of business in which land provided the place to erect structures of all types from mills to cottages. Some 15 years ago dealings in land stopped suddenly. Since that time transactions in real estate have been at the lowest ebb in relation to other activities in the history of the country. What is the cause?

Real-estate buying has always attracted investors who, through ownership, could gain by effecting improvements. Towns have grown by building railroads; cities have advanced by highway connections. Improvements in living conditions have made property values rise. We have not stopped improvements here in America, but still real-estate trading has come to almost a dead stop.

The reason back of this failure to trade property values has been traced to the enactment of another law called tax on capital gain, which originated in 1913. It covers transactions in real estate, stocks, bonds, and all kinds of property. Since 1913 this tax has been revised several times. This indicates that it has been wrong from the beginning. The error was detected in 1921 when it was quickly changed and thus averted a severe financial panic. The change brought about the segregation of capital gains from normal income and placed a tax on such gains separate and apart from income. It also considered capital losses as offsets to capital gains. This change resulted in renewed trading in all types of property. The Government collections from the trades were meager in spite of the accelerated trading, which lasted until the beginning of the depression in 1930. The causes of this depression, which we are still in, have been debated from various angles, but one of the contributing factors was this tax on capital gain.

People who did not want to take losses or register gains (and thereby pay more tax) held on to their property. Holding on made less supply available and consequently higher prices prevailed. But 1930 through 1933 were sad years. The skyrocket prices soon petered out. The supply was greater than the demand and prices fell to unbelievable figures. Government made nothing out of this situation because capital losses offset capital gains and people actually look losses to reduce taxes.

In 1934 the tax doctors did another job on the capital-gain tax. They extended the period of holding property (to classify capital transactions) from the original 2 years, as in the 1921 law, to a scale up to 10 years. This was intended to preserve trading but instead it stifled it. The longer you hold your property now the less tax you pay, and so you hold on. You stop trading.

Why do we have such a law? We are supposed to have income-tax laws for revenue purposes, but this has not always been followed. There have been general complaints against people who invest, take risks and gain, but no one can ever do this without advancing the standards of the whole country. Trading is the life of a nation's advancement. We must trade to distribute and we must distribute to advance. Since this capital-gain tax produces no revenue but only prevents trading from taking place, as for instance acquiring property and improving it, we, as a nation, should not tolerate the continuance of any tax which is a detriment to better living conditions.

Trade which is permitted to flow will always create employment; trade that is plugged will retard and even stop employment, and when this happens people are forced to seek relief. Government pays the relief and at the same time penalizes itself. It finds itself hunting around for means to take care of the relief.

Therefore to relieve unemployment I would first favor relieving industry by wiping out or at least readjusting both the undistributed-profits tax and the capital-gains tax. If Congress did nothing else, this would accomplish a world of good.

We are then confronted by the secondary problem of where substitute revenues shall be raised and with an additional amount to provide eventual balancing of the Budget. For the recent sharp increase in the national debt makes it impossible for the National Government to risk any further instability in Budget management. In the face of declining business, the Treasury already has been forced to reduce its revenue estimates for the current fiscal year, and as yet there has been no corresponding reduction on the spending side. We face, therefore, a greater deficit than the $700,000,000 mentioned by the President on October 19. To fill this need Congress can change the general basis of taxes. A plan known as a gross-profits tax is now under study by high authorities under which more businesses in the country would pay taxes. That action should naturally follow, for when we move to correct the destructive means of taxation, business will actually get better.

The only difference between doing nothing else and doing something else about it will be evidenced in the speed with which people go back to work. By a better spread of taxation so that all business shares its proper proportion of the cost of government in a normal, natural way, employment will increase, Government cost will decrease, and Government receipts will grow larger. This seems to be what we are seeking.

Business by now should have learned its lesson, as well as the Government. Make 1938 a trial year for industry to see what it can accomplish. Put industry on trial for 1 full year under this program and you will see results.

I am hopeful that the results of the present unemployment census soon to be completed will be accurate and the present indications are that this census is going to be well done. With this we will have some real information on which to base appropriations for relief. All of this can be taken care of under a plan such as I have outlined. Put these changes in our tax structure into effect for 1938. Put it up to industry. Next to the employee out of work, no one has borne the brunt of the last 7 years more than the average head of the average small business. There are few persons on any sort of relief who would not rather have a real job of their own. I do not mean to say that this program will solve all our difficulties, but it will go a long way and, if adopted, I am sure, another census taken at the end of next year will justify this course.

Political Economics

EXTENSION OF REMARKS

OF

HON. ELBERT D. THOMAS

OF UTAH

IN THE SENATE OF THE UNITED STATES

Friday, December 3 (legislative day of Tuesday, November 16), 1937

ADDRESS OF HON. JAMES A. FARLEY, CHAIRMAN OF THE DEMOCRATIC NATIONAL COMMITTEE, DELIVERED AT A DINNER GIVEN IN HIS HONOR BY CIVIC ORGANIZATIONS AT LINCOLN, NEBR., OCTOBER 23, 1937

Mr. THOMAS of Utah. Mr. President, I ask unanimous consent to have inserted in the Appendix of the RECORD an

address on the subject of Political Economics, delivered by Hon. James A. Farley, chairman of the Democratic National Committee, at a dinner given in his honor by civic organizations at Lincoln, Nebr., October 23, 1937.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

My friends and fellow Democrats, it has often been said that if a man knew in advance how the political tides were running in the State of Nebraska he would have a pretty good idea of how they were running in the rest of the United States. There is a great deal of truth in that saying, because Nebraska is not alone close to the heart of the Nation from a geographical standpoint; it also comes close to being at the heart of what the American people are thinking and feeling.

From the time of its inception the New Deal inaugurated by the administration now in power at Washington has received sympathetic consideration from the citizens of this State. There is a reason for that. Nebraskans have long since gotten over the mistaken notion that because a thing is new, therefore, it must be dangerous. You have seen too many innovations in your own State and local governments to believe the silly charge that any effort to improve the Federal Government is bound to fail. On the contrary, I think the general viewpoint here is that the Government, like an individual, must adapt itself to changing conditions and environment or else pay the penalty.

There is always a worth-while incentive in speaking to a Nebraska audience because the voters seem to have the habit of concealing their intentions until they walk alone into the polling booth. In other words, it would be a rash political manager, indeed, who would start off a campaign with the assumption that Nebraska was certain to fall into his column. I'm sure that you retain a few vivid impressions of last fall's election; you recall that the final outcome was highly satisfactory, but during the early months of that sizzling campaign we were compelled to devote considerable time to the job of determining just what the good citizens of Nebraska intended to do. I would hardly go to the extent of saying it was a doubtful State, but it surely was deliberate in making up its mind. However, the thumping majority rolled up for the Roosevelt-Garner ticket was a fine tribute to the intelligence and discrimination of the Nebraska electorate, and I wish now to thank each one of you from the bottom of my heart for the splendid part you played in bringing about that victory.

This is what is known as an off year politically, because there is no national election and only a few State contests, but it would be a mistake to assume that there is little interest in public questions. In fact, the opposite seems to be true. I can hardly recall a time in my lifetime when there has been such a sincere desire on the part of the electorate to know what is going on and to understand the true import of public events. The average citizen seems to be observing what is taking place nationally and to have a keen concern over international affairs as well. That is a decidedly healthy condition in a democracy, and as long as we have a citizenship as alert and alive as the American public, the Government is bound to be responsive to national needs.

Perhaps one reason why men and women are showing such enthusiastic interest in world happenings is because they have more time to do so. The tension and the worry of a few years ago have been dissipated. When a home owner was facing the daily fear of losing the roof over his head, or a farmer was toiling 12 or 14 hours a day with the certain knowledge that he would fail to get back even the cost of production, the immediate problem at hand was the only one that received consideration. It could not be otherwise. But it is pleasant to know that those anxious days are over. The tremendous energies of America are at work once again, and the results can be seen from the Atlantic to the Pacific. People don't have to be told that better times are here again; they know it from their own experience.

The picture is very much the same everywhere. Farm prices are back at reasonable levels, stores and theaters are crowded, freight cars are bulging with products, manufacturers are finding new markets for their products, and above and beyond all those factors, the mighty forces of confidence and enthusiasm have been restored to the hearts of more than 100,000,000 Americans.

A few facts tell the story better than a book of argument. Let's take Nebraska as an example and consider briefly what are the basic economic factors. I saw a news story recently in which a Nebraska editor predicted with a touch of pride that the total farm income for this State may be well over $300,000,000 for the current calendar year. That's a fair showing in view of the fact that just 5 years ago it was less than half that figure, or under $150,000,000. These additional dollars finding their way into the pockets of Nebraska farmers are bringing prosperity to every merchant, every businessman, and every professional man in the State. The improvement is not limited simply to those who raise wheat, corn, or oats, or those who raise cattle. It is what the economists call balanced prosperity, and it is the only kind we want in this country.

The motorcar has come to be a fairly accurate symbol of how things are going from a business standpoint. In 1932, this State had 13,368 new automobile registrations. In 1936, there were 44,691 new ones, a gain of over 200 percent. You know without my saying what that has meant in increased gasoline consumption, oil consumption, and in necessary highway improvements. It would be easy to go on reciting comparative figures of growth for other Nebraska industries, but there is no occasion for doing so. Any man who traveled through this region in 1931, as I did, when wheat was selling at 35 cents or less and corn was selling at 6 or 7 cents, can realize what these improved price levels mean to the people who live here. It can be said without fear of challenge that the greatest feat of Government in our generation has been the rehabilitation of agriculture by the Roosevelt New Deal.

In citing the advancement made by the farming industry during the course of the past 5 years, it is necessary to bear in mind the vital part played by the stabilization of the banking business. A great many people are under the misapprehension that the continued failures of banking institutions which finally resulted in collapse was a direct result of the Nation-wide economic depression. Nothing could be further from the truth. The figures show conclusively that for years before the depression, during the so-called boom period of the late twenties, there was an alarming rate of bank failures which cried out for corrective measures.

In fact, there were more than 8,000 such failures during the 10-year period from 1921 to 1931, not including, of course, those that went down in the final crash. But unfortunately, the Government at Washington was in the hands of an administration that ran away from problems instead of facing them, an administration that was under the curious delusion that the way to take the pulse of agriculture was to watch the gyrations of the Wall Street stock ticker. It was a fatal policy and the whole Nation paid the penalty.

Things are different now. The country is under the administration of a Chief Executive who, when he sees a problem, looks it squarely in the face, states the facts, and then bravely and courageously proposes his solution to the American people. He never shirks a task simply because it is unpleasant. That is the way public questions should be handled in a democracy. The policy has been followed consistently by President Roosevelt during the past 5 years and as a result, there have been more complex problems properly disposed of, in that time, than during any period of similar length in the country's history.

A fair test of any administration is its success or nonsuccess in promoting the economic well-being of the people. We have reviewed what is happening in Nebraska. The entire country is in the same state of excellent economic health. It has been estimated by reliable authorities that the aggregate income of the American people for the present year will be in the neighborhood of $70,000,000,000, a figure which is only eleven billions less than the maximum reached in the peak year of the predepression era. In view of the unsettled state of world affairs, and considering the factors of debts, mortgages, and other handicaps which tended to retard the upward swing, the record achieved by the Roosevelt administration is truly remarkable. And the most comforting fact in the entire situation is the reassuring prospect that things will continue to improve in the years that lie immediately ahead.

Perhaps we have devoted enough time to economic matters. After all, it is possible to state with a degree of accuracy what is happening in business by the mere recital of figures and statistics that cannot be disputed. But in politics, the method of approach is somewhat different. Even the simplest statement of fact is often disputed by spokesmen for the opposition and quite often they convince themselves even if they fail to convince anyone else. That may be a good thing. I sometimes wonder if the opposition would have worked so furiously and talked so belligerently in last fall's campaign, had they been able to foresee the actual result a few months in advance.

Just at present the Democratic Party is receiving a flattering amount of attention from the gentlemen who are endeavoring to revive the somewhat battered hulk of the Republican elephant. While they work feverishly to revitalize the unfortunate critter, they steal frequent sidelong glances over the fence to see what is happening in our backyard. They profess to be pleased at what they see. In fact, during the past few months, some kind of a record has been established by the number of screaming news stories predicting a serious split in the Democratic Party, every one of them coming from Republican sources or other sources hostile to the New Deal. To borrow a hackneyed phrase, the gentlemen are seeing things. Despite their fond expectations, let it be said here and now that the Democratic Party has no intention of emulating the example of the Republican Party by committing political suicide. The only party in the United States today that has developed the necessary capacity and leadership to deal with the social, industrial, economic, and foreign problems which beset the American people is the Democratic Party, and it is going to be in power for a long time to come. Individuals may change but the party is going forward. Instead of drawing to a close, the present period of Democratic dominance is just about getting under way.

There are bound to be differences of opinion when a party moves forward resolutely and honestly to do those things which must be done to protect the economic interests of the farmer, the workingman, and the small businessman. Differing views on method always exist in politics and elsewhere. But let me emphasize this. There is room in the Democratic Party for every man who sincerely believes in the ideals and objectives of the Roosevelt administration and who is willing to cooperate faithfully in translating those ideals into definite action. By that I do not mean mere lip service—the ancient practice of promising one thing before election and adopting another course afterward. The senior Senator from your State, the Honorable GEORGE NORRIS, who is not a member of our party, has given a remarkable demonstration of faithful adherence to principle during his half a century of public life. During all that time he has stood like a rock for

what he believed in, and perhaps that fact explains in large measure why he has always had such a hold on the affections of the Nebraska people.

So I say again that when people talk about a split in the Democratic Party they are merely indulging in wishful thinking. If public men start out to defeat the objectives of the Roosevelt administration, of course, they must answer for their actions to the people. Every officeholder has to do that, whether he is for or against the New Deal. But I may add that it is extremely comforting to be for the Roosevelt administration when election time rolls around. The results show that conclusively on every test. A few weeks ago there was a special election in a Massachusetts congressional district. Apparently believing their own talk about a drift away from the Democratic Party, the Republicans made a strong bid to capture the seat, sending many of their outstanding spellbinders into the district, including two Members of the United States Senate. When the ballots were counted the Democratic candidate was found to have a substantial plurality, although up until a few years ago the district had been Republican. The people at any rate are still staunchly behind the President.

I can hardly pass over my own State of New York where a recent primary contest was employed by those who oppose the Chief Executive to test the popularity or lack of popularity of the national administration. The issue was clear-cut and accepted by both sides. The outcome left no doubt as to the popular feeling. It was another inspiring triumph for those who advocate the policies and program of the Roosevelt administration. The story has been the same in every State where the issue has been raised.

Although the next congressional elections are still more than a year off there are signs of unusual and extraordinary activity on the part of our political adversaries. Apparently the thought has struck home to the captains of the G. O. P., after three successive disasters in national elections, that the American people will have nothing to do with a party that has neither a program nor competent leaders. The press is carrying reports to the effect that the Republicans may shatter precedent by holding a national convention, or something akin to it, in advance of the congressional campaign. In every one of these reports we read about a ground swell of demand coming up from the grass roots for new Republican leadership, new blood, new ideas, and a fresh outlook on national problems. Not only that but we are solemnly assured by some news writers who are partisan to the G. O. P. that we are about to witness this magical transformation of the Republican Party. A well-known advertising man, who is going to run for Congress on the Republican ticket, explained that the idea is to "repackage" the good old G. O. P. He said that very often when sales drop off it is a practice of advertising specialists to discard the old-fashioned package and to give the product a modern, up-to-date container.

On the strength of those glowing promises of what was about to occur in Republican ranks I had been looking forward, like millions of others, for the first definite signs of the new party alinement. And then came a headline story about a secret meeting of the men who are apparently going to direct the campaign of rejuvenation. Who were they? Among those attending the secret meeting were former Gov. Alfred M. Landon, of Kansas, and former Republican President Herbert Hoover. Now, that may be a new deal to some people, but somehow those names sound strangely familiar. I have a vague notion that if the G. O. P. attempts once again to sell that kind of leadership to the American people the result will be the same, no matter what kind of pretty package is used to do the wrapping.

While on this fascinating subject of party splits it might be well to consider the subject from another angle. Even the Republican leaders themselves are stating frankly in the press that the party will get no place unless it develops new leaders and a forward-looking constructive program. That is correct. And it is also correct that just as soon as a genuine attempt is made to work out such a program a split will develop between the progressives and conservatives in the Republican ranks that will seem like the Grand Canyon to those who are given the job of bringing both sides together. Can you imagine Mr. Hoover and the millions of conservative Republicans who think as he does, sitting down to work out a progressive program that would embrace the exact opposite of everything he sponsored as President? Can you imagine the independent voters of this country endorsing a program worked out by the stalwarts of the Old Guard? No; the danger of a party split is not menacing the Democratic Party; the elections show that we have the great majority of the people with us, and that is what counts; the Republicans must do the worrying on that score.

The story of why the Democratic Party is going to remain dominant in this country is written in the record of accomplishments of the past 5 years. A sincere and honest effort has been made to work out a solution for every one of the complex problems which must be solved by Government action. The Republican Party has lagged behind on every occasion, content simply with a meaningless policy of opposition. The situation is the same today. A few nights ago Governor Landon delivered a radio address which failed to contain a single constructive suggestion, while on the other hand our party leaders in Congress are still driving forward to improve legislation on farming and other vital problems while the minority party has nothing at all to offer.

The banking policy of the administration has been highly successful. The farm policies have likewise been successful. A fine start has been made on the task of stopping soil erosion and land waste. The Nation's natural resources have been developed as they never were before. The social security law is in operation. The C. C. C. camps have made a splendid record of preserving both natural wealth and human wealth. The stock markets have been brought under reasonable regulation by the Securities and Exchange Commission. A Public Works program has been carried on by means of which during a period of depression the Nation's physical plant has been expanded and to a considerable extent rebuilt. The Navy has been rescued from a state of neglect so that today, amidst the booming of guns and the rattling of swords, we hold our position in the world secure and confident in the knowledge of our own strength.

Those accomplishments tell the story of why the Democratic Party is still receiving a fresh endorsement every time the issue is put to a test at the polls. The essence of democracy is majority rule and the program being carried to completion by the administration now in power is based upon the needs and the aspirations of the overwhelming majority of American citizens.

To those people who were inclined only a few short years ago to be skeptical over the future of democratic institutions both here and elsewhere, the present stable and prosperous condition of the United States provides an effective answer.

President Roosevelt has never found it necessary to pursue policies of expediency that bring temporary success at the cost of destroying the peace and happiness of others. To distract attention from domestic conditions, he has never resorted to the frightful practice of violating the liberty and security of neighbor nations. Neither has he sought to advance his own political fortunes by flouting the most sacred human rights of unfortunate minority groups within the population. On the contrary, the Chief Executive has adhered with steadfast resolution to those principles of popular government and fair dealing which constitute the backbone of genuine Americanism.

While other nations have adopted the practice of applying their substance to the wholesale manufacture of armaments and their talents to devising new instruments of destruction, the President has pursued a long-view policy of building roads and highways, dams and power plants, and other constructive works that will tend to promote the well-being of the entire population. We are beginning to reap the benefit of these projects already; we will continue to reap them for generations to come.

In the midst of a world menaced and harassed by wars and rumors of wars he has pursued the pathway of peace and he has demonstrated to men of good will everywhere that democracy still lives. And despite the outward hostility of despots who profess to scorn democracy, President Roosevelt has won their secret respect and envy because he has succeeded where they fail.

The development of a program of government, like the construction of a great building, requires time and patience. An observer standing by may be puzzled at times as to why certain steps are necessary for the completion of the edifice. President Roosevelt has been forced by circumstances to adopt heroic measures at times because of the critical conditions which he has had to face. But, as time goes on, the wisdom of his course becomes more apparent. The United States is moving forward steadily and firmly toward the goal of prosperity and security which you and all other citizens have a right to expect from your Government. The program is succeeding in unprecedented fashion because its appeal was directed to the common sense of the American people.

Dedication of the Naval Monument at Brest, France

EXTENSION OF REMARKS

OF

HON. DAVID I. WALSH

OF MASSACHUSETTS

IN THE SENATE OF THE UNITED STATES

Friday, December 3 (legislative day of Tuesday, November 16), 1937

ADDRESS BY HON. JOSEPHUS DANIELS, SECRETARY OF THE NAVY DURING THE WORLD WAR, DELIVERED AT BREST, FRANCE, AUGUST 12, 1937

Mr. WALSH. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by the Honorable Josephus Daniels, who was Secretary of the Navy during the World War and is our present Ambassador to Mexico. The address was delivered upon the occasion of the dedication of the naval monument at Brest, France, August 12, 1937, as a memorial to the distinguished services of our World War Navy.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

"Hail, Count de Grasse; we who are ready to die salute you," was the expression in spirit, if not in words, that animated the sailors who piloted to Saint Nazaire the transport carrying the first Americans to fight in France as they landed in June 1917. It was likewise the salute of American soldiers awaiting the day when they and their comrades to the number of 2,000,000 should

fight under the illustrious soldier-statesman, General Pershing, commander of the American Expeditionary Forces, and win victory side by side with the Allies.

Proud and fond memories, stretching from the year 1781, when the French fleet under de Grasse in American waters contributed the decisive sea power to insure American independence, to the proud day in 1917 when American naval ships 136 years after Yorktown paid the return visit to the French coast in the day of France's peril—these memories crowd upon us today in this ancient naval base beloved by America and France. As we dedicate here the memorial in honor of Americans who, going down to the sea in ships, gave supreme proof of a patriotism which animated all free nations, there is thanksgiving that their bodies lie in the free and sacred soil of their beloved France as their souls are with the stars.

The years 1781 and 1917–18 forever link in imperishable friendship the people of France and the United States, cemented as they are by the blood of men who loved liberty more than life. As we reflect upon American naval participation in the World War, with Brest as the chief French port to welcome the incoming fresh troops, our minds go back to the crucial days when American independence hung in the balance and help and deliverance to the colonists came from the soldiers and sailors of the French Republic. The world has given the accolade to Lafayette and Rochambeau and others of their countrymen who joined their fortunes with the troops of Washington. Too much honor and gratitude cannot be given them. Today, however, as we dedicate a memorial to heroes of the American Navy, it is fitting to appraise the obligation America of 1917 owed to the Navy of France in the days of the American Revolution. In his extremity, Washington felt the necessity of strong naval support and agreed with his French comrade, Rochambeau, who wrote "Nothing without naval supremacy." Washington displayed genius in declining to send the American and French troops into the major attack until he could depend upon naval superiority. That supremacy could be supplied only by the French fleet. He, therefore, directed Capt. John Barry, pioneer of naval heroes, to take Henry Lawrence and Thomas Paine on his frigate *Alliance* to France with this urgent message: "This is our last chance; our country is exhausted, our forces are nearly spent, our cause is nearly lost. If France delays a timely and powerful aid in this critical posture in our affairs, it will avail us nothing should she attempt it hereafter." That appealing S O S found the French authorities sympathetic. No mission was ever more fruitful of potential results. "It is impossible to send you troops," came the reply addressed to Rochambeau, "but a new fleet is being sent." It is not without significance that the name of de Grasse's ship which carried the reassuring message to Washington bore the name of *Concorde*, typical of the relations that have ever existed between the two peoples.

The timely arrival of that fleet and its signal victory and essential protection insured the decisive event which ended the War of the Revolution in the guarantee of independence. "The French naval fleet of Admiral de Grasse left no choice but surrender and decided the war," declares the historian Knox, who adds that "General Washington's 3-year dream of a French naval unit to cooperate with his army was thus sealing the doom of Cornwallis, deciding the war and delivering from the throes of revolution the greatest Nation yet born."

Washington, always given to moderation in expression, wrote de Grasse, "The honor of the surrender of Yorktown belongs to Your Excellency." To Congress he wrote, "I wish it was in my power to express to Congress how much I feel myself indebted to Count de Grasse and the officers of the fleet under his command," and upon Washington's recommendation, Congress passed an act expressing the thanks of the United States to Count de Grasse "for his display of skill and bravery."

A century later with the perspective of time, after long study of naval history, America's foremost naval statesman, George Dewey, weighed the scales as to the effect of the coming of de Grasse's fleet to the Chesapeake. He said:

"Let us never forget that upon the list of deathless fame stands forth the name of Count de Grasse, the French commander who did so much with the splendid fleet sent over by our sister nation, France, to help this country in achieving its independence. The careful reader of history knows that the operations of de Grasse's fleet were of powerful effect in bringing about the surrender of Lord Cornwallis and ending the war. All latter-day writers agree that the successful ending of hostilities was due in great measure to the sea power of France."

The passage of the years may have dimmed for a time the recollection of the events in that crisis of the Colonies. The sense of grateful appreciation surged in the breasts of all Americans in 1917–18 as their sons embarked to render to liberty on the soil of France the same last ounce of sacrifice which the French poured out for the same ideal on American soil a century and a third before.

As the ships bearing the troops neared the shores of France in 1917–18 the men in khaki and in naval uniform were stirred to the depths as sailing through Quiberon Bay and the waters adjacent to Brest they recalled with a glow thrilling their pulses (a glow which courses through the veins of patriots of all times as they follow the course of the French fleet and appraise the value of its epoch-making mission), that on February 15, 1778, even before the surrender at Yorktown, the first salute by a foreign power was made by Admiral La Motte Picquet as a return to the salute of the French flag by John Paul Jones, commander of the *Ranger*. Jones wrote that this salute was "in fact an acknowledgment of American independence." He also records: "I obtained a salute from the flag of France both at Quiberon and Brest before the treaty of alliance was announced." Near the Fourth of July 1917 the great guns of the French Navy pealed forth a greeting as the American ships under Admiral Gleaves returned the visit of Admiral de Grasse. It was the return of the *Concorde* with all that precious name typifies. It fulfills in our day the toast of Lafayette that the unity of the American Republic "has saved us in our time of danger" and his prophecy, "It will save the world."

The Fourth of July 1917 will ever be memorable in American annals because on that day the people were electrified by the official announcement that the first transports carrying troops to take part in the Great War, sailing on June 14, had arrived safely and been given enthusiastic welcome by the French people. The information was all the more heartening when it was reported that they had escaped the torpedoes hurtling through the seas and threatening their destruction. It is not possible in the perspective of 20 years after to appreciate the ecstatic rejoicing which welcomed the glad news. If, however, we could carry our minds back to 1917, when anxiety sat upon every father and mother and fear cast its shadow on every hearthstone, the significance of the arrival of the ships carrying 14,500 men, the earnest of 2,000,000 more, could be adequately apprehended.

The leaders of the nations with which we were at war had not believed the contribution of the United States in the World War could be immediately effective. It was freely asserted by some of our proponents in those trying days, with confidence as to its truth, that the United States had no body of trained soldiers and that raw recruits could not be whipped into shape in time to stay the march of the army of the Central Empire; and even if the United States had an army it was asserted it lacked the ships to transport the soldiers overseas; and if by some magic the ships could be commanded, the submarines would sink them and their cargoes of fighting men before the French coast was reached.

It was such widely held misconception of allied initiative and ability to overcome obstacles that misled some people in Germany and carried fear to the hearts of the Allies and indeed caused apprehension to the fathers and mothers in the United States. If the public had known the full extent of submarine sinkings, kept as a closely guarded secret, the anxiety would have been a thousandfold more disquieting. The U-boat menace was at its peak of success and allied morale was threatened by the destruction of ships on the high sea. The supreme thought on both sides of the ocean was whether transports could avoid the death-dealing torpedoes. The officials of the United States, charged with the grave duty of transportation, fully realized the gravity of the situation and the dire perils to be encountered. They had been officially informed that the amount of British and Allied shipping lost in February 1917 was 536,000 tons, 571,000 tons in March, and 205,000 tons in the first 10 days in April, and had been advised that "with short nights and better weather these losses are increasing." Ships were being sunk twice as fast as all the shipyards in the world were building ships, and England feared if the destruction continued at the prevailing rate the people would be without food at the end of 6 months.

Such was the critical situation that existed when the first ships bearing American soldiers left the shores of the United States. The date of their sailing was known only to the few entrusted with the great adventure; not even the captains of the ships knew the destination, their sealed orders reading "Fit out for distant service." Such secrecy surrounded the operation that no hint reached the anxious parents or the general public of the time of sailing or when detachments of soldiers would sail or what ships would carry the precious freight. As the ships neared the coast of France they were met by destroyers to afford protection through the danger zone. That thoroughly effective protection existed from the sailing of the first transport ship. At the signing of the armistice over 300,000 soldiers were being transported every month.

The order from the Secretary of the Navy, which held throughout the whole war, was in these words: "The paramount duty of the destroyers in European waters is the protection of transports with American troops. Be certain to detail an adequate convoy of destroyers, and in making the detail bear in mind that everything is secondary to having a sufficient number to insure protection to American troops." It is to the everlasting honor of the Navy that the carrying out in letter and spirit of that order made the bridge to France so safe that not a single life was lost on an American transport when under naval protection, while over 2,000,000 soldiers passed through the waters infested with submarines.

In the early days of the war the chief apprehension in the United States was lest the soldiers would meet a watery grave before reaching the battlefield. There was confidence that the fighting men would give a good account of themselves once they were in the trenches. But could they escape this menace of the seas? That was the uppermost terror that denied sleep to parents. When the news was flashed that the first convoy had arrived without loss, apprehension gave way to confidence. That information was furnished the public in official correspondence between the Secretary of War and the Secretary of the Navy and made public on the Fourth of July. "As you know," wrote Secretary Baker in releasing General Pershing's message that the ships had arrived safely, "the Navy assumed the responsibility for the safety of these ships on the sea through the danger zone. The ships themselves and their convoys were in the hands of the Navy, and now that they have arrived, and carried, without the loss of a man, our soldiers who are the first to represent America in the battle for democracy, I beg leave to tender to you, to the admiral, and to the Navy, the hearty thanks of the War Department and the Army." He added that "this splendid achievement

is an auspicious beginning, and it has been characterized throughout by the most cordial and effective cooperation between the two military services." The Secretary of the Navy, in reply, said that "The Navy accepts the thanks and gratitude of the Army as an expression of fraternal esteem rather than an acknowledgment of sole achievement," and he added: "In behalf of the men whose courage gave safe conduct to courage, I send you the greetings of the Navy, awaiting in full confidence for the day when the valor of your soldiers will write new and splendid chapters in the heroic history of our liberty-loving land."

Into the maw of Brest and other ports on the French coast poured into France the 2,000,000 Americans who constituted an effective part of the invincible force which compelled the signing of the armistice.

Brest soon became the chief port of landing because it was available for ships of any craft or size, because it could be mined against the enemy, and because its inside harbor could accommodate any number of ships. For rapid loading and unloading of troops and supplies, the repair and refueling of ships, it was found to be ideal in a day when quick turn around was vital. Quite important was the fact also that Vice Admiral Moreau, in command of the naval district, displayed a noble spirit of cordial cooperation that won the admiration and affection of Admiral Wilson, the distinguished American naval commander in western France. That relationship was expressed in these cordial terms by Vice Admiral Schwerer: "On July 4, 1917, there arrived in our waters the first eight ships of war sent to France by the United States to fight with us. This squadron was the vanguard of a flotilla of ships, each day more numerous and more powerful, which arrived from the other shore of the ocean to take part in the fight." He voiced esteem and warm admiration for the promptitude of America in "throwing itself into the most terrible of wars" and rejoiced that the two navies had "collaborated in the protection of convoys." Like letters of felicitation were exchanged on the never-to-be-forgotten anniversary by Admiral Moreau and Admiral Wilson, the latter expressing the proud privilege of the American Navy in working with the French Navy, "for which we have the highest admiration." On that day the French Minister of Marine telegraphed Admiral Wilson:

"I am particularly happy to address to you my most cordial regards in recognition of the perfect and devoted cooperation which our Navy in Brittany have not ceased to find with the American naval forces placed under your high direction and the sympathetic harmony of views and sentiments which has not ceased to reign between us."

The mission of the United States naval forces in France was thus officially crystallized in a sentence: "To safeguard United States troops and store ships and to cooperate with French naval authorities." History does not record a more perfect execution of an official order. It is a matter of distinguished naval history that so efficient was the protection of transport ships that no American troop ship en route from the United States to France when escorted by American vessels was torpedoed or successfully attacked on the high seas, and only five troop ships west-bound, without troops, were successfully attacked. That is a record without parallel in a war marked by the destructiveness of the submarine. This was made possible by the lookouts and signal stations of the French and American cooperation, as well as by the marvelous courage and seamanship of the officers and men on the destroyers and other naval craft. The expert communication service enabled the officers to learn of the possible presence of enemy submarines so steps could be taken to send the nearest armed vessel for search and attack, and to divert the convoy to another route or turn back, if necessary.

To the American Navy, the first line of defense, was given the honor of also being the pioneer in the offensive when the United States entered the war. The first war order was given a few days after the declaration of war by the Secretary of the Navy. It was the dispatch of a division of destroyers to initiate the joint operations in British waters to stem the tide of submarine sinkings and to act in perfect accord with the British Navy. Under the direction of Admiral Sims, the brilliant commander of American naval forces in European waters in the many operations which brought glory to the navies of both English-speaking nations, there was a concert of action which was not only most effective but which strengthened the chords of brotherhood and unity. On the anniversary of the arrival of the first American destroyers in British waters, Admiral Bayly, in command of naval operations at Queenstown, expressed "deep gratitude to the United States officers and ratings for the skill, energy, and unfailing good nature which they have consistently shown and which qualities have so materially assisted in the war by enabling ships of the Allied Powers to cross the ocean in comparative freedom," adding, "to command you is an honor, to work with you is a pleasure; to know you is to know the best traits of the Anglo-Saxon race."

The first American force to reach France was an aviation detachment which arrived on the French coast early in June 1917, preceding the coming of the soldiers, the forerunner of the naval aviation force that reached many thousands before the armistice. With the establishment by the joint action of French and Americans on the French coast the sinking of ships near the shores of France almost came to an end. After that establishment only sporadic and generally ineffective hostile acts on the part of opposing vessels occurred in these coastal waters. The joint defensive kept open the western shore of France. This cooperation of French and American fighting men not only insured the safe passage of our troops and supply ships but brought about and cemented an esteem and affection which proved to be as beautiful as it was an effective contribution in winning the war.

It was truly said that the French coast was "the neck of the bottle" because through its ports, chiefly Brest, the Americans came in ever-increasing numbers. I was here in the ancient military post of Pontenazen that American soldiers were quartered as they left their ships and were given first training until they moved into the war zone. I will never forget my visit to that army post when the commanding officer, Gen. Smedley Butler, evidenced as much ability in that important assignment as he had rendered as a soldier in half a dozen parts of the world where the marines performed dangerous duties. Increased to accommodate many more thousands of soldiers than its construction contemplated, it became the clearing house for a million soldiers just landed and ready to go into trenches and later of hundreds of thousands who said good-bye to comrades as after the Armistice they sailed for home from Brest with all the honors of splendid courage and victorious achievement.

The World War was won on the western front by the combined valor of the soldiers of the allied and associated armies. To that invincible force the Navy contributed valiant aviators and militant marines. Its chief contributions of the offensive were the successful war on the submarines, the laying of the mine barrage in the North Sea, which began to take toll of U-boats even before its completion, and other mine barrages; the safe convoy of merchant ships; the utilization in our naval railway batteries of the 15-inch guns in answer to the long-range gun shelling of Paris; the brilliant feats of naval aviators "battling in the central blue" of European skies; its radio which girdled the globe; and every other activity which a navy could render on both sea and land. But the paramount service of the Navy was the safeguarding of transports which bore to France the vast force which gave decisive strength toward the victory of the Allies. The ferry to France was the greatest sea-borne transportation feat in history, in that it was carrying 2,000,000 men over 3,000 miles infested with submarines. They were precious cargoes of human freight. That it was so regarded when its commanding usefulness was fresh in the minds of the world is attested by commendation by those most competent to testify.

No better description has been given, among those by many experts, than that of Captain Frothingham, who said: "As a result of the overthrow on the western front and in response to the earnest call of the Entente Allies, there began the most gigantic movement of troops over the sea the world has ever seen. This was the naval operation which hurled a decisive military force upon a victorious advancing enemy. The Navy was responsible for delivering the margin of troops necessary for success in the great crisis of the war." Like tributes to the Navy's successful carrying out of the biggest troop transportation could be quoted from many noted statesmen and military leaders. Lloyd George said in the House of Commons: "It is an amazing piece of organization which has enabled the bringing of such a vast number of first-rate American troops to France"; and the First Lord of the British Admiralty said: "Viewed from the standpoint of a seaman it is unparalleled in history." The declaration of Gen. John J. Pershing, who was in the best possible position to speak with authority, gave this brief evaluation: "We fully realize that had it not been for the Navy, which kept watch and guard night and day over our transport fleet, the American effort in France would never have been successful."

On this day of dedication I deem it a duty to the heroic dead to touch upon some high lights of the imperishable record made by our naval personnel in the World War, by those we honor here who gave all they were and all they hoped to be.

Upon his arrival in Brest during the conflict our honored President, Franklin D. Roosevelt, then Assistant Secretary of the Navy, said: "Ours is a silent service." Ships sailed in secrecy. Naval operations could not be revealed. Officers and men worked unseen and unsung. Victories could not be celebrated or heroes properly honored at the time of their achievements. Men buried here and elsewhere went unheralded to their graves, denied by war's necessities the praise their courage commands. Now the time has come when the world should be told how those who died passed worthily into immortality.

Privileged to be their commander in the great enterprise in which they gave their lives, I would be remiss to them and to their associates who survive if I failed to sum up what their Navy accomplished in that mighty conflict. Most of the men buried here were in the bloom of youth. Life was dear to them. They looked forward to the day when they would be blessed by wives and children and could found homes with sweet satisfaction. At the call of their country, they surrendered their hopes and ambitions and laid them on the altar of their country. Embalmed forever in the affection of their countrymen, to us they will remain forever young. Always in our memories they will be the intrepid boys they were when they sailed away amid our hopes and prayers. Life, with all its powers, they held in trust to save a holy cause. Their country's flag was then a cloud by day and a pillar of fire by night. Its crimson stripes mingled with their hearts' blood; its starry folds covered them in death. They lived and died in the hope that their sacrifice would insure a warless world.

Grateful as they were for France's help in our Revolution, Americans in arms did not come to France to discharge that obligation. They crossed the sea for one and only one reason. It was that they might remove the curse of war. Other auxiliary causes may have operated, but the goal they held before their eyes was a world which would some day settle differences without the arbitrament of the sword. They were upheld by the lofty aim expressed by their immortal Commander in Chief, Woodrow Wilson, who as they sailed gave them these words of admonition: "Let us set for ourselves a standard so high that it will be a glory to live up to it and add a new laurel to the crown of America. My affectionate confidence goes with you in every battle and every test. God keep and guide you."

It is an insult to the memory of those who fell and those who survived to say that they were mobilized in hate of any people, in fear of conquest of their own country, to save themselves, or because their rights upon the seas were jeopardized, or from chivalric knight errantry to help other nations. These and other contributing causes helped to turn the scales. Never, however, until persuaded that by throwing their weight into the world struggle they could enlist in a war against war were the American people united in the noble ambition to win peace by fighting. If statesmanship failed to reap where the blood of the men of the Army and Navy was sown, that does not dim the lofty inspiration that caused our youth to cross the sea. Those who fell and those who survive were actuated alike by a lofty faith that their contribution would aid mankind in finding eventually a sure and permanent way to end all wars. It was a dream, a glorious dream, that inspired their consecration. That banner in the sky upheld them in the trenches and the perils of the deep. That same faith undergirded them in suffering and sickness and comforted them to the gates of death itself. They did not live to share the bitter disappointment of those of us who survive; to realize that the goal of universal peace seems still far distant and eludes the aspirations of mankind. God speed the day when their dream shall come true; when war shall be no more; when the battle flags shall be furled, in "the parliament of man, the federation of the world."

These heroes whose brows are decked with the laurel wreaths by their countrymen and shipmates and comrades felt in their hearts the immortal sentiment expressed by Lt. Kenneth McLeish, a valiant naval aviator who reached France in April 1917, and rendered signal service before he was shot down on the 14th of October 1918, the day preceding the evacuation of the Belgian coast, "and down these burning skies fell like a shattered star." That intrepid hero who sleeps in Flanders Field, shortly before he fell, wrote to his mother:

"If I must make the supreme sacrifice I will do it gladly and I will do it honorably and bravely as your son should. And the life that I lay down will be my preparation for the grander life that I shall take up. I shall live—you must not grieve! I shall be supremely happy. So must you. Not that I have gone west, but that I have bought such a wonderful life at such a small price and paid for it gladly."

Kenneth McLeish expressed the courage of all these shining souls who died so gloriously, our heroes and immortals.

Upon each grave here in Brest where men died, comforted in their last sleep by the lullaby of the waves they loved, and in all places where our heroic dead sleep, this inscription would typify their full devotion:

"Thus this man died leaving his death for an example of a noble courage and a memorial of virtue not only unto young men but to all his Nation."

Over these and all our precious dead, wherever they may rest, we may invoke the words of Pericles which come ringing down the ages; may pronounce over our own his eulogy of the Athenians who gave their lives to their country, as true today as it was 2,000 years ago:

"For having every one given his body to the Commonwealth, they receive in place thereof an undecaying commendation and a most remarkable sepulcher, not wherein they are buried so much as wherein their glory is laid up upon all occasions, both of speech and action, to be remembered forever. For famous men all the earth is a sepulcher; and their virtues testified not only by the inscription at home but by an unwritten record of the mind, which more than any monument will remain with every one forever.

"They are only happy that die honorably as these have done and to whom it hath been granted not only to live in posterity but to die in it."

We may well say of these, as was said of those heroes of long ago: "Whenever, in any time to come, men may speak of brave and noble deeds, these shall be held in remembrance."

Standing here in this ancient port, which hospitably welcomed a million American soldiers hastening to give the decisive strength for allied victory, who crossed the Atlantic safely because of naval protection from the perils of the deep and the submarine menace by American and French patriots who go down to the sea in ships; in the shadow of the Pontnezin barracks which housed Napoleon's militant troops, and where for a long period of the World War the marines, a valorous branch of the Navy, were official hosts for their brothers in arms as they departed for the western front; in appreciation of the people in Brest, honored by visits from President Wilson, Secretary Baker, General Pershing, Assistant Secretary of the Navy Roosevelt, and other American officials and officers, where ties of friendship and comradeship were formed which will ever be cherished by American sailors and soldiers; as one privileged in the Great War to be the one-time commander and the all-time comrade of the men of the invincible Navy of the United States and commissioned to keep safe the route of the ferry to France in the greatest ocean transportation in human history; and in the name of all the people of the American Republic, I dedicate this noble memorial to the memory of the officers and men, living and dead, of the American Navy, whose victory in the World War adds to the imperishable glory of America's first line of defense.

Nonspeculative Market for Farm Products

EXTENSION OF REMARKS

OF

HON. ARTHUR CAPPER

OF KANSAS

IN THE SENATE OF THE UNITED STATES

Friday, December 3 (legislative day of Tuesday, November 16), 1937

RADIO ADDRESS BY ERNEST D. MACDOUGALL, SPEAKING FOR THE NATIONAL GRANGE, ON AUGUST 21, 1937

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD a radio address on the subject of A Nonspeculative Market for Farm Products, delivered by Ernest D. MacDougall, of Washington, D. C., speaking for the National Grange, over the stations of the National Broadcasting Co. from Washington, Saturday, August 21, 1937.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

I see by the papers that prices of farm products are on the toboggan—that the farmers are beginning to be deflated again.

No businessman or manufacturer could long remain solvent if he were compelled, year after year, to market his products at ruinously low prices in an unprotected market, with expenses greater than income, having to draw continually on his capital in order to remain in business.

It is no wonder that farm tenancy is rapidly increasing. Farm income is only 10 percent of the total national income. Yet the investment in farm lands and equipment amounts to 20 percent of the total national wealth, and those who live and work on farms constitute more than 20 percent of the entire population of the United States. Farm income is only one-half of what it should justly be.

It is easy, of course, to point out difficulties under which our farmers labor to produce food for the Nation. What we should like to know is the answer to the problem. In principle, the answer is fairly simple. Let the marketing of farm products be conducted on the same sort of business basis as that on which the marketing of industrial products is conducted. Industry markets its products in a nonspeculative sellers' market, at profitable prices. Prices of industrial products, such as shoes and automobiles, are not fixed by speculators and gamblers, as are prices of the products of the farm. Prices of industrial products are protected also against foreign competition.

Farmers ought not to be compelled to sell in a gamblers' market in which prices continually fluctuate on the ticker tape. There is no ticker tape in the industrial merchandise market. It is not beyond human intelligence to devise a stable, nonspeculative market for farm products. Why do not our statesmen set themselves to that task?

The most glaring difference between the industrial market and the agricultural market is the presence of futures trading in connection with the latter. There is nothing like a futures market in the industrial field. Orders are sometimes taken in good faith for future delivery of industrial products, but that is entirely different in principle and in practice from trading in wheat futures contracts, cotton futures contracts, corn futures contracts, etc. A futures market is not a market for the future delivery of anything. A futures contract is a betting contract concerning future price quotations. Not more than one-half of 1 percent of the volume of wheat futures contracts results in delivery of wheat. Even then delivery of the wheat is not made in the futures market but in the cash market—the merchandise market. And it is a spot delivery, not future delivery. One must be very credulous, indeed, to believe that a futures market is a market for future delivery, when not more than one-half of 1 percent of the commodities ordered are actually delivered.

The courts have repeatedly condemned futures trading as gambling. A contract for the purchase or sale of commodities, where there is no intention to make or to take delivery, is a fictitious contract. Please note that word—a fictitious contract—a fake

contract; a gambling in the form of trade. This sort of gambling is well described by the Supreme Court of Illinois in the case of *Cothran* v. *Ellis*, as follows:

"It is not only contrary to public policy but it is a crime—a crime against the State, a crime against the general welfare and happiness of the people, a crime against religion and morality, and a crime against all legitimate trade and business. This species of gambling has become emphatically and preeminently the national sin. In its proportions and extent it is immeasurable. In its pernicious and ruinous consequences it is simply appalling. Its votaries and patrons are recruited from every class of society. Through its instrumentality the laws of supply and demand have been reversed, and the market is ruled by the amount of money its manipulators can bring to bear upon it."

These are not the words of a soap-box orator. They are the deliberately expressed opinion of the highest court in the State of Illinois. And the Supreme Court of the United States has held to the same effect.

Every farm organization in the country has protested against gambling in the necessities of life. The National Grange has been particularly active in urging upon the Congress the enactment of legislation to put a stop to grain gambling.

In 1922 the Congress enacted the Grain Futures Act. The Grain Futures Administration, which was set up by the act, served a valuable purpose as a fact-finding agency of the Government, but it had no power to regulate futures trading or to limit the gambling operations of the futures markets. The Grain Futures Act of 1922 lacked teeth. This led to renewed agitation for further legislation to cure the evils of futures trading.

In 1936 the Congress enacted the Commodity Exchange Act, amending and putting teeth into the Grain Futures Act of 1922. The Commodity Exchange Administration has taken over the work of the Grain Futures Administration with increased powers of supervision and regulation. It has adopted rules and regulations for the guidance of futures contract markets, but these rules and regulations are not as stringent as the act authorized. There are plenty of teeth in the Commodity Exchange Act to stop gambling in the futures contract markets.

Here is a passage I should like to quote from the Commodity Exchange Act, section 4 (c), as follows:

"It shall be unlawful for any person to offer to enter into, enter into, or confirm the execution of any transaction involving any commodity * * * (A) if such transaction is, is of the character of, or is commonly known to the trade as a 'wash sale,' 'cross trade,' or 'accommodation trade,' or is a fictitious sale."

You will please note that the act expressly outlaws fictitious sales. I wish to quote also from section 2 (a) of the same act, in regard to the meaning of the term "future delivery." It says:

"The term 'future delivery,' as used herein, shall not include any sale of any cash commodity for deferred shipment or delivery."

In other words, the term "future delivery" does not refer to real or actual sales in the cash—the merchandise—market, but only to fictitious, pretended sales in the futures market. That is not your idea, nor mine, of the meaning of future delivery of actual grain. That is the gambler's idea of future delivery. It is said that futures quotations set the pace for cash prices. If so, it is to be observed that they set the pace downward. Futures quotations are usually lower than cash prices. That is especially true at harvest time, when farmers are marketing their crops.

One thing the futures market does do to the cash market. That is, it unsettles prices at all times and causes them to fluctuate without good reason. The futures market could not continue to exist in the absence of continual fluctuation of prices any more than betting on the turn of the roulette wheel could continue if the wheel were not in motion.

Mr. Bernard Rothwell, of Boston, president of the Bay State Milling Co., Winona, Minn., in a radio address published July 13, 1932, in the Northwestern Miller said:

"During the brief 3¾-hours daily session of the Chicago Board of Trade wheat has often swung rapidly back and forth, back and fourth, 3 cents, 5 cents, 10 cents, and in one session 14 cents a bushel, making it impossible for the farmer, the country grain buyer, the miller, or the importer to tell within several cents per bushel the price of wheat at any particular moment.

"The difficulty of transacting legitimate business—production, manufacture, or distribution—in face of such wide fluctuations, the risks involved, and the actual losses liable to be sustained are self-evident.

"These daily fluctuations are not caused by the pressure of actual grain arriving from day to day, but by the operation of huge scale, politely called, speculators, more bluntly described as gamblers."

Millers and handlers of grain, as businessmen, do not like speculation. Some of them hedge in the futures market; some do not. Those who do hedge do so merely in order to nullify the evil effect of speculation on their business. They would much prefer to buy without hedging in a fairly stable market, as other businessmen buy in a stable market without hedging. It is the fluctuations of the futures market that bring hedgers into the futures market to protect themselves from price fluctuations which the futures market itself creates. The futures market came first, hedging came second in point of time. Futures contracts are gambling contracts. The Commodity Exchange Administration has power to put an end to them if it will. It remains to be seen whether it will do it or not. The futures market is the most uncivilized thing in our modern civilization. The futures market is causing a log jam in the stream of progress. Let's take it out!

Investigation of Charges of Coercion, Undue Influence, and Reprisal Among House Members

EXTENSION OF REMARKS

OF

HON. HAMILTON FISH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, December 3, 1937

Mr. FISH. Mr. Speaker, I presented a privileged resolution yesterday, but it was tabled upon the motion of the majority leader [Mr. RAYBURN] by a vote of 279 to 94. Every single Republican voted for the resolution, and in addition eight Democrats and five Progressives and Farmer-Labor Members.

The resolution did not in any way refer to the merits or demerits of the pending wage and hour bill. The charges contained in the resolution are not mine. They were made by distinguished Democratic Members of the House—I assume in good faith—and reflected seriously on the political integrity and honor of the House of Representatives.

In the 17 years I have served in the House I have always stood for social and industrial justice and a square deal for our wage earners, within the confines of the Constitution and our American system of government, and will gladly support a proper wage and hour bill.

I have repeatedly spoken in the House in favor of minimum wages and child-labor legislation. I have voted for most of the humanitarian legislation that has been enacted, including the social-security and old-age pension bills.

I am opposed to the principle of granting additional power to the President through the creation of a five-man Commission to further control and regiment industry and labor, as is provided in the pending hour and wage bill. I believe the time has come for Congress to take back some of the powers conferred by Congress on the President and restore representative government.

I agree with Mr. William Green, president of the American Federation of Labor, in his opposition to setting up a five-man commission to dominate and control wages and hours, as dangerous legislation, and destructive of the interests of labor and industry. If, in being against this feature of the bill, I am opposing humanitarian legislation, then by the same token Mr. Green, the head of the largest labor organization in America, is likewise against humanitarian legislation. However, I am willing to let my record in behalf of American wage earners and for a square deal for labor stand any political test.

The action of the huge Democratic majority in the House in tabling my privileged resolution for an investigation of the charges of deliberate trades and undue influence to force Members of the House to sign the petition to discharge the Rules Committee on the wage and hour bill practically destroys the last rights of the minority to protect the dignity, political integrity, honor, and prestige of the House of Representatives.

It was a most unfortunate partisan performance, and a serious blow at representative government. The parliamentary form of government, and our own legislative system, is under attack as never before, both from within and without the country. In Germany, Italy, Soviet Russia, and other countries the parliamentary system has been practically abolished. The action of the House majority today in refusing to even permit a free discussion of serious charges impugning the political integrity of its Members smacks of fascism and should be resented by Americans everywhere, regardless of party, who still believe in our representative form of government.

The charges I made emanate from distinguished Democratic Members of the House who had the courage to protest publicly against the vicious and un-American practice of political coercion and reprisals. If such malpractices

continue, it will mean the undermining and eventual destruction of our free institutions, including the House of Representatives itself.

This is not a partisan issue and should have been dealt with immediately, and a thorough investigation should have been made in order to safeguard the reputation and prestige of the House and its Members and to punish those responsible for such unethical practices.

If any Member is guilty as charged, from the Speaker down to the newest Member, he should be expelled from the House as an enemy of our representative and constitutional form of government which he has taken an oath of office to uphold.

The refusal of the Democratic majority to clear the fair name of the House is a sad commentary on the leadership of the present Congress.

The privileged resolution referred to, which was read in the House and tabled by a vote of the Democratic majority, is as follows:

House Resolution 366

Whereas it is stated in the public press that the gentleman from Texas [Mr. DIES] has publicly stated that: "They have swapped everything today but the Capitol. They have traded and promised Members everything to get them on that petition. They even told the Florida delegation they would get the Florida ship canal, I heard, if they signed. They promised so much there won't be anything left for the Federal Government"; and

Whereas the gentleman from Virginia [Mr. ROBERTSON] is quoted in the public press as having stated on the floor of the House: "Charges the House farm bill was being made a 'purely log-rolling proposition' to get signatures on the wage and hour petition were openly made in the House of Representatives by Representative A. WILLIAM ROBERTSON, Democrat, of Virginia. He spoke of efforts to 'trade support for the farm measure in return for support for wage and hour measure.' 'Reprisals are openly threatened,' said ROBERTSON, 'if southern Members who conscientiously believe that the pending wage and hour bill is fundamentally unsound and inherently unworkable do not promptly march to the Clerk's desk and sign the petition to bring up the wage and hour measure' ": Therefore be it

Resolved, That a special committee consisting of five Members shall be appointed by the Speaker to investigate such statements and report its findings and recommendation to the House of Representatives.

The Compulsory Crop Control Bill (H. R. 8505)

EXTENSION OF REMARKS

OF

HON. J. PARNELL THOMAS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 2, 1937

Mr. THOMAS of New Jersey. Mr. Speaker, with the exception of the first few years of my life, I have always lived in the country; and while the little borough in which I live can no longer be called a farming community, it is still rural—so rural that one who has lived there would naturally acquire an appreciation of the interests and the problems of farming people. Nor could one fail to take a vital interest in farm legislation. As there are some 750 farms in my own county and over 6,000 farms in my congressional district, it is perfectly natural, therefore, that I should have a sincere interest in the welfare of the man or woman who endeavors to earn a livelihood by way of the farm. I think also that I know the farmer in my district and in my State. I think I know his attitude toward both State and Federal farm legislation. At least, I have tried to understand what he is up against and what he most desires. If I judge him correctly, he is a hard-working, thrifty citizen, and as industrious and as thrifty as any people in any part of the United States.

The New Jersey farmer, unlike the farmer in many other States, particularly those in the South, long ago realized the benefits from diversification. As definite proof of the marked crop diversity in New Jersey, the United States Census of Agriculture (last publication) shows us that from the farms reporting, the value of wheat threshed in New Jersey in the year amounted to over $1,000,000, oats threshed, over three-quarters of a million dollars; rye threshed, over one-third of a million dollars; corn harvested, $4,800,000; Irish potatoes $4,474,000; sweet potatoes, $2,076,000; hay, $6,234,000; eggs, almost $10,000,000; chickens raised, over $7,000,000. And last but not least, there were about 100,000,000 gallons of milk produced. These are but some of the important farm crops in New Jersey.

The New Jersey farmer has always endeavored to work out his own problems—believes that the best results come from his own initiative and not from governmental Christmas presents. He believes in the democratic form of government, and regardless of his politics, he believes in American institutions and in the tried American principles of democracy. He is not the type of farmer who is waiting around for the Federal agent to come with the Government pay check for the land which he did not use, or for the hogs which he did not sell, but he is up early in the morning, works hard all day, in hot weather and in cold, until after dusk. He is enthusiastic, thirfty, home-loving, a true believer in God, and full of courage.

If I judge him correctly, he is not the type of American citizen who would be in favor of the crop-control legislation which we are debating this week, nor in fact would such legislation be to his advantage.

Up to now I have not received one word from any New Jersey farmer asking me to support this crop-control bill. I have, however, received a number of requests that I vote against it, including one telegram from a person high up in farm administration and farm circles in New Jersey, which telegram clearly and definitely points out that the New Jersey farmers "are not in accord with the restrictive legislation leading to compulsory production or control," and that they do not believe that "acreage from restricted production should be used to grow other crops for market." The same telegram states, however, that "they favor the present Agricultural Conservation Act."

Such a feeling toward the crop-control bill on the part of the people from New Jersey who have contacted me relative to it, is easily understandable, for if the bill should pass in its present form, it will undoubtedly work a real hardship on New Jersey farmers, particularly the dairy people. First of all, the bill is viciously sectional, clearly favoring the southern and western farmer. It will raise the price of many of the products which are consumed by our eastern farmers, while at the same time it will encourage the western and southern farmer to grow and raise farm products on land taken out of production which products must necessarily compete with those of the eastern farmer; particularly will this competition be felt by the eastern dairyman. In addition, the bill will tend to take away from the New Jersey farmer—in fact, from all Eastern States farmers—the last vestige of independence which our eastern farmers have left and which they have for so long enjoyed.

The bill's sound features are unfortunately warped into insignificance by its unsound parts. What might have started out as sound legislation ended up as a heterogeneous collection of pet theories based on conditions existing in the South and in certain parts of the West. Certainly it does not represent an expression of opinion of a majority of the farmers in the United States, for a bulletin from the National Grange by Congressmen the other day, is definitely unenthusiastic as to the contents of such control legislation.

Its crop-control feature, incidentally, will probably turn out to be the bill's most harmful feature, for once a quota is imposed on the farmer he can sell not more than the quota fixes. If he produces more than his quota he is not allowed to sell the excess, but must store it himself. If he has no suitable place in which to store it he must build such a place at his own expense and according to governmental specifications. The farmer must keep detailed and voluminous records, all of which will add to his costs of production. If he violates any of the provisions of the act, even though

unwittingly, he must pay a penalty. And, believe me, if the farmer has as hard a time to read and understand this 86-page complicated act as I have had in my study of it over the past few days, it will be quite unusual if he does not violate the law many times during the first few years it is on the statute books.

Then, of course, there is a strong possibility of the new act being declared unconstitutional, as was the A. A. A. At this point I wish to read a paragraph taken from the minority report of the standing Committee on Agriculture of the House of Representatives:

> It is said that there are those who believe that certain proponents of this type of compulsory legislation (who are not Members of Congress) are very anxious to have enacted into law legislation which is obviously unconstitutional and which will be so declared by the highest Court, in order to provide new life for a continued attack upon the Supreme Court. This is not the way we should do business, for prejudice and class hatred of this character have no place in our American system if we are to continue as a free democracy. When changes are needed in our governmental system the people can bring them about in a constitutional manner without the necessity of hatred or intimidation.

But one of the bill's most vicious features, as far as it may affect our New Jersey farmers, is the total lack of consideration for the dairy farmer as well as the subsidization of southern and certain western farmers in order that they may compete with the eastern dairy farmer.

Dairy farmers naturally do not object to other farmers going into the dairy business, but they must object to the Government practically saying to other farmers "You must not plant cotton or some other crop on a certain portion of your land, but it is acceptable to the Government if you graze cattle on that land, from which milk may be sold in competition with the now existing dairy farmers." In fact, the Government practically says, "If you do not grow cotton or some other crop on part of your land, we, the Government, will pay you." So, in effect, the cotton farmer is paid to go into the dairying business in competition with our own New Jersey dairymen. This, of course, is a hypothetical case, but it is one practical way which this bill, if enacted into law in the form in which it came to the floor of the House, may work out.

There are also other bad features to the bill. Its utter violation of the economic law of supply and demand, its tremendous estimated cost—some $700,000,000—$200,000,000 more than even the President asked for. The huge administrative cost of approximately $45,000,000; and, as you know, there are already some 60,000 people on the Agriculture Department pay roll—over twice as many Government employees in this one Department as there are farmers in all of the State of New Jersey. Then there is the possibility that it may result in a further increase in our farm imports over our farm exports. The National Grange, in its annual report just published, has already told us that for the first 6 months of 1937 the agricultural imports amounted to $1,151,028,222, as against agricultural exports during the same period of only $435,099,385.

So, after weighing all of these adverse factors with all the good factors in H. R. 8505, the compulsory crop-control bill, I am of the opinion that the bill would be definitely injurious to the New Jersey farmer—the farmer who desires and deserves encouragement rather than discouragement, justice rather than injustice, and who so wants to be left alone so that he may work out his own salvation in his own peaceful way, without being hampered and hamstrung by uneconomic governmental theories and experiments. It is true that the New Jersey farmer welcomes governmental advice as everyone welcomes advice of some sort, but he doesn't want to be made a pawn of bureaucracy.

I am quite sure that when the New Jersey farmer has an opportunity to carefully study this compulsory crop-control bill which we have debated over the past week, he will throw up his hands in disgust. I am equally sure he will quickly discern the two little "bogies" in the woodpile—King Cotton and more political pap, all dressed up as agricultural relief.

Furthermore, I predict that this legislation, if it passes in its present form, will be more injurious to the farmers throughout the entire Nation than any farm legislation ever passed by any Congress.

The Farm Bill

EXTENSION OF REMARKS
OF
HON. NOAH M. MASON
OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES
Friday, December 3, 1937

Mr. MASON. Mr. Speaker and Members of Congress, I am opposed to H. R. 8505, the administration's plan of compulsory control of the farmers of the Nation, for the following reasons:

(a) I am opposed to compulsory control by the Government over the farmers planting and selling which the bill provides. I am for voluntary control through soil-conservation payments and crop loans to peg the price and provide an ever-normal granary.

(b) The provisions of this bill will not bring about desired parity prices nor prevent low prices for farm commodities. Its authors and supporters acknowledge this, and Earl Smith, president of the Illinois Agricultural Association, agreed that this is true.

(c) The bill will give the cotton planters of the South a bonus for not growing cotton, but will permit them to grow instead soybeans, clovers, alfalfa, and grasses for dairy purposes, build up herds, and complete with the dairy farmers of northern Illinois, Wisconsin, and Michigan, getting a bonus from the Government for doing so. The dairy farmer will be badly handicapped in this way by the provisions of the bill.

(d) The provisions of the bill for acreage allotments, especially upon cotton, are unfair and biased in favor of the South. California's present cotton acreage will be cut 61 percent, Oklahoma 3 percent, Alabama 15 percent, North Carolina 12 percent, and Texas 15 percent.

(e) For a government to restrict its own farmers in the production and sale of crops and at the same time invite the farmers of other nations to ship one billion dollars' worth of farm products into this country (the amount shipped in last year) in competition with the products from our own farms seems to me neither wise nor sound.

(f) The compulsory corn acreage and sales quotas contained in the bill apply only to the 10 commercial Corn Belt States that grow three-fifths of our corn crop, but do not apply to the other corn-growing States that grow two-fifths of our corn crop. This is certainly discriminating as it applies to the 10 Corn Belt States.

For the foregoing reasons, Mr. Speaker, I am opposed to the farm bill in its present form.

Reorganization Program Aims To Extend the Civil Service

EXTENSION OF REMARKS
OF
HON. JAMES M. MEAD
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Friday, December 3, 1937

Mr. MEAD. Mr. Speaker, in my opinion, there is no problem among the many now pending before this Congress—there have been few problems dealt with by any Congress more vital or more essential to the preservation of this great democracy than governmental reorganization. It may not

have all the immediate cogency of a farm program or a wage and hour bill, but, from a long-range viewpoint, I believe that reorganization legislation is of more fundamental importance than either of these vastly important matters.

It has, therefore, been a matter of real concern to me to see in some quarters a complete and, in few cases I might say, a willful misunderstanding of the real meaning of reorganization legislation. It has been viewed with studied alarm by certain persons as a sinister move to extend enormously the powers of the President and make this a one-man Government in a way wholly repugnant to the spirit of the Constitution and never contemplated by the people.

Nothing could be further from the truth. Indeed, all the history and background of reorganization legislation is a clear refutation of this charge. Reorganization legislation is not new. Since the memory of man goeth not to the contrary it has been a stepchild of Congress, occasionally considered in part though never in whole, but usually pushed aside to clear the way for more pressing legislation. The time has now come when it can no longer wait. The administrative machinery of our Government is badly in need of overhauling. The many new duties and functions which have been imposed upon it in recent years as a result of the economic crisis have served to accentuate defects which have already, in many cases, gone too long unchallenged.

The present Congress has the opportunity and the duty to deal with this subject not merely in one of its isolated phases, but as a broad-gaged general program. It is my confident prediction that whatever other legislation may be enacted by the Seventy-fifth Congress the enactment of reorganization legislation—and I sincerely hope it will become law during the present session—will be the chief claim of this Congress to honored remembrance.

The Government of the United States has grown from very small beginnings to its present tremendous stature in the relatively short space of 150 years; but, there has been nothing functional in this growth. It is just as if you started with a small bungalow and changed it in the process of years to a great mansion by the device of adding a room here and a wing there as the need arose. The result would probably be a little queer. Your kitchen might be a long way from your dining room and the people in some of the outlying bedrooms might have to walk a mile to meet in the living room—but, you would have a house, and if you had lived in it a long time, you might not even notice that there was anything wrong with it.

It amazes all of us when we stop to consider how complicated our Government is today, and how comparatively recently it was so simple that even a child could understand its organization. As late as the nineties, to give a homely illustration, there was only one telephone in the entire Department of Justice. It was on the fifth floor, and the Attorney General's office was on the ground floor. When someone called up the Attorney General, a clerk had to walk down five flights of stairs and tell him, and the Attorney General had to walk up five flights to answer the telephone. Perhaps that did not make so much difference, because all the problems that the Attorney General had to grapple with at that time were not of earth-shaking importance. They tell the story of a day when the Attorney General wanted to go to a ball game. So did the other officers of the Department—there were not very many—so the entire staff of the Department of Justice spent the morning wrestling with the legal problem, whether a colored messenger could be designated Acting Attorney General for pro forma purposes during the afternoon. Those of you who have tried recently to find out which subdivision of which bureau of which agency is handling a particular matter realize how different things are today.

It is an axiomatic truth that the National Government of this country is of first importance to the citizens of the United States. Modern government must be strong, intelligent, efficient, coordinated, and economical. If it is not, it will fail to perform those services which the people demand of it. It will be unable to deal with new and changing difficulties. It will bungle and muddle and waste. It will precipitate one emergency after another. It will collapse and may even be abandoned for dictatorship merely in the hope of getting unified and swift action. Government, like business, follows great economic laws of supply and demand. Government, like business, is cruelly competitive. If any government, however sound its theories, however noble its aspirations, becomes inefficient in the execution of its governmental functions, becomes unable to adjust its faculties to the ever-changing kaleidoscopic world in which it exists, it will not survive. Some other form of government, perhaps more cruel, more rapacious, less sparing of human rights and liberties, but more efficient, will take its place. You remember Shelley's Traveler from an Antique Land, who describes seeing in some remote desert two vast and trunkless legs of stone and near them in the sand, half sunk, a shattered visage—

> Whose frown,
> And wrinkled lip, and sneer of cold command,
> Tell that its sculptor well those passions read
> Which yet survive, stamped on these lifeless things,
> The hand that mocked them and the heart that fed.
> And on the pedestal these words appear—
> "My name is Ozymandias, king of kings:
> Look on my works, ye Mighty, and despair!"
> Nothing beside remains. Round the decay
> Of that colossal wreck, boundless and bare
> The lone and level sands stretch far away.

Even in those days, it appears, Government was competitive. Now, it is true that our democracy has survived for a century and a half and flourished among competing forms of government of many different types and colors, old and new. It is true, too, that from time to time decay, destruction, and death of democracy have been gloomily predicted by false prophets who mocked at us. But our American system has matched its massive strength successfully against all the forces of destruction through parts of three centuries. All this is true and it means much, but there are many things that it does not mean. We cannot become sluggish and lazy. We cannot point to our past laurels and say, "For 150 years American democracy has been preeminent among the governments of the world; it will always be so." How many centuries was Greece preeminent, and Rome, and Spain, and Portugal? It may not always be so. It may not even be long so unless we make it so. The fundamentals of our Government are sound, as they have always been, but the superstructure is in some respects as outmoded as that of the first automobile. We must functionalize and streamline our Government in a manner analogous to the evolution of the automobile lest some other "maker" lure the people away with eye-filling vistas of long sleek body lines hiding an unsound engine.

In a practical country like ours we insist upon and appreciate good management. Our people demand sound laws, but also sound execution of sound laws. It is not true that in giving to the Executive the necessary machinery of good management the Congress diminishes by just that much its own inherent powers. On the contrary, the dignity and authority of the Congress are actually strengthened by making easier the enforcement and administration of legislative decisions. The Congress does not pass laws in the spirit of New Year's resolutions but in the just and confident expectation that these laws will be put into practical effect in the speediest and best manner.

Beginning with the turn of the century, accentuated by the World War, and now made critical by the past depression, we have moved gradually into a new era, the era of administration. But the structure of the Government, with the exception of the introduction of civil service in 1883 and the Budget system in 1921, has not been changed to deal efficiently with this new age of administration. The weak link in American Government today is unquestionably administration. The time has now come to face this problem squarely and to reconstruct the administrative machine of the Government so that it may meet the requirements of

the new age of administration and, in so doing, to make certain that no element of popular accountability and control is lost.

The House Select Committee on Government Organization has reported four bills, the purpose of which is to deal fundamentally with the problem of administrative management in the Government of the United States and to make that management modern, efficient, economical, and democratic. Two of those bills, H. R. 8202, which gives reorganizing power to the President and creates a department of welfare, and H. R. 7730, which provides the President with not to exceed six administrative assistants, have already passed this House, but we will undoubtedly have further opportunity to consider them in conference. The other two bills, H. R. 8277, modernizing the civil-service administration and extending the merit system, and H. R. 8276, correcting the defects in, and modernizing, our present accounting and auditing system, have been reported favorably by the committee and are now pending on the calendar awaiting our consideration.

The Select Committee on Government Organization, of which I have the privilege to be a member, has, under the able chairmanship of the distinguished gentleman from Missouri [Mr. COCHRAN], carefully studied the subject matter of all these bills. In addition to its own hearings it has had available to it the past hearings of many congressional committees upon the subject of reorganization, as well as a great deal of disinterested expert advice. For purposes of convenience, the committee divided the reorganization problem into four parts, each one of which became the subject of one of the bills to which I have referred. The committee divided itself into four subcommittees and to each assigned one of these parts. I myself served on two of these subcommittees. One of these subcommittees considered the accounting and auditing system of the Government, the other, of which I had the privilege to be chairman, considered matters affecting the civil service. I did not, however, limit myself to these two problems alone, but have attempted, within the limits of my ability, to give the most careful study to the subject matter of all four of the reorganization bills.

I wish briefly now to discuss the provisions of each of these bills for the benefit of those of you who have not had an opportunity to examine them since the end of the last session.

First. I will first discuss H. R. 8202, which gives reorganization powers to the President and creates the Department of Welfare. This bill reenacts title IV of the Economy Act of June 30, 1932, as amended, with certain minor additions and important limitations. It thus authorizes the President to investigate the existing organization of the various executive and administrative agencies of the Government and under policies and limitations which are set forth—these pertain to such matters as increasing the efficiency, elimination of overlapping and duplication of effort, and so forth—to regroup, consolidate, transfer, or abolish agencies and functions.

The authority granted to the President by this bill is considerably less than that granted to him in previous legislation. His power to make transfers affecting independent commissions and boards charged by law with regulatory functions is strictly limited, though no such limitation was provided in the 1932 act. The only authority granted to the President with respect to the independent regulatory commissions and boards is that which will enable him to exercise a salutary budgetary supervision over such agencies. This is necessary if we are to have a sound Budget applicable to all agencies of the Government. Within recent years there has been a tendency of some independent commissions and boards to regard themselves as above any budgetary review by the President. This is contrary to the intent of the Budget and Accounting Act of 1921; it is contrary to the principle of Executive responsibility to the Congress.

The bill also embodies the provisions in the 1932 act, as amended, that any Executive order issued under the authority of the act had to be submitted to Congress while in session and did not become effective until 60 days thereafter, and that the grant of authority to the President was limited to a period of 2 years from the date of enactment. As part and parcel of the reorganization plan, H. R. 8202 also creates a new Department of Welfare, which is charged with the promotion of public health, education, and welfare activities of the Government. The bill, however, does not contain any provisions authorizing wage cuts, payless furloughs, or the involuntary retirement of personnel.

There is nothing new or unprecented in legislation authorizing administrative reorganization by the President under policies and limitations set forth by Congress. Such authority was granted to the President in connection with the creation of the Department of Commerce and Labor in 1903 and the Veterans' Administration in 1930. The Overman Act of May 20, 1918, gave him that power for wartime purposes. In 1932 Congress gave broad reorganization powers to President Hoover under the Economy Act of June 30 of that year. That act was extended and amended on March 3, 1933, and again on March 20, 1933. It is reenacted by this bil' with substantial limitations.

The need for administrative reorganization and a reduction of the administrative agencies of the Government is apparent to all. The President's Committee on Administrative Management has testified that there are at present in the Government 133 separate departments, commissions, boards, authorities, and other agencies. This multiplication of independent agencies defeats the ends of efficient and economical administration of the affairs of Government. A thoroughgoing reorganization has been needed for years and is more imperative now than ever before. Repeated efforts during the last 17 years by the Congress to enact the detailed reorganization have proved to be futile. A considerable amount of reorganization was accomplished by the President under the authority of the act of June 30, 1932, before it expired, through the issuance of a number of Executive orders, but the attention of the administration during this period was necessarily turned to the urgent problems created by the disastrous depression, and the real task of administrative reorganization had to be postponed until a more favorable time. That time has now come.

Second. The next bill is H. R. 7730, which, like the bill I have just discussed, has already received the approval of this House. This bill authorizes the President to appoint not to exceed six administrative assistants and to fix the compensation of each at a rate of not more than $10,000 a year. The purpose of this bill has been so thoroughly discussed, both in this House and in the public print, that I do not feel it necessary to elaborate on its objectives. You all know that the work of the office of the Chief Executive has steadily increased in magnitude and complexity as our Government has grown. The President is overworked. Because he lacks sufficient assistance, it is necessary for him to concern himself personally with details which he should never have to consider. This bill will increase the efficiency of the operation of the Chief Executive's office, regardless of who the occupant may be.

Third. The third bill is H. R. 8277, which reorganizes and improves the administration of the civil-service laws and provides for the extension of the merit system upward, outward, and downward. This bill has been reported favorably by the committee after the most searching study and is now awaiting the consideration of this House.

The bill substitutes a single civil-service administrator and an advisory civil-service board of seven members for the existing Commission of three members. The work of the Civil Service Commission has increased almost 4,000 percent since its establishment, over 50 years ago. It is well known that the commission form of organization is unsuited to large administrative tasks. It is almost always slow, cumbersome, and inefficient when utilized for administrative functions. Its decisions are arrived at by compromise or by the domination of one strong member over the others. It is not suited to provide the constructive leadership, initiative, and vigorous administration needed in the central personnel

agency of the Government. It is significant that there is a growing trend in the States toward single-headed responsibility in civil-service matters.

In each of the five States which adopted new civil-service laws this year, the administration of civil-service activities was placed under a single personnel director instead of a commission. The civil-service board, provided for by H. R. 8277, will be advisory in character and will serve as the watchdog of the merit system. It will be composed of seven high-caliber, nonsalaried members drawn from business, industry, labor, and other walks of life. Its functions will be to oversee the administration of the civil-service laws and to make recommendations to Congress and the President for desirable and constructive changes. The stimulation of safety and health programs, the improvement of working conditions, and the establishment of adequate machinery for dealing with personnel grievances will be within the province of the board.

The bill also recognizes that the time has now come to extend the classified civil service to the great majority of positions now outside it. The new and emergency agencies created since 1932 were necessarily exempted from the classified civil service. It was not possible at the time of their creation to determine how long their activities would be continued and it would have been unwise to place them within the classified civil service at the outset. The situation has now changed. Positions and activities which are to be continued should be brought within the classified civil service without further delay. The bill will thus provide the machinery for a real career service in the Government. It will offer an opportunity to the rank and file of Government employees to advance through promotion to high positions of honor and distinction. This step is essential in the building up of a great civil service.

The bill also provides for the extension of the Classification Act of 1923, as amended, by authorizing the President to extend the provisions of that act to offices and positions not now subject to its provisions. This action, which has been long delayed, will provide for the uniform application of definite salary standards and the more careful budgeting of personnel services.

Fourth. The last of the reorganization bills, but far from the least important, is H. R. 8276, which revises the Government's accounting and auditing system in some very desirable respects. Like the civil-service bill, it is now awaiting the consideration of this House.

The purpose of the bill is to strengthen the Budget and Accounting Act of 1921 by amending it so as to carry out the original intention of Congress in enacting that act, namely, to provide Congress with an independent audit of the receipts and expenditures of the Government by an agent directly responsible to the Congress. As will be recalled, that act vested in a single agency, to wit, the General Accounting Office, the functions of settling and adjusting accounts and claims and rendering advance decisions involving the expenditure of public funds as well as the functions of criticizing such settlements and adjustments and reporting its criticisms to the Congress. The purpose of this bill is to segregate the functions of settlement and adjustment under one officer and the functions of reviewing and criticizing such settlements and adjustments and reporting thereon to the Congress in another officer directly responsible to the Congress, and thus provide the Congress with an independent audit.

The present bill is the result of careful consideration by the Select Committee on Government Organization and involved the sifting of many alternative proposals as to how the desired objectives could be obtained. The plan of the bill is to leave in the General Accounting Office the functions now exercised by it in respect to the settlement and adjustment of accounts and claims and the rendition of advance decisions involving the expenditure of public funds. The Comptroller General hereafter will serve without term and will be subject to removal by the President. This is a recognition of the fact that the functions left in the General Accounting Office, as distinguished from auditing functions, are executive in character and the officer vested with them should be responsible to the President.

In order to furnish the Congress with an independent audit of receipts and expenditures by an officer other than the one who settles and adjusts accounts and claims and renders advance decisions involving expenditures, the bill provides that there shall be in the General Accounting Office an Auditor General of the United States, who shall be an agent of the Congress, and shall exercise the functions of his office without direction from any other officer. The Auditor General will be appointed by the President, with the confirmation of the Senate, but can be removed only by a joint resolution of the Congress or by impeachment. He will hold office for a period of 15 years.

Under existing law the Comptroller General is both an auditing and an accounting officer. Under this arrangement he is placed in the anomalous position of being required to settle accounts and claims and then report to Congress his criticisms of his own settlements and adjustments. Obviously, under such an arrangement it is impossible for Congress to obtain an independent audit of the settlement and adjustment of accounts and claims. H. R. 8276 corrects this situation.

It would take too long for me to expatiate on the minutae of this important bill. I wish to state, however, that I believe that in addition to retaining and strengthening all of the protective features of the present system it will also mark a constructive step forward toward greater efficiency in the set-up of the Government's accounting and auditing machinery.

Let me say in conclusion that the Congress of the United States has too often considered ways and means of improving the administrative machinery of the Government and too seldom has done anything about it. Such measures as have been adopted have never covered the whole landscape. A step has been taken here and a move has been made there, but we have never pushed forward on all fronts; we have never circled the horizon. This is true because one of the unfortunate characteristics of reorganization legislation is that it can almost always wait. Wars, floods, famines, and depressions must be dealt with instantly; but if the administrative machinery of the Government is rusty and outmoded, we have in the past been able to apply a little oil here and there and still creak along a few more years with the old-style model. The point has been reached, however, when we can no longer employ stopgap measures. We must act, and we must act now or we will be gravely derelict in our responsibilities.

We have before us a carefully planned, broad-gaged reorganization program. As I have indicated, the need for it is greater than it has ever been before, because of the growth of our Government and because we have gone so long without attacking the problem with all our energies. It is the opportunity and duty of this Congress to enact at this special session, if possible, a general reorganization program. I say to you now, as I said in the beginning, that if we do so, it will be the principal claim of the Seventy-fifth Congress to an honorable place in the memory of the people of the United States.

National Labor Relations Board—Weirton Steel Case

EXTENSION OF REMARKS

OF

HON. H. STYLES BRIDGES

OF NEW HAMPSHIRE

IN THE SENATE OF THE UNITED STATES

Friday, December 3 (legislative day of Tuesday, November 16), 1937

Mr. BRIDGES. Mr. President, under unanimous consent granted me, I insert an article from a magazine and one from a newspaper, as follows:

[From Mill and Factory Magazine, October 1937]

THE TRUE STORY OF WEIRTON

(By Hartley W. Barclay)

For the best show of the year—go to Weirton. What comedy! What tragedy! What a colossal burlesque staged with taxpayers' money! What a curse to democracy! What a lot of expensive Wagner Act nonsense! What a silly waste of money! Of course, these are my own conclusions. But they are not based upon swivel-chair observations. They are based upon scores of personal interviews with all the individuals most concerned with and affected by the National Labor Relations Board trial of Weirton Steel Co. on charges of an unprecedented and all-embracing character. I saw and talked repeatedly at day and at night with all kinds of workers, in the mills, in their homes, on the streets, at a wrestling match, at their magnificent swimming pool, in the meeting of the men's choir, around the dingy court room in which the trial is being held, and in my own room in the Fort Steuben Hotel at Steubenville, Ohio. Their statements are important because it is reasonable to assume that what is going on here is typical of what is going on in a lot of places where similar hearings of the N. L. R. B. are being held. Most of the workers expressed quite original opinions as to why they thought the trial was being conducted. One worker said, "Kenny Koch, the C. I. O. organizer, told me that John Lewis can get the N. L. R. B. to crack down on any company that won't sign up with C. I. O." Another worker said, "The C. I. O. told me that President Roosevelt wants us to join them." Others said, "When I went to a C. I. O. meeting they told me the N. L. R. B. men stand all around town telling everybody they are going to 'free the slaves'—but of course we know that they are just holding down easy jobs."

THE JUDGE, JURY, AND PROSECUTOR

I had dinner with National Labor Relations Board Trial Examiner "Judge" Edward Grandison Smith, a lovable old small-town West Virginia lawyer who does not know a thing about the wages of steel-mill workers who operate ladle cranes or work on open-hearth floors and, therefore, who apparently cannot realize that some of the Weirton workers make more in the mill than the $35 per day which he is said to receive for uplifting them. He appeared to be quite interested in the news which I brought him of the mine fire which occurred in 1884 in the nearby Ohio coal fields as a result of labor violence. The fire has been raging for 54 years, and to the employees of Weirton whose fathers, grandfathers, and grandmothers found an object lesson in that huge conflagration the ever-burning coal fields, stretching more than 110 square miles in the immediate vicinity of this tri-State region, serve as a constant warning of the futility of certain kinds of industrial relations methods, some of which appear to be endorsed now by the N. L. R. B. "Judge" Smith has never been a real judge. His right to the title of judge is not even as valid as is a Kentucky colonel's right to the title of colonel. He was admitted to the bar in 1893. He told me that he first became interested in the problems of industrial relations when he was a student at Washington and Lee and won an intercollegiate oratorical contest on his theme of "Plutocracy"—and he has been polishing off the same subject ever since. "Judge" Smith cannot be blamed for the unfortunate aspects of this ridiculous inquisition, because under the Wagner Act he is prevented by the language of the act itself from permitting the usual rules of court procedure to apply in any case, and the National Labor Relations Board has not seen fit to establish any floor or ceiling to the nature of the methods of persecution and prosecution adopted by its representatives. "Judge" Smith has an open mind, because he listened with attentive interest while I told him of some of the interesting things I had seen during the past year which had not previously come to his attention—things like the ruinous bootlegging of anthracite coal in Pennsylvania by employees of the W. P. A. and members of the United Mine Workers, among others—things like the closing of plants permanently and loss of jobs to hundreds of workers as a result of ruthless labor wars. "Judge" Smith is a member of Phi Beta Kappa, and his key appears prominently on his vest. He is also the president of the board of trustees of West Virginia University. He particularly enjoys talking with his professors about Shakesperean and Elizabethan literature. Nevertheless, he should realize that Weirton Steel Co. has brought opportunity rather than industrial oppression to many deserving people, because he told me that one of the high officials of the university got his start on the road to success working in the Weirton mills many years ago.

THE COMEDY OF IT

High lights of rip-snorting comedy provides a welcome relief from the depths of tragedy to which certain phases of the trial have plunged. When the attorneys for the National Labor Relations Board, with supercilious smirks, announced during the trial that the only statement upon which they could agree with Weirton counsel was "that that table is a table"—C. I. O. observers and Weirton loyal workers alike roared with unrestrained laughter. When on cross-examination a witness for the National Labor Relations Board was brought to explain how he could have stood a distance of one long city block, plus one-half of another block away from a closed sedan faced the opposite direction, and see the smile on the face of the driver when the driver turned to talk to men in the back seat of the car, and because of that smile could psychoanalyze and read the mind of the car driver, the pitiful hopelessness of this crude attempt at an effective hoax exploded the funny bones of scores. It was high comedy when the Weirton attorneys called attention to the fact that a C. I. O. organizer was standing behind the witness chair, wearing a large revolver and an ammunition belt loaded with ammunition. It is equally mirth provoking when the citizens of Steubenville stand around on the corners of the city streets telling their story of how Trial Examiner "Judge" Smith went asleep on the bench during one period of the trial and an attorney for Weirton accidentally coughed, rudely awakening "His Honor," who through automatic reflexes immediately barked "objection overruled." His record at the end of 2 weeks of the trial was 455 objections of Weirton overruled against 19 N. L. R. B. objections overruled. The odds against Weirton, in the scales of the N. L. R. B. brand of justice, calculated on this basis looked as if they had dropped to 50 to 1 instead of 23 to 1 when I checked the record again September 21 to 25.

There is comedy galore when witnesses for the National Labor Relations Board made such startling admissions as, "I am not sincere (in what I say on the witness stand)," and another admits that he had not worked in the plant since months before the Wagner Act was passed by Congress. There is plenty of comedy, so much that often the scenes remind an observer of an endless comic strip of the type run on the funny page of daily newspapers, five scenes in each episode, each working up to a good gag.

The biggest and most ironic comedy of the whole thing is that when this "O. G. P. U."-like trial is concluded—and if the case goes to the Supreme Court, the review of the case will not and cannot be based upon whether or not a fair trial was held, because the Wagner Act does not provide for a fair trial. The review will be decided upon the basis of whether or not the trial was held as provided for under the Wagner Act. And since the act is faulty but has been sustained by the Supreme Court, a faulty conclusion in this case and in other cases will have to be upheld by the Court. That is what makes it seem so futile, to see Weirton attorneys and attorneys for 12,000 loyal workers who belong to an independent union and attorneys for the Community Security League, which is made up of the local citizens of the region, trying to protect rights and to follow procedures established by the Constitution and the Bill of Rights.

THE TRAGEDY OF IT

For those who are deeply concerned with all of the philosophical, legal, psychological, and industrial significances, effects, and implications of the trial—its gross tragedies wipe out all superficial comedy. The loss of business to the town—the growing fear of the future among local businessmen—the sales of securities by local investors and the hoarding of cash, the dearth of new construction which would speed ahead if the trial did not represent a menace to democracy in the minds of those who can afford to build—the unfamiliarity of the trial examiner with the realities of industrial operations at Weirton—the merciless plotting and scheming of the N. L. R. B. attorneys, who take advantage of every technicality for their own defense and make up their own new rules and interpretations extemporaneously to apply to Weirton Steel Co.—these things and scores of others not only constitute deep tragedy but in fact are a handwriting of dictatorship upon the wall of constitutional government. In these tragedies we can see how the rights of liberty guaranteed by the Constitution are being washed away one by one, and how the privileges of a free and democratic people are being changed to conform to a tyrannical creed.

The greatest tragedy of all is the fact that apparently none except the Weirton loyal workers and management and the local citizenry appear to be concerned about the fairness of the trial or the consequences of the apparently inevitable directed verdict by Trial Examiner Smith of, "I hold the Weirton Steel Co. guilty of the charges as named in the bill of complaint, and they are therefore directed to bargain collectively with the C. I. O." The way the farcical trial is being conducted there is not now and never has been any doubt about the outcome. The public will be led, as a result, to think that this predetermined verdict was the result of a fair trial because they will not know all of the real facts about it which they should know, and perhaps some will feel inclined to say, "Those dirty dogs who oppress labor ought to get convicted." The only reason that they will make this statement is because they know nothing about steel labor—Weirton working conditions—and they do not care about what the actual Weirton workers really want. They will overlook the fact that here 12,000 workers, making a minimum of $5 a day in the lowest wage classification in the plant (roughly about 7 percent or 8 percent of the total employment), and earning a maximum of $53 per day, not only do not want the C. I. O., but insist upon maintaining their own independent workers' union. They will overlook the fact that there can be no underprivileged among workers who earn average daily wages of $15, $18, $23, and on up to $30, with even higher peak wages. The public will know nothing about the real facts of the case, and some misguided folks who call themselves liberal will say "It's about time some reactionaries accept a new viewpoint on labor problems."

The Weirton employees have their own answer to such sloppy sentimentalists. They say, "This is no place for sissies." And they have their own good and sufficient reasons why in that plant there is no place for anyone who is not wholly and exclusively concerned with his immediate job and nothing else. They know why these fabulous Weirton wages are paid—the highest wages in the steel industry according to the workers—and probably the highest wages in any industrial organization in America. Higher than John L. Lewis agreed to for the auto workers, the rubber workers, the mine workers, and other steel workers. When huge ladles full of from 100

to 250 tons of molten steel are being swung through gaping space within the mill they know that it is too dangerous a place in which to listen to a C. I. O. speech on the Wagner Act. When white-hot bars, strips, plates, and sheets of glowing steel are swishing across the hot floors and leaping and crashing through the heavy mills, that is no place for speeches on John L. Lewis. And when the men go to their homes—80 percent of which at least are owned outright by the employees, most of them without mortgages—in this town 99 percent of the scores of workers with whom I talked do not want to discuss John L. Lewis there. When the C. I. O. offers the leaders of the independent union of mill workers as high as $20 per day to go to Pittsburgh and to sign up as C. I. O. organizers, most of them laugh at the offer, according to their stories, although perhaps the C. I. O. work would be easier they prefer their steady jobs in the mill.

There is great tragedy in the fact that America will never see this picture of the mills, and the tragedy is compounded by recent incidents. For example, when representatives of a Senate investigating committee attempted to take C. I. O. organizers into the mills to solicit members, when the representatives of the Senate committee refused to investigate the C. I. O. spy system, despite plenty of evidence, and refuse to pay any attention to the repeated beatings, violence, and intimidation of loyal workers in the mill and prefer to spend their time associating with C. I. O. leaders and to go out of their way to police the distribution of C. I. O. literature by known Communists. There is tragedy in the fact that the N. L. R. B. selected a C. I. O. organizer as their witness and he testified on the stand under oath during cross-examination that he was a Communist and was refused United States citizenship for this reason. There is tragedy in the fact that the trial examiner is obviously prejudiced in favor of the C. I. O. in the opinions of typical workers and that the C. I. O. is allowed to use spies to invade the offices of the corporation at night to get information which is admitted as N. L. R. B. evidence. There is tragedy when the N. L. R. B. introduced national politics into the trial when trying to prejudice the case by showing that their witness voted for Franklin D. Roosevelt for President. There is tragedy in the fact that the local constable, a C. I. O. organizer, goes around the town and the courtroom with a huge pistol strapped to his ammunition belt and serves N. L. R. B. subpenas at night, then spends his days idling about the courtroom. There is tragedy in the fact that there is no place in the trial for the production of evidence of the great social and economic contributions made to this community by Weirton Steel Co. in their work of turning a barren, ugly wilderness of West Virginia mountains into a thriving, peaceful, productive community of fine homes, schools, churches, and amazing incomes. There is tragedy in the fact that convicted criminals are allowed to testify for the N. L. R. B. and that the transcript of the trial is composed almost entirely of hearsay evidence which is incompetent, irrelevant, and immaterial. There is tragedy in the fact that a part of the complaint of the Government is that Weirton Steel Co. dominated the social life of the community when the facts are that the company has encouraged the development of social freedom by encouraging the growth of schools and churches and recreation by donating sites and equipment which could have been made available otherwise only by a longer and more difficult process of progress. There is tragedy in the fact that many townspeople fear the activities of the N. L. R. B. combination with C. I. O. so greatly that they compare it to the celebrated O. G. P. U. and will not discuss their opinions openly in public for fear of being overheard and subjected to reprisals. There is tragedy when factory workers who can afford to spend money for luxuries out of wages ranging from $5 minimum to $53 maximum per day hoard their cash in fear of a shutdown, due to expected disorder which they believe will result from the activities of the N. L. R. B.-C. I. O. combination. There is tragedy in the contrast between the N. L. R. B. portrayal of the C. I. O. as being composed entirely of heroes, martyrs, and public benefactors and the Weirton Steel Co. and its loyal workers as enemies of all good things of life. Yes; there is plenty of tragedy here, and it all developed out of the hopeless misunderstanding of the real ideas which Senator WAGNER had in mind when he wrote the Wagner Act and in the failure of Congress to clarify the act and equip it with proper machinery for administration.

THE N. L. R. B.-C. I. O. COMPLAINT

Although there are some other items in the N. L. R. B.-C. I. O. bill of complaint, the most important and principal complaint is the blanket indictment included in paragraph F, which charges that Weirton Steel Co. has exerted a preponderant influence upon and has dominated the government, the administration of justice, the political, business affairs, and social relationships of the community to the serious prejudice of the liberties of its employees. In other words, the Government is seeking to prove that the free men of Weirton are not in fact free men, but are slaves, and should join the C. I. O. in order to attain emancipation. Unfortunately for its case, the Government did not realize that the workers in Weirton are so independent that they tell anyone to "Go to hell" whenever they feel like it. They asked Congressman ARTHUR P. LAMNECK, of Ohio, whether they had to join the C. I. O. He said, "Select your own leaders and let them deal with your company. If that does not suit John Lewis, tell him to go to hell." They did just that—they told John Lewis to go to hell. But he is not satisfied, and the N. L. R. B. says "Nix." People in this region have so much spending money that the town of Steubenville, just across the river, is noted as one of the greatest gambling centers north of Miami, Fla., and the workers are so healthy that you can hardly name a single great college or university east of the Mississippi River and west of New England in which at least one Weirton worker has not been a member of the football squad during the past 10 years.

The Government is trying to prove that the community has "gone to hell in a bucket" because the Weirton Steel Co. has given some real civic improvements to the town of Weirton and takes a pride in better homes, education, health, and recreation. In other words, the company is damned if it does not distribute the wealth and, according to the N. L. R. B., is damned if it does. "Right or wrong, the company be damned," seems to be the best summary of the entire affair.

That is where the company employees disagree with Uncle Sam's New Deal stepchildren. The C. I. O. is no sacred cow to them, and they do not want Uncle Sam to tie them up to his sacred cow. They think that the starry-eyed boys who drew up the amazing N. L. R. B.-C. I. O. document were carried away in their zeal for New Deal-C. I. O. reform. They have no doubts about their attitudes. The company did not dominate their politics when they voted overwhelmingly for Roosevelt while some of the company officials were perhaps unwisely so bold as to believe that the officials could vote the Republican ticket without harvesting New Deal reprisals. This same dominant spirit of independence makes the workers insist upon independence from John L. Lewis or any other labor boss except the ones that they elect themselves in their own elections.

THE MELTING POT OF NATIONALITIES

You have to talk with a lot of workers to get the real atmosphere of Weirton. You have to visit them in their homes, have them tell you about their wages and savings accounts, their sons and daughters, their sports, and their vital problems. Then, and only then, you realize that this is a unique section of America. It is a lusty, full-blown, healthy, hard-working, hard-playing melting pot of the first, second, and third generations of more than 50 emigrant nationalities plus native Americans dating back to the Revolutionary War. This is a place to which Italian, Polish, Russian, and Slav emigrants came 30 years ago to find social and economic opportunities which did not exist in their native lands. Now they are Americans and they are proud of it. They look upon their relatives in Europe as being the real underprivileged. Many have gone back to the old country for a visit, only to return to Weirton at their earliest opportunity to take a new pride in building a bigger and better industrial community. Many of these new Americans helped to build the original mills, erect the first walls, lay the pipe, install the machinery in the plants, and are proud of the part which they have played in the local drama of steel. For that reason, among others, the children of the new Americans work in the mills, too, but only after they have become 18 years of age. When these children save some of their wages, many of those who do not immediately marry and raise a family attend the best colleges and universities in America, where they are not in any way discriminated against because they have worked in the mills.

I looked through the mills for the underprivileged. I could not find them because they were not there. Every worker I talked with told me that he made more money and enjoyed better working conditions in the mill than he could find elsewhere. Even girls here made twice or three times the wages they could earn elsewhere, and it would be hard to distinguish them by their appearance from the best paid office workers in New York. Men in the mills did not hesitate to tell me their actual wages and to show me their earnings records. Many showed me the homes they had built, drove me around in their new automobiles. I went down to the worst street in town, the one published on page No. 37 of the September 13 issue of Life Magazine. From the illustration and caption in Life Magazine, every reader undoubtedly derived the impression, since the editors said "like most Weirton streets"—that this street is the kind of a place where the alleged dominated workers referred to by the N. L. R. B. are housed—where opportunity is alleged to have become a blind alley. I talked to the people who live on the street. Their stories are quite different from the impression given unintentionally by Life. They are not all mill workers, as Life infers. One owns a book store. One is a baker. Another operates the Academy poolroom. The owner of a restaurant lives there, too. One tenant is a truck driver. Some of them do work in the mills, but most important of all, and certainly overlooked entirely by Life, is the fact that 16 out of 19 of the houses were occupied by their owners, and those who work in the mills are regarded as being more fortunate than those who are in business for themselves. On this street, known as Avenue B, a typical product of Weirton, a young, attractive school teacher, had just returned from a 2½ months trip to Europe. A young mill worker, earning almost $9 a day during his first year out of high school, is the proud owner of a substantial bank account which would make most big-city white-collar workers very envious. The majority of the people who live on Avenue B reveal adequate and specific reasons for wanting to live there. Many of them lived there when this was the first street built up with homes back in 1909; and almost every one of the inhabitants could afford to live in a more imposing edifice if they so desired. Most of the people on this street are thrifty Greeks—there are only two houses occupied by colored families—and only two families on this street needed relief assistance during the worst days of 1932-33. One person here, when asked why he did not own a car, said: "Why should I have to put $5 in a gas tank every time I want to go anywhere. I'm smart; I save my money."

There was certainly not much to feel sorry about there. I asked him whether he wanted to join C. I. O. or was already a member. He said, "Why should I pay them loafers my money? I would first buy a car if I was going to spend. All they do is hang around the cigar stores."

A REAL FRIEND OF LABOR

The N. L. R. B. should call to the witness stand more of the men who actually work in the mill and fewer men who have not worked there for years. Perhaps they would accept the statement of a young man who graduated from Hiram College with an A. B. in 1931 and received another degree from Yale in 1934. He is a member of Theta Phi Kappa fraternity and was prominent in athletics, debate, and the glee club during his college career. He said, "I am on the side of labor. But I know what the workers are facing. My father and brother were forced to join the C. I. O. in Akron in order to hold their jobs and help keep the plant open and avoid violence and lost wages. As members now, they don't pay their dues until pressure is brought to bear upon them, but what choice do they have in the matter? In Weirton, I believe the company, as far as I can understand it, and as far as I can see and judge, are very much in sympathy with labor and the people in this town recognize that sympathy and feel that anything that would jeopardize that sympathy and consideration should be abhorred. I believe that the decisive element in the community, the C. I. O.-S. W. O. C. is now jeopardizing this relationship between employer and employee. I wouldn't want it in my church—and I can understand why workers do not want it in their plant." The man who made this statement is the highly esteemed pastor of a local church who knows the problems of the workers and the management and gave me his opinion of his own free will and accord and without any monetary or other consideration involved. It would be interesting if the N. L. R. B. would give a little more time to the study of the facts presented by educated people, college graduates, church members, and actual workers, instead of listening to so many loafers, atheists, Communists, ex-convicts, and liars.

SOCIAL DISTINCTION—NOT DOMINATION

I tried to get at the bottom of the facts concerning the great and excessive oppression cited by the N. L. R. B. by talking with men in the mill whom I found to my great surprise were graduates of West Virginia University, University of Pittsburgh, Carnegie Tech, Colgate, Western Reserve, Duquesne, Bethany, and Allegheny, among others. Many of these men who are finding their opportunity in the mill are boys who have known what it means to see their pictures published in the most prominent newspapers in the country. Many of them have more than one college degree—find that a job in the mill gives them not only better wages than they could find elsewhere, but enables them to study the evolution of new discoveries in metallurgy, chemistry, and engineering at first hand. They told me that a great change has occurred in the steel mills and that apparently Mr. Lewis and Mr. Roosevelt do not understand this.

Thirty years ago, in their opinion, the C. I. O. might have been a good thing because they think the workers themselves at that time could not have run their own union because of the difficulties of a general lack of education. Many of their fathers worked in the mill after having emigrated from Europe to Weirton. The men could not speak the English language—often could not read or write. They knew nothing about the principles of contracts and certainly were afraid to move around the country to find new jobs whenever they got into a dispute with their boss because they did not know where to go. Now they have no such problem. In the 30 years that have passed, these first-generation emigrants have become American citizens, and they are proud of their citizenship. They found that during 1909, Mr. E. T. Weir introduced the 8-hour day to steel to correspond to Henry Ford in the automobile industry. Except that Mr. Weir went much further than Mr. Ford. They say that there are no other plants which have kept up with the consistent and regular increases in the wages paid to workers in Weirton. They cite the fact that $39.284 is the average wage of all hourly, piece work, and tonnage employees combined—that this is paid for an average workweek of 42.7 hours. Therefore, they say, with plenty of remarks about wages of from $12 per day up to $40—that they think Mr. Weir has done the best job of anyone in the United States—not only by not taking advantage of the emigrant families which could neither read nor write—but also by constantly pushing wages up—constantly making more and better jobs—providing an insurance plan—helping the ignorant emigrants to learn to read and write and play baseball, football, basketball, sing, use orchestral instruments, play in the band, save money, build more and better homes, and use library and health facilities seldom equaled elsewhere.

The very things the N. L. R. B. complains about. They cite the experience of the recent depression during which Weirton citizens were not the ones who ran up a substantial share of the public debt burden due to relief requirements. Weirton employees say that while they did not receive their normal earnings in full during the pit of the slump, and often worked only 2 or 3 days per week, had more regular and high-paid employment than almost any other large group of industrial workers in the three nearby States. During the years of 1932 and 1933 Weirton workers went to grocery stores and bought groceries to take to their starving friends who were unemployed in the nearby coal mines—they were members of the United Mine Workers Union. Even today miners who earn, for example, $15 per week under United Mine Worker contracts, within a radius of 20 miles from Weirton, have to pay $4 per week in dues, powder, insurance, and assessments out of their small earnings before their earnings are given to them by their employer. That is because the mines operate on the closed-shop and the check-off system. The C. I. O. dues are taken out before the miners even have a chance to buy shoes or groceries. Perhaps, too, it is because the better workers—those who helped to educate themselves and their families—have become physically and mentally capable of working in steel mills, while some of the miners are still unable to speak the English language or to read or write after having been in America an equal length of time. As a result, when steel workers go to visit miners they often take their own food with them so that they will not deprive the miner's family of food. And so with these union mine workers so close by, all around them, in fact, it is not surprising that the Weirton men say that they want their own organization and not C. I. O. or any part of any idea advocated by John L. Lewis. They say, "When the miners begin to make half as much as we make we'll think about it but not before. Lewis is a miner, not a steel worker. We'll collect our own funds, handle our own money, run our own affairs, and if Mr. Lewis comes around this plant we'll kick him out of here so fast he won't know what happened to him."

NO SOCIAL DOMINATION

I asked the employees about social domination by the company. They thought I was crazy to suggest such a thing. They point out, for example, that in their opinion everyone who wants to own a car either has one or can afford to buy one. Most of the cars are new. They say that anyone who has a car can go anywhere and be socially dominated only by gas stations. This last summer Weirton employees either accepted the equivalent in extra pay for their vacations or else took their vacations in the following places, among others: H. J. Patterson, a trip to Detroit; Walter Hazel and wife, fishing in the Spanish River in northern Ontario; "Bud" Phebus and Pete Rosso, Oklahoma; Robert Winovich, Cumberland, Md.; Engineer Ivory, fishing 21 miles off the coast of Nova Scotia; Amy Rowland and Helen Rees, New England tour; Shannon Sage and Herb Huff, Virginia Beach, Va.; Ted Tolkweitz, Atlantic City, N. J.; John Wargo, Canada; Chester Sheftick, New York City; C. Shipley, a tour of Western States; Ann Cain, Minnesota; Stella Mieczkowska, Crystal Beach, Canada; Daisy Garbo, Geneva-on-the-Lake; Alice Struzik, Niagara Falls; Wilma Kunkle, Cedar Point, Ohio; Eddie Hughes, Washington, D. C.; Jack Winwood, Cape May, N. J.; Andrew Usmiani, a 3 months' trip to Europe; Dave Cassidy, Alaska; and here is the pay-off: One mill employee spent his vacation in London attending the coronation. These are not uncommon examples by any means. After mill workers finish telling you about 50 or 60 others—too rapidly for you to write their names down—and mention vacation resorts from Bar Harbor, Cape Cod, Nantucket, and Block Island, all the way across the Nation to the Grand Canyon and Hollywood—where some of the fine looking youngsters have tried to crash the movies—you realize that the charge of social domination is just another "brain trust" myth—a New Deal propagandists' pipe dream.

Some idea of the great oppressive activities of the company would undoubtedly be discovered if the N. L. R. B. tried to restrict the opportunities given by the company to the second generation of the emigrant families who have gained independence by working in the mills. Here every worker has the same opportunity for progress through enterprise that E. T. Weir, board chairman, and Tom Millsop, 38-year-old president, had when they worked in the mills. This opportunity for the second generation would be restricted if the N. L. R. B. succeeds in harnessing the entire plant in the horse collar of C. I. O. The older men in the plant want their children to have more—not less opportunities for advancement. Just as the second generation objects to the C. I. O. because they say that John L. Lewis has not apparently brought any social and economic freedom to the coal miners, the first generation objects to C. I. O. because they think that the Lewis plan would restrict the opportunities which exist for their children. Here in Weirton, the usual routine for a family is to raise from three to five children and to educate them by sending them all through high school and usually at least half of them through college or to a business or trade school. In high school the second generation kids have attended the same school attended by the children of the officers of the company, from Tom Millsop, president, on down. When they go away to college they often go to the same schools attended by the children of the company officers and stockholders and they say there is no feeling of social discrimination. Any reasonably careful study of what happens to Weirton kids when they go away to college shows that they have a better chance to be invited to join one of the better college fraternities or sororities than do youngsters from other less well-known communities. When the boys come back to the mills they wear the following fraternity emblems—among others: Chi Psi, Psi Upsilon, Delta Kappa Epsilon, Delta Upsilon, Delta Tau Delta, Kappa Alpha, Sigma Chi, Phi Delta Theta, Beta Theta Pi, Phi Kappa Psi, Sigma Alpha Epsilon, Phi Sigma Kappa, Zeta Psi, Chi Pi, or Sigma Nu. There is a reason for this. It is because the kind of life led by people who live in Weirton is a good life and creates a better and more wholesome kind of citizenship than is created in many other communities. When these kids go to college they have learned the unusual self-discipline and democracy which steel creates. They meet each other and their new friends as equals because within the lifetime of their family they have seen steel bring a higher standard of living and more of the good things of life to the entire Nation. Pole, Italian,

Greek, Slav, Scot, German, Russian, or Albanian in origin—they have the immediate background of the reality of social progress in industrial America and they suffer from no inferiority complexes or feelings of discrimination as a result. They go to colleges where they see that there is more opportunity back home in steel than there is on the farm or in the lumber camps or in mines, and as a result they come back to Weirton to take their part in making more and better steel.

Let us go over the names and experiences of typical workers whose records will not be known to the N. L. R. B. because they will not be called as Government witnesses. Almost two all-star football elevens could be placed in the field tomorrow out of Weirton workers from just among the men whom I checked during my visit. Paul "Bulldog" Reider, captain of University of Pittsburgh football team, who beat Army practically single-handed, graduated from Weirton High School and worked in the hot mill before he went to Pitt. His father was a roller—one of the men whose wages average from $15 to $28 a day.

Patsy Slate, captain and star from University of West Virginia, worked in the mill. Joe De Franko, now at Notre Dame, when at Weirton High School was all-State guard in 1935; worked in the mill and his family worked in the mill.

Mike Rodak, Western Reserve University triple-threat man, one of the most sensational football players in the State of Ohio; a 6-foot-3 giant who knows steel operations from stem to stern.

Tony Slate, captain of Bucknell University, and Clark Hinkle, recently one of the highest-scoring backfield players in the United States, both worked in the mill. Bob Smith, captain of Colgate and all-American selection of 1932, worked in strip-steel mill; graduated from Colgate in 1932 and from the University of Michigan in 1936; now practicing law in Steubenville, Ohio, and employed by Weirton Steel Co. as associate counsel; one of the outstanding football players of the last 25 years. Ken Sole, captain of football, Geneva College, about 1934; knows all operations in two sections of the plant.

Harry Smith, quarterback for Allegheny, played 3 years. Matthew Borek, now at George Washington University after 1 year in the plant. Andrew Mestrovik graduated from West Virginia University in 1936, played guard position, and worked every summer in the mill from the time he was 18 years of age; now working in the sheet mill. Jack Hamill, star of Bethany College in 1930, now in the employment office of Weirton.

Carl Hamill, fullback for Bethany College, a 12-letter man and now coach of Weirton High School. Member of Beta Theta Pi. John Bonaccaci, now at Duquesne in his second year. Worked in the sheet mill. Howard Gelini, graduate of Pitt in 1934 and on the Pitt squad. Now an inspector. Worked in strip and hot mills before he went to college. Member of Sigmi Chi fraternity. Played football 4 years and won three letters. Took an A. B. in industrial engineering at Pitt.

Harry Smith, who worked in the blooming mill of the steel works, went to Allegheny College and became a member of Sigma Alpha Epsilon fraternity. He weighed only 140 pounds, but played quarterback position and won three football letters, two basketball letters, and two baseball letters. He returned to Weirton after graduation from college and later was promoted to a position in the sales department, finally being promoted to the Chicago office of the company. Vincent Cooper and Carl Reardon, of Wittenberg College, at Springfield, Ohio, and Horace Hampton, of Akron University, are three more Weirton boys who made an enviable record on the gridiron.

"Puck" Burgwin made the Western Reserve football team in his sophomore year and was particularly distinguished for making an 80-yard run for a touchdown in the game against Case University. Formerly worked in the tin mill. Stanley Miltko, guard at Western Reserve, worked in the strip mill. Larry Stoops, assistant athletic director of West Virginia University, worked in Weirton mills.

These boys are typical of Weirton. Others, in the realm of baseball, have hung up amazing records. Mike Naymick, now pitcher for the Cleveland Indians, is 6 feet 8 inches in height, weighs 210, wears a size 15 shoe, and worked in the mills from the time he was 18 years old until he went to Springfield. John Zapor, of the national amateur championship Weirton baseball team of 1937, has had an offer to join the Detroit Tigers at a salary of $400 per, plus a $5,000 bonus. Almost every member of the 1937 championship team has had some offer in professional baseball, and those who have elected to stay at work in the plant are hanging up enviable earnings records in steel production.

Not all of the Weirton boys elect to excel in athletics however. Many choose scientific fields for concentrated work. A typical case of this type is that of the son of Joe Fabiamich. Joe came to this country at the age of 15 from Yugoslavia in the year 1905. He arrived at Weirton in 1913 and has worked here ever since. This year his son is in college at West Virginia University studying medicine. Joe is no more proud of his son however, than are the other fellows in the mill. They expect him to be at least as great a physician and surgeon as Dr. Nick Micheals, the nationally known superintendent of the City Hospital at Columbus, Ohio. Dr. Micheals was born and raised in Weirton and worked in the mills before obtaining his education. They expect the same of Emil Capito, 19-year-old son of Peter Capito, a roller in the tin mill. Emil is also studying medicine at West Virginia University. Harry Sykes, now working in the strip steel hot mill finishing, kills two birds with one stone. He works in the mill now and attends Bethany College, too, and is expected to graduate this year with magna cum laude honors. Everyone in the mill is proud of the enviable record of "home town boys who have made good." Weirton ex-mill hands, graduates of the so-called school of hard knocks, earned their initial capital in the steel mill which enabled them to start their own business. These loyal Weirton alumni, who have written hundreds of personal letters to their friends back home in the mills—are located from Maine to Mexico.

Thus both generations appear to have had advantages which even Uncle Sam with all his W. P. A. benevolence could not provide—and surely such advantages are anything but company domination. The company always has to compete against the economic and social oportunities which the combination of thrift and high wages provides for employees. But the employees understand a great deal more about the results of this evolutionary process of the production of individual independence. They know that out of every 50 boys born here in the second generation, there may be an occasional one who does not want to work and save and educate himself. Such men combined in this "loafers' legion" are described by Weirton workers as the "hot-shots." Their gangs are the inevitable riffraff—the industrial flotsam and jetsam—who do not want to succeed by following the road of hard work and self-improvement. They want "pay without work" and "power without principle." They are glad to oblige Mr. Golden of the C. I. O. by accepting his jobs of spreading discord and fomenting trouble. They are glad to get all they can out of the N. L. R. B. by sitting in the witness chair to answer the leading questions of the N. L. R. B.-C. I. O. attorneys—and they are too thick-skinned to feel embarassed when eventually they are often forced by Weirton counsel to admit that they have repeatedly lied. These compose the human residue of the process of successful evolution. They are not sufficient in number to be greatly concerned about. But they become a serious problem when Uncle Sam joins up with their gang and says, "Well, boys, let's give the 12,000 Weirton loyal workers the works."

But the Weirton workers are not deceived by Uncle Sam's strange alliance with pool sharks and snipe hunters. They say, "While the steel mill strikes this spring cost the other steel workers $9,000,000 in the other mills, we made two and one-half million in wages. The only ones who made any money under C. I. O. leadership during the strike were the C. I. O. leaders themselves. That is why we want no part of it. That is why we have our own independent loyal workers union."

THE CONTRAST OF C. I. O.

In contrast to the healthy picture of the real social and economic background of Weirton employees, typical of the best that American life has to offer, let us briefly look behind the scenes of the C. I. O.-N. L. R. B. plan of uplift and see what it proposes. One of the big men of C. I. O.-N. L. R. B., who most frequently cheers up the alleged down-trodden in Weirton for a consideration of a certain amount each month, is none other than our old Communist friend Clinton Golden, formerly business manager of the Brookwood Labor College at Katonah, N. Y. While in that position the college was repudiated by the American Federation of Labor as being a hotbed of Communist teaching, and Mr. Golden was severely rebuked. He admitted this on the witness stand during the Weirton hearing. Along with him is often seen Madam Rose Stein, the well-known New York agitator and Communist, a writer for the Daily Worker, the official organ of the Communist Party of America. These two have solicited and obtained the local cooperation of a young man named Kenny Koch, who is a local organizer of the C. I. O. Disregarding some personally very disagreeable things about Mr. Koch in the interest of editorial sweetness and light, we may point out that he too boasts that he is a product of the Communist Brookwood Labor College and has had a thorough course in instructions to organizers, how to conduct a strike, and other higher elements of educational routine unfortunately neglected at such reactionary places as Yale, Harvard, Princeton, Carnegie Tech, University of Pittsburgh, and elsewhere. Next in rank comes organizer Michael Jurich, the distinguished globetrotter who admitted on the witness stand that he was refused citizenship papers by the United States Government because he was a Communist. Then last of all we have the young fellow who was elected to office in the Weirton region on the New Deal ticket in the last election, Constable Steve Barron, who goes around wearing sidearms and ammunition belt while delivering N. L. R. B. subpenas at night and demanding C. I. O. memberships. These are the folks who lead the "hot shots" about whom the Government is so seriously concerned. These are the people who are causing all the furor, who are helping the N. L. R. B. to devise some scheme of forcing Weirton employees to drop their own independent union and join the C. I. O. Under the right Government dictatorship, the union ought to be able to collect at least half a million dollars a year in dues out of Weirton workers alone. Everyone in Weirton with whom I talked objected to this partisan C. I. O. sales promotional project of the N. L. R. B. There may have been some people who did not work in the mills and who cannot speak English and therefore whose opinions I could not have obtained who would be willing to trust their collective-bargaining fortunes to this collectivist brain trust, in return for the privilege of paying dues, but I could not find any who have a job in the mill now.

Here you have a colossal paradox—an act, the Wagner Act, designed to promote industrial peace, and it has, instead, fomented industrial discord. On the one hand you have a plant which has made big pay checks bloom. Where a whole community knew nothing of the real hardships of the last depression because the

company decided, instead of closing, to make more steel to provide the usual jobs for its employees, until the whole valley for a distance of 2 miles was loaded up to the roof tops with many, many times the normal stocks of steel, a total of more than 250,000 tons. Here you have workers who say that their earnings top the highest average of all American industries for all time. A company in which the highest officers worked in the mill and know every problem of a mill worker. A company whose president plays ragtime on the piano while the mill workers gather around and sing—believe it or not. You have employees who belong to their own independent union and who have negotiated more favorable terms for employees than the C. I. O. ever obtained under any contract they have signed up anywhere else.

A town in which 8 out of every 10 of the homes are owned, usually without mortgages, by the workers; a town where even the most modest workers have savings accounts and where the higher-priced workers, who make from $15 to $30 and up per day, say they can show bank books with deposits of from $5,000 to $25,000. A town where mill hands go out and pay $5,000 cash for a home and peel the bills from a roll they have hidden in an old sock in a trunk in the attic; a town in which the children of the president of the company sit side by side in school with the children of $5 per day laborers. A region noted for its production of nationally known athletes; a plant in which college-bred men prefer to take factory jobs rather than to take white-collar jobs elsewhere. A plant which is the alma mater for the managers and owners of some of the most successful enterprises in other communities from coast to coast, and some of the best lawyers, doctors, and teachers in America.

On the other hand you have the Government prosecuting a company on charges preferred almost entirely by men who are not employed by the plant and some who have not been employed since before the Wagner Act was passed, a prosecution based on charges preferred by men who never asked the management for the right to represent the workers in a collective-bargaining contract negotiation, by men who in total number are less than 1 percent of the total employment of Weirton.

You have witnesses who discredit themselves on the stand, only to have their statements made a part of the record by arbitrary rulings of the trial examiner, organizers who cheerfully admit their espousal of communism, a trial held at great expense and no end of annoyance to local business people and private citizens, and a tidal wave of loyal workers who are denied the right to testify to refute some of the statements which are admittedly lies which have been permitted to remain in the record of the trial. You have a town which has been overrun with Government investigators ever since 1933. You have a company which would have to reduce wages if the usual C. I. O. steel contract was signed.

My study of the situation convinces me, as it will convince any unprejudiced observer, that the record of 30 years in Weirton proves that the company has unquestionably created more and better jobs, provided increased wages and shorter hours in a form which furnished an example of leadership to industry, provided better homes and schools, encouraged those who wanted to build churches, created better and cheaper industrial products, provided better citizens and healthier families than otherwise would have been possible, have cheerfully accepted a legitimate plan of Wagner Act wage and hour negotiation prepared by their employees, and both company and workers regularly practice the plan. And in general both workers and management have done a good job of acting like self-respecting, ambitious American citizens who live according to the Golden Rule. And the company has apparently done a much better job of this here than Uncle Sam himself has apparently done in many Government departments.

The trial, in every particular, has proven to be a mockery of justice and a harbinger of dictatorship. It has invaded the constitutional rights of citizens and has devastated business conditions wherever its influence has extended. It has destroyed the confidence of Weirton employees in the possibility of obtaining a square deal from Uncle Sam in the handling of situations provoked by John L. Lewis and the publicity attending the trial is creating a spirit of depression which is best reflected on a broad scale in the repercussions of similar inquisitions elsewhere which parallel this case and which have been largely responsible for the recent decline in the values of stocks and bonds, the lowering of demand for commodities in many lines and the depression which is growing in the capital goods lines. The best antidote for this case is obvious. The N. L. R. B., if not soon abolished entirely, should be forced to establish fair rules of practice. It should be restrained from using the testimony of convicted criminals. It should be deprived of the use of information obtained by C. I. O. spies who have invaded the private rights of individuals and corporations. It should be subjected to the imposition of the same rules of evidence of common law and existing statutes which apply in all other courts if the Wagner Act remains in force at all. This case should be declared a mistrial and dropped.

[From the New York Herald Tribune of December 3, 1937]

N. L. R. B. Calls Editor To Task for Criticism—Labor Board Subpenas Publisher To Give All Data Used in Article on Weirton Steel Case—Assailed as Attack on a Free Press—Summons Is Called Void Because Board Lacks Right To Stifle Opinion

Washington, December 2.—The National Labor Relations Board has issued a dragnet "fail at your peril" subpena, it was disclosed today, requiring a trade magazine and its editor to make a complete revelation of all details of preparing, writing, and publishing an article frankly critical of the Labor Board's investigation of the Weirton Steel Co. The Board's move was described by counsel for the resisting publisher as unprecedented in the history of Federal agencies.

The magazine Mill and Factory, published by the Conover Mast Corporation, of New York City, contained an article in its October issue under the title "The True Story of Weirton." It was written by Hartley W. Barclay, editor of the magazine, which is devoted to the business of the steel and allied industries. A reprint of the article was widely distributed by the Weirton Co.

The subpena subsequently issued over the signature of J. Warren Madden, Chairman of the Labor Relations Board, requiring Mr. Barclay and the Conover Mast Corporation to appear before the trial examiner of the Board at Steubenville, Ohio, next Monday, was disclosed today when Mr. Barclay informed the Board he would not appear.

Elisha Hanson, counsel for the Conover Mast Corporation and Mr. Barclay, gave to the officers of the Board a letter declaring that the subpena was void and that the Board was seeking to violate the constitutional free-press rights possessed not only by his clients but by the American people as a whole. The Labor Relations Act gives the Board "no authority to stifle criticism," he said. "The action of the Board is without precedent in the whole span of this Nation's life." The kind of action it was attempting could be used to harass all critics into silence, he added.

"Those engaged in the business of the press are but trustees of the people's right to have a press free from official restraint," said Mr. Hanson's letter. "As trustee it is their duty to resist aggression against this right, from whatever source that aggression comes. Publishers and editors who are true to their trust must refuse to comply with any demand of any Government agency for them to lay bare not only the sources of their information but the record of their work, the inner workings of their minds, and the reasons controlling either their news or editorial policy."

MANY LISTED IN SUBPENA

The Labor Board apparently seeks to discover every contact between the magazine and the steel plant and town. The sweeping subpena, dated November 23, submits a dragnet listing of the names of people connected with the Weirton plant in requiring the production of any information exchanged between the magazine or its employees and the Weirton plant. In addition to individuals, the subpena schedule lists the Weirton Steel Co., the National Steel Corporation, "any employee of Weirton Steel Co.," and any member or officer of the Weirton Steel Employees' Representation Plan and the Employees' Security League.

The subpena requires production of letters, memoranda, telegrams, cablegrams, radiograms, reports, and other communications, and all written, printed, typewritten, and pictorial matter received by the Conover Mast Corporation directly or indirectly through its offices or employees, whether or not addressed to the corporation, from any individual, group, employees' association, or representative of the Weirton Steel Co. with relation to the article or the reprint.

All information pertaining to interviews or any other material used in the article are required to be produced. The magazine is directed to surrender "office copies of all letters, memoranda, telegrams, cables, radiograms, reports, and other communications" sent by the magazine to employees, officers, or other persons connected with the Weirton Steel Co. and its labor relations. "Records, memoranda, invoices, and bills relating to the sale or loan or gift" of copies of the October issue of Mill and Factory and the reprints are demanded. Proofs of the articles and corrections are also listed for production. In addition to records and transcripts, any "notations" of telephone communications between the magazine and any of the persons connected with the steel company are required. "Drafts, outlines, sketches, and layouts which may have been corrected or approved by anyone connected with the Weirton outfit are subpenaed.

DISCUSSES WEIRTON IN FULL

The magazine article about which this battle rages covers an account of the Labor Board hearings initiated on C. I. O. complaints against alleged antiunion discrimination at the Weirton plant. The article goes on to discuss income and social and labor relations at Weirton. It includes interviews with workers, excerpts from the testimony before the Board, and pictures of Weirton and its people. The article is written frankly from a conclusion that labor disputes were started by a minority of C. I. O. troublemakers and that the conduct of the N. L. R. B. hearings was prejudiced and entirely unfair.

The article begins: "The true story of Weirton or the best show of the year—go to Weirton. What comedy! What tragedy! What a colossal burlesque staged with taxpayers' money! What a curse to democracy! What a lot of expensive Wagner Act nonsense! What a silly waste of money! Of course, these are my own conclusions. But they are not based upon swivel-chair observations. They are based upon scores of personal interviews with all the individuals most concerned with and affected by the National Labor Relations Board trial of Weirton Steel Co. on charges of an unprecedented and all-embracing character. I saw and talked repeatedly at day and at night with all kinds of workers, in the mills, in their homes, on the streets, at a wrestling match, at their magnificent swimming pool, in the meeting of the men's choir, around the dingy courtroom, in which the trial is being held, and in my own room in the Fort Steuben Hotel, at Steubenville, Ohio. Their statements are important because it is reasonable to assume that what is going on here is typical of what is going on in a lot of places where similar hearings of the N. L. R. B. are being held.

Most of the workers expressed quite original opinions as to why they thought the trial was being conducted. One worker said: 'Kenny Koch, the C. I. O. organizer, told me that John Lewis can get the N. L. R. B. to crack down on any company that won't sign up with C. I. O.' Another worker said, 'The C. I. O. told me that President Roosevelt wants us to join them'"

UPHOLDS PUBLISHER'S RIGHT

Mr. Hanson, in his letter, pointed out that neither the Conover Mast Corporation nor Mr. Barclay was involved in any labor matter within the Board's jurisdiction. A publisher, he said, has perfect right to describe and criticize the activities of public officials without being haled before an official examiner.

Mr. Hanson referred to Supreme Court decisions in recent Minnesota and Louisiana cases where the attempts of State legislatures to curb an opposition press were halted.

"The subpena by its precise language demonstrates that the Board is convinced that the article on 'The True Story of Weirton' was prepared at the instance of or in collaboration with the respondents in the Board's proceeding," he said. "Even if this were true, which it is not, the Board has no power to summon before it any editor or publisher and command him to give testimony of the nature here sought. The Board is not a court which may punish for contempt. The Board is not immune to criticism. And the act under which it operates gives it no authority to stifle criticism in the manner here attempted.

"The action of the Board is without precedent in the whole span of this Nation's life. Yet it is a historical fact that similar action by the British Government 175 years ago not only precipitated the Revolution which gave birth to the American Nation but laid the cornerstone of the Bill of Rights in our Federal Constitution, the very sanctity of which is violated by this subpena."

The letter added: "If the power which the National Labor Relations Board now seeks to assert through the subpena directed to the Conover Mast Corporation and Mr. Barclay can be asserted, then there is nothing to prevent the Board from haling before one of its trial examiners any newspaper or magazine publisher, any editorial writer, correspondent, or commentator who writes or publishes anything critical of the Board's activities. If the National Labor Relations Board has such power, then myriad other agencies of Government have similar power.

"Such power of itself would constitute a direct restraint upon the press. It would enable any agency such as the National Labor Relations Board, smarting under discussion or criticism of its activities, so to harass those whose function it is to keep the public informed as to the acts, methods, and measures of public officials, as to restrict them in the performance of that function. the Board has no such power."

Federal Finances

EXTENSION OF REMARKS

OF

HON. ROYAL S. COPELAND

OF NEW YORK

IN THE SENATE OF THE UNITED STATES

Saturday, December 4 (legislative day of Tuesday, November 16), 1937

SPEECH OF THE HONORABLE DAVID I. WALSH, OF MASSACHUSETTS, AT THE MEETING OF THE MASSACHUSETTS REAL ESTATE EXCHANGE AT BELMONT, MASS., ON SEPTEMBER 14

Mr. COPELAND. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by the senior Senator from Massachusetts [Mr. WALSH] on September 14, 1937, before the Massachusetts Real Estate League at Belmont, Mass., on the subject of Federal Finances.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Everyone seeks to avoid consideration of the subject of debts and taxes. This is a natural state of mind. The mere statement of one's debts and one's tax burdens is not of itself necessarily objectionable—it is merely informative. The discomforting feature is that you cannot intelligently discuss debts and taxes without considering your income, and this may give you information that may be disquieting by indicating that you are on the way to bankruptcy unless drastic steps are taken to increase your income, reduce your expenditures, eliminate some of your luxuries—in fact, a new and rigid readjustment of all your fiscal affairs. The result is that the individual, rather than face the facts, delays, postpones action, and often develops a state of mind of indifference.

This state of mind in the commercial field determines the difference between efficient and inefficient management of business. It cannot exist long in business without ruinous results. In the field of Government the indifferent state of mind is conspicuous. It is much easier and more agreeable to spend than to curtail, to promote new governmental activities than to lessen those already in operation; to expand beneficial agencies than to reduce their number and usefulness.

The public generally believes that the government—Federal, State, or municipal—can undertake any fiscal obligation and somehow, and in some way, meet such obligations. Some cities have found out to their misfortune that this is not true. Some of our States have been made to realize this fallacy, as indeed have several foreign countries. Here in America because our national resources have been so extensive, our accumulation of national wealth so easy and rapid, the thought of inability to pay any Federal debt or fiscal obligation has been tabooed. Because of this public state of mind toward debt, expenditures, and taxes, such subjects are unpopular. Public officials avoid them. They prefer to be considered as givers and providers rather than alarmists. When occasionally an official attempts to restrict governmental luxuries by calling attention to what has been the result of debt accumulations—suffering, destitution, poverty, economic slavery—the public shrugs its shoulders as if to say "it cannot happen here."

All this is preliminary to calling attention to the importance and necessity of some group of our citizens becoming directly and intimately concerned about this subject of debts and taxes; of becoming interested to the extent of opposing waste and inefficiency in the administration of public funds, and the restriction of expenditures which may be beyond the fiscal strain of the Public Treasury. No group can do this better than the owners of real estate. No group ought to be more thoroughly and completely organized to perform this public service than the owners of real estate, small and large. Indeed, no group of our citizens has more at stake in the disastrous results of governmental debt accumulations and oppressive increases in taxes than real-estate owners.

Let me caution you against permitting yourselves to be arrayed in any move to eliminate the fundamental obligations of the local, State, or Federal governments to provide for the needy and to relieve destitution. Your cause will be prejudiced by any attitude other than that of recognizing the importance of all necessary governmental aid being extended to those who, through unemployment or other causes beyond their control, are in need of the necessities of life. You, as all citizens, should insist that even this primary obligation be met without waste, inefficiency, or favoritism. You will find other activities of government, where there may be prompt and drastic reductions, without beginning at this supreme governmental obligation.

Neither will it serve any useful purpose to criticize the debt that has already been accumulated. In times of emergency, extraordinary expenses must be incurred. If necessary, money must be borrowed. Such an emergency confronted us 4 years ago. Under the leadership of President Roosevelt that emergency was courageously and humanely met. The emergency has now largely passed. Now it is time to put our fiscal house in order.

Let me now present some facts about the biggest bill we all have to pay—our national debt. The Federal Government has just completed its sixth successive deficit year. The gross accumulated deficit during this year is $19,441,000,000. The increase in the debt during these 6 years is $17,593,000,000. The national debt, including contingent liabilities, is now $38,521,938,000, an increase of 138 percent in 6 years, representing a debt of $1,400 to every family in the United States.

How staggering these figures are can be gained from some comparisons. During the past 6 years the Federal Government has spent enough money to pay all the expenses of the Federal Government from its establishment to the last fiscal year before our entry into the World War, and in addition $11,750,000,000 more.

Deficits have continued in spite of the increased receipts which have occurred since 1933. The shortage first occurred in the year that ended on June 31, 1931. Less than half a billion dollars was the amount involved. It then started the ascent. In 7 years the red on the books stood to the extent of just under $20,000,000,000. These red-ink figures represent the amount paid out by our Government over and above the dollars received from taxes. They show how far the Federal Government has fallen short in making both ends meet.

Throughout the entire 6 years we have spent approximately $2 for every $1 collected in revenue. The ordinary receipts for 6 years totaled $18,000,000,000 plus, while gross expenditures totaled $37,000,000,000 plus.

At the same time the Federal expenditures have been rapidly increasing, State and local governments have kept up a high rate of spending. Consequently the total of all governmental expenditures has swelled to approximately $17,000,000,000 annually. This means that when the local and State government costs are added to expenditures of the National Government the average American must work 2 years out of every 8 to pay the cost of government. The aggregate public debt, totaling that of State and local governments as well as the Federal Government, has risen from $34,000,000,000 in 1930, the start of the 7 red years of government financing, to $56,000,000,000, a two-thirds increase. Today each person's share of the total public debt would be approximately $400. If borrowing were to cease and all the governmental outlays were to be met by tax collections, $1 out of every $4 of the annual national income would be taken by the tax collector. Notwithstanding the fact that the Federal revenues were higher this past fiscal year than ever before in peacetime, yet the gross Federal debt continues to rise.

The Federal Government is facing three almost equally difficult choices:

First. New taxes.

Second. Drastic expenditure cuts.

Third. Prepared to see the Budget for 1938 unbalanced not only as regard to debt retirement but any new spending as well.

As to new taxes: When the Government decides it needs more money it will turn to its one source of revenue, and that is your pocketbooks. I am not unmindful of the argument that these debts and expenditures can be met by a "soak the rich" program. This is one of the popular fallacies of the present day.

Any analysis of Federal income taxes leads to the conclusion that the shortage in revenues unfortunately must be met by levying taxes upon the low-income groups.

Nearly 61 percent of the entire annual net income of the country is reported by individuals with incomes of less than $5,000 a year. Only 7 percent of the taxable income is earned by individuals with incomes of more than $50,000 a year.

These figures plainly show that the Federal Government is going to be compelled to look to people with small incomes for a large part of the money that it will need to pay its deficits and reduce the debt in future years.

If the Government confiscated the entire income of those earning $1,000,000 a year, it would run the Government less than 1 week. If the Government confiscated the income of all those who earn $5,000, it would run the Government less than 7 months. Those that think that taxation is a problem only for the rich are very much mistaken. "Soaking the rich" will be necessary, but the low-income group will have to make up the deficit. In the last analysis taxation is a problem for everybody. Even when the Government levies high taxes upon the rich, the workers and those with low income must carry the burden.

How few people realize that when we talk about taxpayers no one is excepted. Our citizens pay more for taxes than they do for food or for rent, and twice as much as they spend for clothing. This is true whether one pays an income tax or not. The earnings of 3 full months of one's work year, or 25 cents out of every dollar one earns is what one pays to be governed.

There was a time when most of our revenues were gotten or raised by a direct income tax which people understood, as they could feel it. Today, our taxes are sugar-coated and hidden in various business transactions, leaving most of us unconscious of the assessment. Every proposal for an out-and-out sales tax as a revenue measure is strongly opposed as unfair to the masses, yet today we have such a tax on almost everything we buy, necessities as well as luxuries, the only difference being that it is a hidden tax and hardly one in a thousand realizes he has paid it.

Therefore the job of creating tax consciousness among the group of our people who are not real-estate owners, as well as those who are real-estate owners, is one of the greatest needs of the day. I am not attempting to criticize indirectly any particular phase of Government spending, nor do I wish to create an unnecessary alarm. I am trying to emphasize the fact that we must either curtail our spending or levy additional taxes, or both. I am trying to emphasize the fact that a prolonged evasion of this duty is a serious threat to our national security. I have no desire to criticize any particular spending project of our Government, for such criticism would be apart from the point at issue.

Bureaucratic costs make up a large part of the current difference between Government expenditures and Government revenues. The elimination of ineffective agencies, the consolidation of overlapping bureaus, and the ending of emergency expenditures which are no longer justified by the urgent necessity of the people will bring the balanced Budget within the reach of the Government. President Roosevelt recognizes these facts. The recent session of the Congress did likewise. The President's Committee on Administrative Management and the Senate special committee on the same subject have been at work for months on a far-reaching program of consolidating all Federal agencies.

Congress alone cannot do the job of reducing expenditures and removing inefficiency and waste. Indeed, it can do nothing without the vigorous support and leadership of the administration. The job-holding bureaucrats in the Government have placed many Members of Congress under obligations to them, and pressure from this source is always strong. The President is less subject to this pressure, hence he must lead the way, and if he does this, as I believe he will, with the courage with which he met the economic crisis that confronted him when he became President, he will have the undivided support of the American people and the approval of a substantial majority of both the House and the Senate.

No one can observe the present situation without reaching the conclusion that a real thrust for economy by the Government would be extremely popular with Members of Congress and public opinion in general. Such a move would be entirely in line with the advices given recently by the Chairman of the Federal Reserve Board, counseling on the best way to avoid damaging inflation. After all is said and done, the best way to approach the Budget-balancing objective is through the economy route.

The situation is not altogether discouraging. The recent Executive order of the President requesting a reduction of 10 percent expenditures in the executive departments and other assertions of intentions to cut expenditures indicates his recognition of the importance of this action. The Ways and Means Committee of the House and the Appropriation Committee of the Senate indicated in the late days of the session a determination to reduce expenses. Almost the last speech made in the Senate by the late Senator Robinson, leader of the administration forces in the Senate, constitutes a prophetic warning. I quote: "We cannot forever continue spending more than our income without impairing the Government's credit. It is about time, it seems to me, there should be cooperaton not only on the part of Federal agencies and Federal officers but on the part of others outside the sphere of National Government to bring about a condition which shall maintain the high standing of public credit which our Government has enjoyed, notwithstanding the fact that we increased the public debt by more than $18,000,000,000 during the last 7 years. Closing the gap which has so long existed between revenues and expenditures, and closing it as promptly as is possible, is not only essential and exceedingly desirable but it is almost imperative."

While the debts, expenditures, and revenues of the Federal Government are of concern to real-estate owners, yet the fiscal policies of local governments concern them more intimately. It is taxes upon real estate that local governments chiefly rely upon for their revenues. I need not tell you, who are members of the real-estate exchange, of the scope and extent to which real estate has been subjected in recent years to an ever-increasing tax burden. Unfortunately, too, there appears to be little immediate relief in sight.

The harmful effect of the increasing tax burdens upon real-estate owners must be stressed if relief is to come and home owning to be encouraged. The increase in real-estate taxes in many parts of the country has made home ownership on the part of those in the low-income class almost impossible. There is little incentive toward home ownership in view of the small return on money invested for those outside the salaried and comfortably well-to-do classes. It can be easily demonstrated that many of our working people who desire to establish a home for themselves and their family can rent property for the amount of taxes and other governmental assessments they would have to pay if they possessed their own real estate. Such persons cannot see any return on the money saved by investing in a home and, furthermore, they know that, except in unusual cases, heavier and increasing taxes limit the market for the sale of their property, which represents their sole savings, and may result in a considerable investment loss in the event the property has to be sold. In my opinion the decline in real-estate values and the slow recovery, since the beginning of the depression, in the upturn of real-estate values are due in large part to the ever-increasing tax rates.

We have thus far been speaking of direct taxes, and not indirect taxes, which are constantly increasing the cost of food and necessities of life and becoming a real problem for those of low incomes. What are we going to do about it? I recommend, first and foremost, vigilant and united action on the part of real-estate owners for the maintenance of efficient and honest local governments; a courageous protest against expenditures that are beyond the immediate needs of the people, especially those that enter into the field of extravagance; an insistence that the local budget be reduced and kept at a reasonable figure, one which will invite home ownership, encourage location of industries, and thereby promote and increase the value of home properties and give assurance to those who invest their money in real estate that they are not going to be assessed more and more year after year to pay tax burdens that are unnecessary. If wise, prudent, and practical administration of local affairs prevails, it can be done.

I realize all this is difficult in obtaining. I realize those who engage in such a fight will be charged with selfishness and sometimes even with a lack of public spirit. Such an effort, however, is quite the opposite. The cost in freedom, morale, and happiness is incalculable when the national credit of a nation collapses. President Roosevelt well said in his first message to the Congress: "Too often in recent history liberal governments have been wrecked on rocks of loose fiscal policy. We must avoid this danger."

Waste, extravagance, debts, and unreasonable taxes ultimately lead to rigid, strait-jacket economic administration by authorities outside of the local ones, or by the receivers of bankrupt courts, and thus liberal government and reasonable salaries to Government employees and all the other blessings of a local democracy disappear—temporarily, at least.

I have thus far made no reference to the fact that the Federal Government has been entering the real estate field through its housing activities. The consequences of such action, unless strictly limited and definitely restricted in scope, is bound to be harmful to every owner of real estate. I repeat, unless carefully guarded it will destroy private initiative in its field. Not only the individual who desires a home, but private capital will be frightened away from the housing field by the shadow of Federal Government competition, through grants and subsidies.

There is a limited field for the Federal Government in home-ownership activities. It is not in the field of building homes for those in comfortable circumstances. Unless we are committed to a policy of doing this for all our people, it ultimately means universal ownership of homes for our people by the Government, a form of socialism that no one heretofore has seriously proposed.

There is a field for Federal grants and subsidies that private capital does not touch. It is in the field of eliminating slums. Grants and subsidies that result in tearing down slums and providing homes for people with the very lowest incomes, who are obliged to live in slums because of their low incomes, can

be justified. Federal activities of this kind will help in militating a condition that cries for correction. Appropriations from the Federal or State Governments that will remove unsanitary, unsafe slumliness will be welcome everywhere. This can be done without large or extravagant expenditures and, indeed, as has been done in one instance at least, namely the District of Columbia, without ultimate financial loss to the Government, where slums have been taken over and put to uses that provide a reasonable income.

Furthermore, our local governments should evoke the same law as is on the statute books of New York. It permits local housing authorities to modernize and repair slum dwellings and put them into a habitable condition and thereby vest a lien in the public authority. It is a mistaken notion to think it is necessary for the Government to wipe out slum areas by purchasing. There is ample law that can be evoked permitting the abatement of a house nuisance which breeds disease, is unsafe and unhealthy, just as there is law to remove an open sewer or other nuisance on any individual's property.

As a consequence of these debts, deficits, and taxes to which I have referred, inflation is advancing, Government bonds are decreasing, and rates of interest rising. Prices on commodity purchases are increasing. The rising cost of living is stimulating labor agitation. Business that has been rising rapidly is at the moment hesitant and apprehensive. What will happen if another business recession comes along is being asked by more and more citizens as they observe the rapidity with which the national debt has mounted.

As the National Government is the ultimate custodian of credit for the entire country, it seems to me it is time, if we are to avert another economic crisis, that action should not longer be delayed. The first step to restore confidence is to balance the Federal Budget. We must make a choice in order to do this between large deficits and increased taxes or economy. There is no alternative.

The Farmer's Place in the Solving of World Economic Problems

EXTENSION OF REMARKS

OF

HON. ELBERT D. THOMAS

OF UTAH

IN THE SENATE OF THE UNITED STATES

Saturday, December 4 (legislative day of Tuesday, November 16), 1937

RADIO ADDRESS BY HON. JAMES P. POPE, OF IDAHO, NOVEMBER 28, 1937

Mr. THOMAS of Utah. Mr. President, I ask unanimous consent to have inserted in the Appendix of the RECORD an address delivered on Sunday, November 28, at 2 p. m., over the Columbia Broadcasting System, by the junior Senator from Idaho [Mr. POPE], on the subject the Farmer's Place in the Solving of World Economic Problems.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Last week a United Press correspondent in China sent the following cable in his news reports: "Scenes of horror mark the retreat of the Chinese * * * screaming and running like maniacs were soldiers whose skin had been burned from their hands and faces, splashed by a sulphur bomb. Speeding military trucks added to the confusion, running down soldiers and refugees who did not step aside in time."

A Chinese general summed up the situation with the remark "Things are upside down."

On the other side of the world things are likewise upside down. One group of Spaniards is engaged in the destruction of another, and between them they are destroying generations of productive human effort.

The ironical thing about it all is that men are killing other men, destroying property, demolishing institutions of culture and objects of art which can never be replaced, without knowing what it is all about. All they know is that leaders in whom they have confidence have promised them prosperity and a more abundant life if they are successful in destroying their neighbors.

The dictatorial governments of the world have for the past generation manipulated their policies, their economic forces, and their peoples like giant chessmen in a game where checkmate means war. When that point is reached, it is too late to undo, in a day, forces and economic pressures which have been built up over a quarter of a century. If we are to be fair and sensible in our consideration of the problems of the world, we must take a lesson from this experience and avoid disastrous moves in the next game.

The warlike attitude of Italy is as much the cause of Mussolini as the result. Preparation for war in Germany on a large scale could not be brought about solely by Hitler and the war in China can be blamed no more on Japanese militarists than on the forces which put militarists in power in Japan.

In the United States we use a process of approaching a problem which, if properly applied, would be of tremendous value in solving the problems of a restive world. When the Department of Agriculture needs to deal with a sudden flood in the flow of agricultural commodities to market, it seeks the remedy at the source of the stream—agricultural production. When our Government has sought to control floods on the great Mississippi and other rivers, it has gone to the source of the waters which constitute the flood and has constructed check dams, improved the watershed, rather than rely upon levees and embankments at the point where floodwaters rage. We are gradually learning that our top-heavy financial structure can best be balanced by remedying the condition of those with whom all business originates—the wage earner, and the farmer, and other producers of wealth.

By analogy, statesmen must, if they would be successful, deal with international complications at their source—the economic condition of the peoples of the earth. Who has not heard it said that Japan would not resort to war but for overpopulation and the need for foreign markets? Never a day passes but that someone argues that Germany and Italy are threatening war to improve the economic welfare of their own people. It is easy enough to prove that war never improves the condition of a people, but such proof is rather barren and academic so long as nations have governments which send them to war on that pretext.

Whether they are the intrinsic causes of war or the excuses on which a war spirit is built, the troubles of the modern world find their origin in trade restrictions, tariff walls, embargoes, and other economic discriminations. Such barriers tend to confine the exportable surpluses of all commodities, and, when confined, nothing can cause more trouble internally or internationally than an unusable, unsalable supply of exportable goods.

Japan and Germany, for the most part, have been manufacturing nations. The United States originally was an agricultural nation. We did not manufacture goods for the world markets to the extent that Japan or Germany were compelled to do. Nonetheless, we have erected barriers in the form of high tariffs against foreign imports of manufactured goods. Foreign nations, finding themselves with a resulting surplus of manufactured commodities retaliated by restricting imports of American agricultural commodities. The result has been depression for the American farmer. As a result we have had comparatively mild internal strife. In smaller nations that strife has grown until revolution placed dictatorial nationalist governments in power, and they now threaten the peace of the world.

In view of this situation, I commend the establishment of this world economic cooperative program; and I hope that our people will devote their thoughts to providing for the future by adopting measures of economic cooperation among themselves and with other nations. If all nations could cooperate like the United States and Canada, the international problem would be well-nigh solved.

The United States is so large and its climate so varied that we do not feel the vicissitudes of foreign trade as keenly as other small, less diversified nations. We are capable, therefore, of withstanding shocks in international trade much more effectively than other nations. Nevertheless the international trade problem is with us, and upon our handling of it largely depends our future relations with the nations of the world.

In 1937 the Nation is harvesting a wheat crop of about 887,000,000 bushels. The average domestic consumption of wheat is about 668,000,000 bushels. It is likely that there will be a carry-over of about 200,000,000 bushels of wheat on July 1, 1938. If there is a favorable season in 1938, with a probable 80,000,000 acres planted to wheat, we will find ourselves with an unexportable carry-over of between 400,000,000 and 500,000,000 bushels of wheat in 1939. There are many, many nations which could use that wheat to good advantage and exchange for it products needed in the United States, but that possibility has been precluded by an unsurmountable barrier of tariffs and trade restrictions erected years ago at the behest of a self-seeking, industrial minority.

In 1937 there is being harvested a crop of more than 2,500,000,000 bushels of corn which will result in a carry-over of about 325,000,000 bushels. The 1937 corn production is sufficient to produce an excess of livestock products so far as domestic needs are concerned. That surplus, too, might well be exported and help to cement friendly relations between the United States and other nations, but trade restrictions, still existing as a result of the Smoot-Hawley tariff bill, stand in the way.

This year we are growing about 18,500,000 bales of cotton. The world's supply of cotton promises to be more than 49,000,000 bales and the world never uses in any one year more than 31,000,000 bales. Domestic consumption of cotton has reached an all-time high record of 8,000,000 bales and yet the enormous surplus which we are unable to sell promises to ruin the cotton growers. Our export market in cotton is declining simply because other nations have commenced growing cotton. They are growing

it because of high tariffs and other restrictions on their products which they customarily exchange for cotton.

The net result of these facts is that the United States is left with a surplus on the domestic market. It ruins farmers' prices. It causes political strife and results in a general economic maladjustment. But that is not all. The gradual reduction of our trade with foreign nations not only has destroyed the market for our cotton and our wheat, but it has destroyed the market here for things which other countries are peculiarly adapted to produce. As I have pointed out, in smaller nations where economic pressures are more severe, sentiment is gradually shaped to favor wars of aggression, to break down by bloodshed and strife, tariff walls which never should have been erected.

Until a few years ago every session of Congress was besieged by various interests to put a prohibitive tariff on some product. They contended that as an American industry they were entitled to protection. They were given protection. Eventually, protection resulted in, first, higher prices to American consumers; second, the destruction of an export market for other nations; and, third, the consequent destruction of export markets of this Nation. It is conceivable that a group of lobbyists will be in Washington before long, urging a high tariff on bananas and rubber trees, because they can be grown in hothouses at home. When they are grown in hothouses, bananas will cost $10 a dozen, and automobiles will run on the rims. Another portion of the export market for our minerals, agricultural commodities, or manufactured articles will be destroyed, and some southern country will be establishing a dictatorship to fight for a new foreign market.

The importance of foreign trade cannot be overemphasized. There is no practicable way for this Nation to reduce the total acreage of crops to a point where we would produce only that which is needed for domestic consumption. In other words, there is no immediate prospect of getting the American farmer out of the world market, and the main question is whether he shall be forced to deal on a cutthroat basis and to destroy lives and property in acquiring markets to which he is justly entitled, or whether he can deal with his neighbors in a civilized, cooperative way and maintain a prosperous and peaceful relationship with them.

Nothing can be more inconsistent with principles of civilized society. Nothing can show greater lack of intelligence than building up artificial barriers and then going to war to tear them down. The war always costs more than the market is worth after it is acquired and the market could be acquired better by peaceful methods anyway.

On the Pacific coast, in the three great States of Idaho, Oregon, and Washington, this problem is particularly acute. This year those three States are producing more than 80,000,000 bushels of wheat. The local estimated consumption for food, feed, seed, and shipments to other States totals about 59,000,000 bushels, leaving available for export and carry-over approximately 35,000,000 bushels of wheat. Our exports at the present time from that area will not begin to take care of it and every agricultural expert in the country knows that an outlet must be devised for Pacific Northwest wheat or each year the carry-over will become excessively large and prices correspondingly low.

That would mean bankruptcy for many farmers in that region. Yet, we know that if Japan and other Asiatic nations would approach the matter on a businesslike cooperative basis and provide sensible remedies there would be plenty of wheat in Asia and if the program were extended to other raw materials, there would be no need for war. Furthermore, the price of the wheat and other raw materials which we and other nations could supply to the Far East would be but a small fraction of the cost of war.

During the last few years the United States Government has provided an object lesson in a method of developing foreign trade. We have concluded trade agreements with 14 foreign countries. The preponderant tendency in these agreements was for the United States to lower tariffs on manufactured products and for the foreign nations to lower tariffs on our agricultural products. The exports from the United States to the 14 trade-agreement countries have increased 44.5 percent in 1937 over 1936. Our exports to all other countries have increased only 33 percent. Our imports, on the other hand, from the 14 trade-agreement countries have increased 27.4 percent this year over last year; and our imports from the non-trade-agreement countries have increased 44.4 percent. The beneficial effect of such a trade growth cannot be questioned and it appears that the nations with whom we deal are likewise being benefited.

In 1936 the Secretary of State, the Honorable Cordell Hull, said: "Prosperity and peace are not separate entities. To promote one is to promote the other. The economic well-being of peoples is the greatest single protection against civil strife, large armaments, war. A people employed and in a state of reasonable comfort is not a people among whom class struggles, dictatorships, and war can thrive. But a people driven to desperation by want and misery is at all times a threat to peace, an invitation to disorder and chaos, both internal and external."

To recognize this truth is to see in clear perspective the cause of war. To realize this fundamental cause of strife is to begin a solution. If the United States of America with her tremendous economic influence and prestige will continue upon a program of international economic cooperation, the world will soon begin to follow suit. Then, and then only, can we make real progress toward a lasting peace and prosperity among the nations.

Government Control of Agricultural Production

EXTENSION OF REMARKS

OF

HON. JOHN H. BANKHEAD, 2D

OF ALABAMA

IN THE SENATE OF THE UNITED STATES

Saturday, December 4 (legislative day of Tuesday, November 16), 1937

ADDRESS BY EDWARD A. O'NEAL, PRESIDENT, AMERICAN FARM BUREAU FEDERATION, ON THE TOWN HALL PROGRAM, THURSDAY, DECEMBER 2, 1937

Mr. BANKHEAD. Mr. President, I ask unanimous consent to have printed in the RECORD an interesting radio address delivered on the Town Hall program by Edward A. O'Neal, president of the American Farm Bureau Federation, supporting the affirmative of the question, Should there be Government control of agricultural production?

There being no objection, the address was ordered to be printed in the RECORD, as follows:

"Should there be Government control of agricultural production?" I support the affirmative of this proposition because I believe that through adjustment of production farm income may be stabilized at a prosperous level; and I believe further that this country will never enjoy steady continuous prosperity for any considerable length of time until this is done.

This country can attain the greatest measure of economic well being only when a fair economic balance exists between the different population groups. Nobody can successfully dispute that. We can't have successful mass production of industrial goods unless our economic system permits wide distribution of purchasing power among the people. We are prosperous when the different groups are exchanging goods and services in large volume.

This Nation is enormously rich in natural resources, in scientific attainments, in the productive enterprise of its people. We have the facilities to provde in abundance for every human need. And yet we are subjected to recurring periods of business depression. We find poverty in the midst of plenty. We cannot maintain a political democracy in a country where we have economic autocracy. Every nation has discovered that.

Since farmers produce the bulk of the new wealth, and since they are the biggest buyers of industrial goods, it follows that the welfare of the farm group is the key factor in maintaining prosperity for the entire country. Factory pay rolls rise and fall with the rise and fall of farm income. If the farmer cannot buy in normal volume, labor cannot be employed in normal volume.

The farmer has been at a disadvantage as compared with other groups nearly all the time since the Great War. During all of that time, except for short periods, farm commodity prices were so badly out of line with other prices that the farmer could not buy the industrial goods that he needed and wanted.

Prices were held down chiefly because of great surpluses. We had surpluses because we had lost the bulk of our foreign markets. Farmers were cultivating some 35,000,000 acres of land more than was necessary to supply the domestic market. Surpluses accumulated and prices fell to unprofitable levels. Faced with such a condition, farmers have only two possible alternatives. They may find new domestic uses for farm products, or they may retire some land from cultivation, just as the manufacturer closes part of his factory when demand falls off. There are possibilities in developing new uses for farm products, but they can be developed only through long years of painstaking research. The present emergency cannot be met in this way.

It seems obvious, then, that if we continue to cultivate our usual number of crop acres, it will be many years before increases in population will permit the domestic market to absorb all of our production.

Manufacturers of automobiles produce only as many cars as the market will absorb at a price. Everybody would think they were crazy if they deliberately produced more than they could sell. And yet many industrial leaders have condemned production control for farmers as unsound, and even immoral.

Farmers have tried production control in their business, under the provisions of the Agricultural Adjustment Act of 1933, and they found it good. Large majorities approved the control programs whenever a referendum vote was taken. Some of the commodity groups voted almost unanimously for the program.

Those control programs were wiped out by the Supreme Court. Now great numbers of farmers, including the group that has honored me with the responsibilities of leadership, are demanding another law that will permit them again to adjust production to effective market demands, so that farm prices may be stabilized.

I maintain that, as a matter of equity and justice, the Federal Government should do this, because it has already granted equivalent benefits to almost any other group of our population that you can name.

The heart of our national policy for industry is the protective tariff, a device to raise prices by artificial means. The favorite argument of the proponents of the tariff theory is that it protects the manufacturer against cheaper goods of foreign manufacture, and it protects the American laborer in his standard of living. They say that if tariffs were wiped out, American manufacturers would have to reduce prices and consequently the wages of labor, which in turn would lead to reduced consumption of goods, unemployment, bankruptcy, and chaos.

So runs the argument. I am neither attacking nor defending the theory—I simply call your attention to it. The indisputable fact is that tariffs raise prices and the public pays the bill. Tariffs are imposed by the Federal Government, therefore the Federal Government is at least partially responsible for the high prices that farmers must pay for industrial goods. Tariffs work against the farmer on export crops. Wheat actually sold in 1932 for less than the amount of the tariff of 42 cents a bushel.

Now let us consider the field of monopoly. The Federal Government has held that some phases of industry constitute natural monopolies, and that the public is best served when competition in these fields is eliminated or at least regulated by law. Rates are presumably established to provide for all necessary costs and to provide profits for the operator. If you want to ship wheat to market by rail, use a telephone, use electricity or gas in your home, you must pay a fixed rate or you won't get any service.

Let us consider retail prices of manufactured goods. The corporate form of organization, and the concentration of industry in huge units has given manufacturers a large measure of control over prices. Now they are to have, by law, much greater control, under the Miller-Tydings Act, a law for retail-price maintenance. That law provides that the manufacturer of any standard article can establish the minimum price at which retailers can sell the article to the public in some 40 States which have adopted so-called fair-trade laws.

Price fixing by government is bad enough; but here is something far more sinister in its implications, for it enables individuals and corporations to, in effect, absolutely dictate the prices which the public must pay for many articles of commerce. With the Government fixing prices, we could at least hope that prices would be fixed in the public interest; but with manufacturers fixing prices, nobody doubts that prices will be fixed primarily in the interest of the manufacturer.

Lastly, let us consider the fixing of wages. In the old days, if a farmer wished to build a barn, he hired a carpenter in the nearby village. Wage rates were the result, roughly, of free competition. If carpenters were scarce and prices were high wages were likely to be high. If times were hard and carpenters eager for work, with living costs low, farmers could hire carpenters at rates that he could afford to pay, considering the low price that his commodities were fetching in the market. If you build a barn today you must pay the carpenters according to an arbitrary wage scale. When the farmer buys a tractor, or a car, or a radio, or an electric-light bulb, he must pay prices that reflect fixed costs for the labor that produced the goods.

I am not attacking labor; I am simply pointing out truths that anybody can verify and for which I blame nobody. Farmers want labor to get its fair share of the national income. What I am saying is that the farmer, when he buys goods and services, must pay prices that are more and more fixed in arbitrary fashion, while he sells his commodities at prices that are allowed to fluctuate in response to natural economic forces. You may say that high wage scales have been achieved by labor through organization, not through legislation. But remember that the principle of collective bargaining by labor has been recognized by the Federal Government in the Wagner Labor Relations Act. Bear in mind, too, that the wage and hour bill which has already been passed by the Senate and will soon be considered by the House proposes to fix very definitely minimum wages for the entire country.

Now, if all groups except the farmers are favored with such advantages and the farmer is denied equivalent helps in maintaining his own commodity prices, it is evident that farmers cannot trade on fair terms with other groups except as fortuitous circumstances happen to raise his prices to levels in line with his fixed costs. That will have serious consequences to the Nation as a whole, because when farmers can't buy goods labor cannot be fully employed.

Some of you will doubtless contend that all laws that lead to freezing of prices and wage scales at arbitrary levels are wrong in principle and that farmers should not ask for legislation to insure parity prices simply because other groups have secured unwarranted advantages from the Government. Two wrongs do not make a right, you say. All right. Erase from the statute books all tariff laws, all monopoly grants, all labor legislation, all price-maintaining laws, and any other legislation which introduces any artificial factor to interfere with free and open competition. The farmer will not complain. He will be well able to take care of himself if free and open competition is allowed to prevail. But if we continue all these artificial aids to other groups as a matter of national policy, then by every consideration of fairness the farmer is entitled to equivalent protection. How else, I ask you, can fair balance be maintained between groups?

All of you have heard and read of an alleged "philosophy of scarcity" which farmers have been said to endorse. The farmer does not believe in such philosophy, and he has never favored legislation based on such philosophy. He believes in abundance and fair prices, but he does not believe in a philosophy of wastefulness. He does not believe in producing for a market that no longer exists. Some have attributed the present scarcity of beef to a production-control program. The fact is that there is no production-control program for beef cattle in this country, and there never has been one. Present scarcity is the result of the drought of 1934, the worst in our entire history, which destroyed the range herds of thousands of ranchers, followed by another drought in 1936.

Many have said that if farmers would produce more the people would eat more; that if you get prices low enough there would be no surplus. The record does not bear out this theory. Breadlines have been longest when crop surpluses were greatest and prices lowest.

Because of lack of time I have not discussed the fact that adverse economic conditions have forced farmers to follow a destructive policy with regard to the soil, which is our greatest natural resource. I speak as a southern cotton farmer. I contribute raw material for one of the country's great industries which has made countless people rich and which has contributed enormously to increasing the national wealth. Yet as a producer of the raw material I am penalized because our national policy decrees that the manufacturer of cotton shall be protected against foreign competition, but the grower of cotton must compete with peasant labor in competing countries. The result is that we have gutted our soils. What responsibility does the Government hold for a condition that must be corrected?

Caught between world prices for the commodities he sells and American prices for things he buys, the farmer is indeed in a vicious lock which becomes tighter and tighter as other groups obtain increasing legislation to give them artificial advantages, and as our entire national economy becomes more complex.

What does the farmer ask for? He is willing and anxious to provide commodities in abundance to meet all domestic and foreign demand; and in return for this he is asking for his fair share of the national income. The American Farm Bureau Federation today is fighting for the enactment of the Pope-McGill bill at Washington. That bill provides not only for sufficient production to meet current demands, but also for reserve supplies against the time of disaster. It provides a mechanism to protect market prices against the depressing price of large surpluses, but it guards against prices rising to unduly high levels. It is designed to give the farmer a fair measure of stability and security in his business. Its great objective is a parity price for farm commodities, which is a price that will enable the farmer to trade on even terms with other groups. I earnestly hope that consumers will study this legislation, because I believe that by stabilizing agriculture, our basic industry, it will do as much or more for other groups as for farmers. I say this because agriculture is the broad base of our entire economic structure. If you stabilize the buying power of farmers you will do more to stabilize industry and business and maintain employment than you can accomplish by any other means.

Stabilized Farming

EXTENSION OF REMARKS

OF

HON. GEORGE McGILL

OF KANSAS

IN THE SENATE OF THE UNITED STATES

Saturday, December 4 (legislative day of Tuesday, November 16), 1937

RADIO ADDRESS OF HON. JAMES P. POPE, OF IDAHO, DECEMBER 3, 1937

Mr. McGILL. Mr. President, yesterday afternoon the junior Senator from Idaho [Mr. POPE] delivered over the Columbia Broadcasting System a radio address upon the subject Stabilized Farming. It is a very interesting address, and I ask that it be printed in the Appendix of the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

"Steel production last week estimated 32 percent of capacity." This is a headline in the Wall Street Journal for December 2. On November 30 the same paper carried this headline: "Newsprint output to be cut again after January 1." These news reports

would indicate that something is wrong with the steel and newsprint industries, and yet the price of steel, at the present time, is several dollars per hundred pounds higher than the 1930–36 average. A great many newspaper editors have told me that the price of newsprint is higher than they can afford.

Compare this with similar news stories affecting the agricultural industry. On December 2 the New York Journal of Commerce carried two headlines. The first was: "Knitters curtail output of cloth." The second was: "Raw wool prices decrease further as demand continues stagnant."

Those who are interested in the welfare of American agriculture frequently wonder why it is that the price of steel, farm machinery, and many other commodities which farmers buy continue on a high level. At the same time the price of the things the farmer sells drops when agriculture has a good year. The demand for steel this year apparently is low. Production is 32 percent of capacity, yet prices are as high as they were when the demand for steel was at its peak. Early this year the average farm price for wheat exceeded a dollar. Farmers throughout the Nation had an excellent year producing abundant crops. As soon as those crops were harvested, wheat fell to an average price of 80 cents a bushel and other agricultural commodities have experienced similar price declines. The potatoes, for which the State of Idaho is famous, were produced in abundance this year and the growers are receiving about 40 cents per hundredweight.

It is obvious, at a glance, that there is some radically unfair disparity between the practices of industry and agriculture.

It seems wise, therefore, to examine the essential practices of American industry. An automobile manufacturer knows at the beginning of each year about how many cars he can sell. He knows how many other automobiles are manufactured and he knows how to regulate his production so that it will be absorbed by the market. If orders from automobile dealers do not keep abreast of production, production is immediately curtailed.

Consider, on the other hand, the methods used by American agriculture. In the spring a farmer plants his crops. He has no way of knowing how many other farmers are planting the same crop nor how much of it they are sowing. At best, he can plant his farm and trust to luck that an enormous surplus of his commodity will not be produced to ruin prices and force him into bankruptcy. I have known a great many farmers in the State of Idaho and the methods they use in selecting the crops to produce. Those whose farms are capable of diversification endeavor to select crops of which a surplus is not likely to be produced. Those farmers are simply guessing in competition with 7,000,000 other farmers. Occasionally one of them guesses right. He produces a large crop and receives a fair price. On those occasions he makes some money, but such times are few and far between.

For the most part, the farmer spends the entire growing season at hard labor, producing his commodity; and when harvest time comes he finds the market already overstocked with the goods he has to sell. He is hard pressed for cash to pay his debts and sells his commodity below cost of production. It is in this way that a tremendous number of American farmers have gradually gone deeper and deeper into the morass of debt until foreclosure takes them from the soil and places them in bread lines and on relief rolls.

Thirty-one million American people are directly or indirectly dependent upon agriculture for their livelihoods. It is more than a question of helping the farmer, stabilizing the occupation of farming; it is the first link in the chain of America's economic and political stability.

As a result of recognizing the basis of the agricultural problem and endeavoring to cure the defects at their source, the farm program now pending before the Senate was evolved. The basic principle of the pending farm bill is the coordination of production with demand. The program has become known by the widely publicized phrases, "production control" and "the ever-normal granary."

When the program was proposed, many of the professional critics of any legislative program raised their voices in protest against any effort to control agricultural production. The argument, or at least the sophistry most widely used, is that the Government should not attempt to deal with agricultural production. Other industries, they say, are free to produce as they will, but nothing could be farther from the truth. Agriculture is the only industry in America today which does not have adjusted production. The Government has nothing to do with it, it is true, but the organizations which manufacture and market everything from a locomotive to a can opener, or a pair of shoes, control production, absolutely, on the basis of probable demand. Virtually every industry is organized on a large scale. A handful of men, at most, can bring to an abrupt halt the production of automobiles or farm machinery, should the demand decline.

It is easy enough for the leaders of great industries to use their own initiative and regulate their own production, but what about the farmer? Is there anyone who will say that 7,000,000 farmers can get together unaided to apply business methods to farming? Time after time groups of farmers in my State have tried to make voluntary agreements to reduce production of surplus commodities. Ninety percent will keep the agreement but an individual here and there invariably increases his production to such an extent that the efforts of the group to get better market prices are frustrated.

Suppose, for a moment, there are 7,000,000 manufacturers of automobiles in the United States totally independent of each other. They would manufacture so many automobiles that one could be purchased for a song, until they all went broke. If there were 7,000,000 independent, competing railroads and transportation companies, a vacationing clerk could probably go round the world for a nickel.

There are people who blind themselves to these obvious facts and continue to shout for rugged individualism in the industry of agriculture. Every high-school student who studies economics soon learns that no amount of rugged individualism can obstruct the operation of the law of supply and demand. If there are 2 bushels of wheat where only one can be consumed, the price will fall below the cost of production as surely as the law of gravity will force thrown stones to earth again.

In the United States we consume about 650,000,000 bushels of wheat each year and export less than 50,000,000 bushels. This year the Nation is harvesting a crop of about 887,000,000 bushels. On July 1, 1938, the United States will have a carry-over of about 200,000,000 bushels of wheat. Without legislation farmers are expected to plant 80,000,000 acres to wheat next year, and with a favorable season there will be a crop of nearly 1,000,000,000 bushels. Thus we can anticipate, if nothing is done, a surplus of wheat near 500,000,000 bushels next year. This would be as large as the wheat surplus which existed in 1932. That surplus largely contributed to placing prices at the lowest point since the reign of Queen Elizabeth. In those unfortunate times farmers had no incomes. They stopped buying from department stores and automobile dealers. Eventually, their loss was reflected in the big industries and all business went on the rocks.

A similar situation exists with respect to other major commodities. A carry-over of about 325,000,000 bushels of corn is estimated. That is more than double the normal carry-over. The 1937 cotton crop is over 18,500,000 bales, and the highest annual domestic consumption of cotton the United States has ever seen is 8,000,000 bales. Is there anyone who thinks that a surplus of 11,000,000 bales of cotton will not depress the price to the farmer? Those who buy cotton will simply offer a continuously lower price and growers will be forced to accept low prices to avoid destitution and want.

These are the reasons why the new farm program seeks generally to permit agriculture to regulate production to meet probable demand. The regulation does not, by any means, compare with the precise measurements of regulated industrial production. The ever-normal-granary provisions of the pending farm bill would at all times maintain a surplus of about 100,000,000 bushels as a protection against drought or other emergency.

The so-called production control, incidentally, is entirely voluntary as to corn and wheat. Those who are antagonistic to agricultural relief talk of regimenting the farmer and controlling his activities, but, as a matter of fact, under the pending farm bill the farmers are simply given an opportunity to sign a contract by which they would reduce production to a point where a reasonable relationship with market demands is maintained. In return for signing and complying with such contracts, the farmer gets a guaranty from the Government of a reasonably fair income. The purpose of the bill is to bring up farm prices, as nearly as possible, to parity. Parity means $1.17 per bushel for wheat and 85 cents for corn. At that rate a farmer has an opportunity, by good management, to make a decent living and the interests of the consumers are fully protected.

The treatment accorded to the producers of other basic commodities—cotton, corn, tobacco, and rice—is similar, and if production is limited to a reasonable extent the cost to the Government will be slight.

Another provision of the bill which is of tremendous importance to every farmer is the establishment of the Surplus Reserve Loan Corporation to grant loans to farmers and enable them to market their products under favorable conditions.

Using wheat as an example, everyone knows that, in general, wheat is harvested throughout the country at about the same time. When harvesting season arrives, hundreds of millions of bushels of wheat arrive in marketing warehouses and terminals in a sudden flood. The product, however, is not consumed that way. The miller grinds flour and the baker bakes bread, day by day, as it is needed by consumers. If a farmer were to take advantage of the market, as do his industrial brothers, he would market his product gradually as there was demand for it. But the agricultural population is not financially able to do so. They are forced by the burden of indebtedness, the due date of taxes, and living expenses to market their commodities as soon as they are produced.

Thus it is that even if the market eventually can absorb the total of agricultural production, prices are forced down during the market season by the sudden dumping of vast quantities of agricultural commodities by producers. To remedy this condition the farm bill provides for surplus reserve loans. Producers of basic commodities can hold their products and market them gradually by obtaining loans. Credit is made available to agriculture so that taxes can be paid, living expenses cared for, and the produce of the farm can be held until market conditions are at their best.

The last and a very widely discussed section of the farm bill is the provision for marketing quotas. If agricultural production in a given year were to exceed the normal supply by more than 10 percent, the Secretary of Agriculture is empowered to proclaim a marketing quota, providing that all farmers withhold a small portion of their crop from market to prevent disastrous price declines. The marketing quota must be submitted to a vote by the producers of the commodity it affects and if over two-thirds of

them vote in favor of the quota, then it becomes compulsory upon all producers.

This is the most controversial provision of the farm bill, but it was demanded by farmers themselves who insisted that a small percentage of producers should not be permitted to destroy the program of the entire industry.

An analogy may be found in the legislative program affecting almost every other industry. The great percentage of men engaged in any business have insisted upon and obtained protection against chiseling by a few engaged in the same business. This is the fundamental principle of the marketing quota. It is not anticipated that marketing quotas would be used very often and it is a form of marketing protection which agriculture has long demanded.

All in all, the farm bill is not a radical departure. It does not instill into American economics any radical or untried theories. The measure simply seeks to provide governmental assistance to our 7,000,000 farmers, to operate their business in a sound, economic way, just as their more compact, better-organized industrial competitors have operated for more than a century. The object of the legislation is not to subsidize farming but to give it security. It is not to discriminate in favor of agriculture and against industries, but to equalize them. It is not to destroy any American principle of capitalism or democracy, but simply to give agriculture an opportunity to utilize those great principles. The farm bill is, above all, a carefully prepared, well-worked-out system to permit farmers to stabilize farming.

Agricultural Relief

EXTENSION OF REMARKS

OF

HON. ROYAL S. COPELAND

OF NEW YORK

IN THE SENATE OF THE UNITED STATES

Saturday, December 4 (legislative day of Tuesday, November 16), 1937

ARTICLE BY JOHN T. FLYNN

Mr. COPELAND. Mr. President, I ask leave that there be inserted in the RECORD a very interesting article by my old friend John T. Flynn entitled "Plain Economics." I will say that it is a splendid and a common-sense article.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PLAIN ECONOMICS

(By John T. Flynn)

NEW YORK: At the moment the Senate and House are busy with differing versions of a farm-rescue plan which no one will say, by the widest stretch of the imagination, are well-laid plans, and which, like the thought of the poet Burns, are likely to go awry.

They are hurried, ill-considered, patchwork, obscure, and full of that priceless ingredient known as politics.

Some witnesses of the spectacle are asking in wonder if these two Houses and the President are not a little abashed, even a little terrified, at the manner in which their past efforts at farm salvation have gone awry.

For instance, in 1934 the A. A. A. was set up to raise farm prices. Of course raising farm prices would inevitably cut down the sales of farm products abroad. Yet the foreign market has always been an essential spot for absorbing farm surpluses.

Of course this is exactly what happened. So then the President launched his famous and ill-starred gold-purchase plan. Its announced purpose was to get prices up still higher at home, but at the same time reduce them to the foreigner in order to expand the market for American crops.

Here was a double-barreled program, first to build the American market for the farmer at higher prices, and, second, to open up again the foreign markets to him. And then, to insure the latter, Secretary Hull began a series of foreign reciprocal trade treaties which he assured the world would increase the foreign market for our farm products.

What has happened, however, is the precise reverse of all this.

First, in 1934, when all this was begun, our agricultural exports were $787,000,000. In the same period of this year they were $733,000,000. They have actually fallen off.

In the same period the history of agricultural imports has been quite different. In 1934 imports of competitive farm products were $419,000,000. In the last fiscal year they were $868,000,000.

Our farm exports fell away; our competitive farm imports doubled.

Last year this country imported huge quantities of meats, cattle, butter, eggs, corn, and wheat. This country, "cursed" with a wheat and corn surplus, brought in from abroad 48,000,000 bushels of wheat and 78,000,000 bushels of corn, 150,000,000 pounds of meat, 428,000 head of cattle, and 15,000,000 pounds of butter.

The reasons for this are now quite plain. If the saviors had taken a little time to think in 1934, they could have foreseen this—that their program accomplished the exact reverse of their intentions.

Now they are at it again, this time in an even speedier manner.

Fifth Anniversary of the First Election of President Roosevelt

EXTENSION OF REMARKS

OF

HON. CLAUDE PEPPER

OF FLORIDA

IN THE SENATE OF THE UNITED STATES

Monday, December 6 (legislative day of Tuesday, November 16), 1937

ADDRESS OF CHAIRMAN JAMES A. FARLEY, OF THE DEMOCRATIC NATIONAL COMMITTEE, TO THE YOUNG DEMOCRATIC CLUBS OF AMERICA DINNER GATHERINGS THROUGHOUT THE COUNTRY IN CELEBRATION OF THE FIFTH ANNIVERSARY OF THE ELECTION OF FRANKLIN D. ROOSEVELT TO THE PRESIDENCY, NOVEMBER 9, 1937

Mr. PEPPER. Mr. President, I ask unanimous consent to have printed in the RECORD an able and interesting radio address delivered by Hon. James A. Farley on November 9 to the Young Democratic Clubs of America dinner gatherings throughout the country in celebration of the fifth anniversary of the election of Franklin D. Roosevelt to the Presidency.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Ladies and gentlemen, it is my pleasant duty in this broadcast to convey the greetings of the Democratic National Committee to those young men and women who are gathered together in country-wide meetings to celebrate 5 years of progressive government under the inspiring leadership of President Roosevelt. This is more than a routine celebration because, in one sense, these meetings symbolize the reason why our party is in almost undisputed control of the Nation's political affairs.

If there is one reason above all others why the Democratic Party has been highly successful, it is found in the fact that the leadership of the party has had the common sense to give the young voters a place at the Democratic council table. In adopting that course the party has not divorced itself from the wise and salutary traditions of the past—it has merely sought to fuse the wisdom of experience with the energy, the enthusiasm, and the flaming courage which are so characteristic of youthful minds and hearts.

You know without my telling you the significant role played by the Young Democratic Clubs of America in the public affairs of State and Nation. You have been given a job to do by the high command of the party, not in a spirit of mere toleration, but with a genuine regard for the contribution you are able to make to the cause of good government. The results speak for themselves. Even our opponents, after last fall's Presidential election, were frank enough to concede that a great majority of the new voters had found their way into the party whose precepts and principles are founded on the teachings of Thomas Jefferson. We intend to keep them there.

So, then, with that fact in mind, I greet you tonight as veterans who have won your spurs in the political arena; as fellow workers with whom we labor side by side on equal terms for the great cause which means so much to the party and to the Nation.

In the past few years we have made victory a Democratic habit. Undaunted by the power and might of the forces arrayed against us, we swept to overwhelming victory in the campaign of 1936. It was the third consecutive national triumph for our party. We all like to win and naturally the extent of these victories was most gratifying. But it is well to remember that before we were permitted to experience the pleasant taste of success, our party had 12 long years during which it was compelled to watch from the sidelines and to play the role of minority watchdog to a rival party which at that time was rapidly becoming drugged from the excess of its own power.

I sometimes think that in those years out of office, the Democratic Party found the discipline, the foresight, and the courage which made it so eminently successful when the reins of Government were passed into its hands. In the first place the party never abandoned the primary principle that the true purpose of

government was to advance the well-being of the great mass of citizens. In the second place, the party had the fortitude and the bravery to return to the political battlefields undaunted and unafraid, after defeats and discouragements that would have broken the spirit of a less courageous group of men and women. In other words, the Democratic Party had confidence in itself and by that unflinching attitude, it won the confidence of the Nation.

There is a great lesson to be learned from the course of the Democratic Party when it was out of office and during the period when the only force available to keep it functioning was the deep-seated conviction that its principles were right. Conversely, there is much to be learned from the fate of the opposition during that same period. The fact is plain that the Republican Party was the victim of its own successes. It almost literally fell apart, not because of what it did, but because of what it failed to do. The vice of omission and indecision paralyzed its leadership when the Nation was praying for action. Having won election after election by the simple process of letting things drift, the Republican leaders were unable to rid themselves of the do-nothing habit.

When the country finally voted them out of office by an overwhelming majority, the captains of the G. O. P. turned over the Nation to their successors not with reluctance but with relief. Even they had come to deplore their own inability to get things done.

The story of the past 5 years has been vastly different. Our party has been solemnly accused of nearly every possible crime on the political calendar—that is, all but one. No one has yet charged that the Democratic Party is afraid to do things or that it is hesitant to accept responsibility for its own actions. We have a President in the White House who looks responsibility squarely in the face and who dares to do those things which he considers necessary for the welfare of the whole country. He never backs away, he never accepts the counsel of delay, merely because a problem is difficult or because he fears it will offend the prejudices of a powerful group in the community. Above all else, he bears in mind always the fundamental fact that the purpose of the Democratic Party and of his administration is not simply to win victories but to promote the best interests of the United States of America.

With that reason in mind, the Chief Executive has called Congress to meet here in about a week's time, nearly 2 months in advance of the next regular session, to consider legislation of vital importance to millions of citizens. He wants the Congress to formulate an agricultural policy that will insure a stabilized industry, a fair level of prices, and orderly marketing conditions to the men and women who derive their livelihood from the soil. A good start has been made in dealing with the problem—now he wants to consolidate the gains that have been made and to erect barriers against possible dangers in the years that are to come.

Another objective of the President is to find some way of raising the scale of living for those millions of Americans who, unfortunately, are compelled to exist at bare subsistence levels, and in many cases below subsistence levels. He looks upon this effort to improve the living conditions and to raise the purchasing power of the poorer classes as an essential step in the long-range plan to insure permanent prosperity for America. And so he has asked the Members of Congress to assemble this month in order that these problems may be considered in unhurried fashion and methods of action agreed upon.

Now, I am conscious of the fact, as you are, that a great many folks are disappointed over the fact that the Chief Executive has summoned Congress here for this extra session. They point out the obvious fact that it could have been avoided. They emphasize the fact that the proposals of President Roosevelt are certain to awaken sharp differences of opinion and perhaps stir up heated partisan debate.

All those contingencies were known and appreciated by the Chief Executive before he decided to act. But over against them was the bald truth that the economic and social well-being of the United States will never be established on a satisfactory basis until these problems are dealt with in honest and realistic fashion. To persist in overlooking them would be a serious error in public policy.

The wage problem and the farm problem were not born in the brain of any individual. The demand for action has swelled up in a united demand from millions of toilers and millions of farmers who are insistent upon obtaining some kind of financial and economic security in return for their daily toil. The solution may be difficult—perhaps it can be found only by a process of trial and error—but the necessity for action is too urgent to be overlooked.

I wish you to bear in mind this paramount fact at all times: If the Democratic Party fails to do the things that must be done, the task will be turned over to other leadership because the American people will no longer tolerate inaction. They want party leadership and they want party responsibility.

I think it might be well to offer a word of assurance to those who are fearful of the consequences of a party split. There is a serious split existing at this very moment—but not in our party. Our ancient rivals, the Republicans, attempted a harmony gathering and instead found themselves torn apart into hostile camps, with at least two factions ready to stage a death struggle against one another for control of party affairs. What happened at the meeting was a clear indication of bigger and better battles to come.

While the Republican leaders have at last awakened to the fact that the American electorate will have nothing to do with a party that lacks both leadership and a program, there is nothing to indicate that they know what to do about it. The Old Guard reactionaries in the G. O. P. will never yield up their place of power at the party council tables. Neither will they consent to the adoption of a liberal, forward-looking declaration of policies and principles. The only genuine hope for progressive government in this country will continue to rest on the Democratic Party. As for the talk of a dissension in our own ranks, let me emphasize that it is impossible to divide a party which has the backing of the overwhelming mass of the electorate.

The political lesson of the day is plain. The Democratic Party is in control because it is honestly grappling with those things which the American people want done. The opposition has merely reached the point of realizing its own weakness. From now on it must begin the process of building itself once again into a positive force in the Nation's political life.

There is nothing for us to fear if we escape the deadly error of inaction and reject the counsels of those who suggest evading issues as the easy way to victory. The facts are all on our side. The constructive achievements of the past few years can never be uprooted either by propaganda or by ingenious misrepresentation.

With his customary keen insight into public matters, President Roosevelt pointed out recently that the mass of citizens are taking a far greater interest in the affairs of government than they ever did before and that this newly awakened interest is a healthy sign for the future of democracy in this country. It is well for all of us to heed what the Chief Executive said, especially those of you who are charged with the responsibility of directing the affairs of the young Democrats. In the years that lie ahead, it will be your duty not only to see that the Democratic Party is well organized, but that it continues to be a party with a program and a purpose. Bear in mind that having witnessed the beneficial effects of responsible party leadership under the Roosevelt administration, the majority of the people will never be satisfied with less.

The past few years constitute a glorious chapter in the history of party government. In that time a new luster has been added to the brilliance of Democratic Party achievements.

We have won the hearty support of millions of hard-working, upright citizens who are marching forward under our banner because they are determined to realize the ideal of a free and prosperous America, unhampered by the deadly doctrines of unreasoning radicalism or blind reaction. We must never lose sight of that ideal.

With commendable determination, the Young Democratic Clubs have charged themselves with the task of making sure that the great majority of first voters continue to find their way into the Democratic Party. Because I am acquainted with what you have done in the past, there is not a single doubt in my mind that your goal will be accomplished.

In closing let me thank the young Democrats of America for their magnificent contributions to the party in the past, and at the same time extend a hearty good wish for the success of their present endeavors.

How the Tariff Hurts the Farmer

EXTENSION OF REMARKS

OF

HON. BENNETT CHAMP CLARK

OF MISSOURI

IN THE SENATE OF THE UNITED STATES

Monday, December 6 (legislative day of Tuesday, November 16), 1937

EDITORIAL FROM MEMPHIS COMMERCIAL APPEAL

Mr. CLARK. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD an editorial published in the Memphis Commercial Appeal entitled "How the Tariff Hurts the Farmer."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Memphis Commercial Appeal]

HOW THE TARIFF HURTS THE FARMER

(Trade barriers rather than crop control are chiefly responsible for loss of foreign farm markets, says Cotton Belt newspaper; exclusion of goods from other countries makes them unable to obtain exchange with which to purchase our surpluses; urges gradual tariff reform, retaining "indemnities" for farmer in the meantime.)

There are two fundamental reasons why southern cotton has lost its dominant position in the world market—they are the high protective tariff and America's position as a creditor nation. All other factors are corollary and contributory.

Prior to the World War we owed money to the rest of the world, which we had borrowed to build railroads and otherwise expand our national industrial plant. These loans were in the form of domestic securities. When the war broke out the belligerents cashed in and bought war materials. That squared our interna-

tional debt. As the war went on, we began to lend money, and we kept right on lending up to the crash of 1929. Those lendings are still debts.

Because there is no international currency, one nation buys from another through the medium of credits in the currency of the nation from whom goods are bought. These credits can be purchased with gold and in other ways; but the chief method is through the sale of goods. If a nation has only a few dollar credits in the United States, it can buy only a limited amount of goods from us. It can get additional dollar credits only to the extent to which America is willing to buy its goods.

Until 1929 we lent foreign nations money with which to buy our goods, but they kept on getting deeper in debt and finally went broke. Hoover signed the disastrous Hawley-Smoot tariff bill of 1930, which created an even more desperate situation. In the cotton industry one emergency measure after another was applied, including the New Deal's policy of controlled production and price.

The point is that New Deal devices have not been the fundamental cause of our losses in the world market. To repeat, we have lost ground primarily because (a) the world has an insufficient number of dollar credits, and (b) it can't get more of them because the tariff limits the amount of goods they can sell us in exchange for credits with which to buy.

Opinions as to cause and effect might differ, but all conclusions point to the inescapable economic facts that prices which are determined by world supply and demand cannot be controlled within the United States, and that income for parity in the buying market cannot be brought about through natural economic forces so long as the cotton farmer sells at a price determined by the cost of production in other countries and buys at prices artificially suspended above the prices in the countries in which he sells.

The false assumptions of the tariff are, of course, well known. Its chief fallacy is that it does not create and protect a high standard of wages for American workmen. In case of a tariff levied to protect an industry where there is little domestic competition, the industry raises prices as high as possible and pockets the amount of the tariff as profit.

In the case of industries where there is keen domestic competition, both prices and wages are forced down as a result of the competition, and the tariff has no effect. It is the tremendous American market for volume sales, and not prices, that determines profits for industry and wage standards for labor. The tariff is in effect a sales tax levied for the benefit of inefficient industry; the American workman does not enjoy its alleged benefits because it is a toll taken out of his pay envelope.

That fact has not seemed to be sufficiently clear to the industrial sections of the country, nor does it appear entirely clear to them that the economic relationship of the cotton-producing section to the manufacturing sections is equally harmful to both. The South buys its consumable goods from the manufacturing sections, mostly in the North and East, but sells back to these sections a disproportionate amount of what it produces. There is, in consequence, an unbalance of trade between these sections.

That could be balanced by price parity, but, because of the tariff, the South balances it through borrowing which, as fast as compound interest can work, creates bankruptcy. It should be understood by industrial leaders and investors that if the purchasing power of the South could be increased by reason of a larger distributable income, brought about by price parity, the result would be a tremendously expanded market for the sale of domestic goods.

In this country, political leadership must soon determine whether agriculture is to be sabotaged for the benefit of a few marginal manufacturing industries.

We have said that in our judgment acreage restriction does not necessarily have to result in crop curtailment. We believe acreage restriction for conservation purposes can be brought about without political control.

The problem of the tariff, meanwhile, must be faced realistically. American goods collide everywhere with tariff walls as high as our own. We are living in a world of nationalistic self-sufficiency. American inventive genius, American industrial methods, and American financing have contributed to that self-sufficiency. Foreign workmen manufacture goods for sale in their own domestic markets with American-devised machinery, in factories built with American money.

To demolish utterly our tariff—fallacious and disastrous as it is—would dislocate trade the world around, and we, for a period of time, would also suffer. Drastic but gradual reform is more practical. We are not optimistic that much headway can be made in tariff reform in the limited time in which Congress has to fashion new farm legislation. Once again, therefore, the problem of an impoverished agriculture must be approached through the medium of artificial devices.

The Commercial Appeal believes in the justice and the economic necessity of a cash subsidy as an indemnity against the injustice and economic folly of the tariff. We would like to see it called by its right name—an indemnity.

We believe the processing tax is the fairest and soundest method yet advanced for creating a subsidy. Meanwhile, we wish to repeat and to emphasize our conviction that the way of courageous and liberal political leadership points unerringly in the direction of tariff reform, which, even under conditions of a disjointed world economy, is in our judgment not impossible.

Leadership of Republican Party

EXTENSION OF REMARKS

OF

HON. ERNEST W. GIBSON

OF VERMONT

IN THE SENATE OF THE UNITED STATES

Monday, December 6 (legislative day of Tuesday, November 16), 1937

LETTER FROM GOVERNOR OF VERMONT

Mr. GIBSON. Mr. President, the poll of the American Institute of Public Opinion appearing in the Washington Post and other newspapers of Sunday, December 5, shows that a majority of the Republicans are not satisfied with their present leadership, which has so wrecked the party that it now has a representation of less than a quarter of the membership of the Congress. The poll further discloses that the Republicans of the Nation believe that a development of new leaders is more important than a development of a new program; that they want the Republican Party to be more liberal in its social and economic viewpoint; that they pick economy, tax reduction, and restoration of business prosperity as the chief issues for a political campaign.

Hon. George D. Aiken, Governor of Vermont, the only State in the Union that has always remained loyal to the Republican Party, has issued an appeal to the Republicans of the Nation through an open letter to the Republican National Committee. I ask unanimous consent that his letter may be printed in the Appendix of the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OPEN LETTER TO THE REPUBLICAN NATIONAL COMMITTEE, FROM GEORGE D. AIKEN, GOVERNOR OF THE STATE OF VERMONT

DECEMBER 4, 1937.

GENTLEMEN: The State of Vermont deserves the respect and attention of the Republican National Committee. With our sister State of Maine, alone of all the 48 States of the Union, we returned a majority for our Party in the last national campaign. As elected leader of the Republican Party in this one of the remaining Republican States, it is my duty to inform you that, in my judgment, neither in Vermont nor elsewhere in the Union will we, as a national party, again receive the support of a voting majority unless your body recognizes the necessity of reorganizing and becomes responsive to the enlightened opinion of the voters whom you profess to serve.

America faces a crisis. The Democratic Party, swept into power on the wave of the depression, has now ruled our Nation for several years. During this time a large part of the vaunted liberty of our citizens, won at the cost of a century and a half of struggle and sacrifice, has been wiped away. Our children's children have been bonded to pay the costs of inefficiency; small business has been stifled; the ranks of labor have been sundered; confusion has increased, and hope has been largely superseded by despair; for millions, centralized paternalism has supplanted self-reliance, and a virtual dictatorship over a hundred thirty million educated and erstwhile free Americans is being seriously proposed and sought.

But there is still in the hearts of the great majority of our citizens a love of liberty that does not die, a desire to bring order out of this confusion, a will to make workable those proposals upon which the spotlight of time focuses our attention as desirable, and the courage to discard the great mass of unworkable or premature theories, dreamed by dreamers and seized upon by opportunists as a vehicle on which they may ride into power.

Ordinarily patriotic citizens would turn to the Republican Party as a means of combating the insidious changes coming over our form of government, but they are not doing so today. They see no hope in a party offering no constructive policy or program; a party whose leaders are apparently more concerned with controlling the party machinery than in American welfare; a party so torn by internal bickering, hopeless ambitions, and lack of direction as to be in a nearly complete state of demoralization. The body politic of American citizens demands a party of integrity and ability to which it may give allegiance. The Republican Party has a last opportunity—it may become the grand new party of America or it may not.

After consultation with leaders of opinion in the Republican Party in this State, and with their advice and encouragement, I make three demands with reference to your organization.

The first demand is that at the earliest opportunity the National Committee be purged of the baneful influence of the southern committeemen who represent no one except themselves and their allied officeholders, past and present—mostly past. Nourished on political patronage alone and used as a tool for controlling the party, this body of committeemen is your organization's greatest liability. The character of their representation is such as to preclude any possibility of securing the cooperation of the millions of patriotic fellow citizens south of the Potomac and the Ohio, and their prominence in party councils repels right-minded voters everywhere.

I suggest that each committee member be allotted to vote equal to the proportion which the Republican vote in his State bore to the total vote in that State cast for President in the last national election. The enforcement of this rule would do more than deprive a group of opportunists of unearned and misused power. It would make the position of committee member attractive only to men and women who are convinced of the possibility of building up the party in Democratic territory and are determined so to build it.

My second demand is that the national committee set before itself, as a major aim, the winning to the party of the youth of the Nation, and the placing upon it of the serious responsibilities of party leadership. We have become a party of old men. Unless we can become also a party of and for young men and young women the party will die—and the processes of dissolution have already begun. It is obviously necessary not only to draw the younger party members into counsel, but necessary that there be a program for party policy and later for party platforms which appeals to the keenest intelligence and highest aspirations of American youth.

My third demand is the immediate preparation of an affirmative program. Among the points acceptable in such a program I suggest the following:

First. Accept in general the social aims which the opposing party has had the wisdom to adopt, but has lacked the ability to put into efficient operation.

Second. Reject decisively the use of enormous expenditures and special benefits as a political expedient for attaching agriculture, industrial groups, and other workers to our party. We can never outbid our opponents and we should be ashamed to try. Our claim for support must be made on higher grounds.

Third. Instead of offering a place at the feed trough, invite the youth of the Nation in all occupations and in all walks of life to work together to produce and distribute, by the labor of head and hand, a larger volume of goods and services for more people of the Nation. Emphasize what we can give and do—not what we can get.

Fourth. For the sake of all of us, recognize both the fundamental importance and the peculiar difficulties of the business of agriculture. Encourage the farmer in self-support and in the preservation of the fertility of his soil, provide means for carrying over the surplus of bumper years into the lean years, and on crops whose prices are made in the world market provide a subsidy on domestic consumption that is the equivalent of the tariff subsidy available for manufactured goods. I believe that all this can be done without detriment to the annual purchasing power of the industrial worker, without imposing production control on the farmer, and without destroying the foreign market for his surplus. We can surely avoid in this last respect the mistakes of the present administration whose policies have dangerously crippled our farm market abroad, and have so done in the face of the obvious failure of similar experiments with British rubber and Brazilian coffee.

Fifth. The industrial worker must be assured of his fair share of the Nation's production. We ask as the main objective to this end an expansion of employment and increase of production. The consequent demand for his services will assure him of both an increased pay envelope and increased actual purchasing power for the enjoyment of himself and his family. Everything has been tried but this, and nothing but this will serve the worker's needs.

In the interest of the small businessman upon whom the perpetuation of free competition depends, we demand the restriction of monopolies and a minimum of regulation. When regulation seems necessary, the Government should bear in mind the difference between large and small industries and their respective abilities to bear regulatory burdens. Free competition fosters personal initiative, aids the smaller communities, and also reacts to the benefit of the consumer.

Sixth. For all workers, whether in industry, agriculture, or the service occupations, we further demand the coordination into a rational system of our present unrelated policies of governmental borrowing, expenditure, employment, and relief on the one hand, and private employment, taxation, and debt repayment on the other.

Seventh. The neglected element in the preceding demands is a proper relationship between Government and business. It is imperative that Government shall look upon business as the source of production, employment, and consumption, and that private industry be fostered to this end. It is the corresponding duty and interest of business to meet more than half way the honest overtures of an honest Government. In this mutual respect and understanding of business and Government depend the solutions of most of our yet unsolved problems. A more profitable and active private business can and will pay larger real wages, make a better market for the farmers' produce, draw into its workshops the surplus population of the farms and thereby reduce the surplus farm production and raise farm prices. And a prosperous business can and will, through higher wages, salaries, and dividends, pay the taxes needed for the maintenance of our social program and reduction of our public debt to a point where national credit can safely withstand a peace or wartime emergency. No other source of financial support is available.

Eighth. We must defend the rightful sovereignty of the States, not because of our attachment to some outworn doctrine of States' rights but because the well-being of the people demands that we do so. The shift to Federal rule results in an unwise relinquishment of local responsibility. The process is insidious. First we exchange self-reliance for dependence on local and State government; then we yield local and State responsibility to the Federal Government. Such yielding in the majority of cases induces a weakness of character in our citizenship which our party must make every effort to prevent, whether among our own members or in the body politic at large. It is particularly necessary that young men and young women be infused with the sense of personal responsibility for local government. The other aspect of this problem is that the Federal Government is taking on itself powers too great and too complicated to be successfully used. As a result, we are now on the point of legislative and administrative break-down, a situation whose consequences we scarcely dare imagine.

Ninth. Finally, we must preserve all useful elements in our form of government and change only by constitutional means those whose usefulness has ended. We must return to Congress its legislative and deliberative functions. We must preserve the authority, integrity, and independence of our courts. We must refuse to the Presidency a blanket grant of power by methods or for purposes unauthorized by law and unrevealed before the elections, but should strengthen it and its supporting staff in the gathering of information and the making of wise and constructive recommendations.

With the break-down of parliamentary governments and the growth of personal power and rule in Europe as our warning, and with the harassed state of the peoples living under them as our warrant, we must sound a trumpet call to the citizenship of America, young and old, to take upon itself the responsibility for making this Nation truly great and its Government truly a minister to the needs of its people; and that trumpet call must summon them not merely to legislative halls and to the polls, it must summon them as well to farm, store, and factory.

To purge the party organization of its reactionary and unfair elements, to focus its forces on the recognition of the youth of our Nation, to prepare immediately an affirmative program—that is the demand which the Republican leadership of Vermont makes on the Republican leadership of the Nation.

If that demand is not met, we must look elsewhere for an organization through which thoughtful and devoted Americans of North and South, East and West, can join together to work for the good of all.

Sincerely yours,

GEORGE D. AIKEN,
Governor of Vermont.

Working Conditions in the District of Columbia

EXTENSION OF REMARKS
OF
HON. VIRGINIA E. JENCKES
OF INDIANA
IN THE HOUSE OF REPRESENTATIVES
Monday, December 6, 1937

Mrs. JENCKES of Indiana. Mr. Speaker, I desire to bring to the attention of the Members of the House of Representatives a most important situation which has developed here in Washington, D. C., during the past 10 days.

This situation will no doubt have a decidedly unfavorable effect on the workers in your own congressional districts.

We Members of the House of Representatives have heard a great deal of talk and the Congress has spent much time on legislation to promote fair practices toward labor and fair standards of practice in industry.

We Members of the House of Representatives have always had the interest of our American workers and those who must toil at heart.

The Congress has made sincere efforts to better the condition of wage earners throughout the Nation.

However, as the citizens of the District of Columbia are not permitted to vote, and as the citizens of the District of Columbia, therefore, do not have elected Representatives in this House or in the United States Senate, those who toil and labor in the District of Columbia are without direct elected representation in their Nation's Congress.

Their only recourse is through an appeal to the Members of the Congress who happen to be appointed to the District

of Columbia Committee of this House of Representatives or of the United States Senate.

An urgent appeal has been made to me by my constituents in the Sixth Congressional District of Indiana, and by other citizens of the State of Indiana.

The Honorable L. P. Lindelof, who is the general president of the Brotherhood of Painters, Decorators, and Paperhangers of America, with headquarters at Lafayette, Ind., and whose subsidiary local unions are situated in Terre Haute and other cities in my congressional district, has advised me that there exists a deplorable situation at the Woodward & Lothrop Department Store in the District of Columbia. This deserves the attention of the Congress, not only from the viewpoint of protecting our own constituents but because, while we are only temporarily located in Washington, we are at this time patrons of the Woodward & Lothrop Department Store, which is undoubtedly one of America's very fine merchandising establishments. I have endeavored to ascertain the facts, and I ask you, my colleagues, to also become interested in behalf of your own constituents in your own congressional districts, and I am sure you will disclose some surprising conditions, which deserve the attention of, and possibly the correction by, the Nation's Congress.

Large groups, members of organized labor unions, particularly the long-established Painters' Union Local No. 368 of Washington, D. C., which includes many citizens of my congressional district who are craftsmen in this local painters' union, came to my office and asked for justice.

Painters' Union Local No. 368 of the District of Columbia has had from 75 to 100 pickets surrounding the Woodward & Lothrop Department Store for the past 10 days.

Mr. Bryce P. Holcombe, business agent of Painters' Union, Local No. 368, has advised me that the executives of the Woodward and Lothrop Co. refuse to recognize and employ any painters who are members of an organized labor union, while all other department stores in the District of Columbia do employ union craftsmen. The strange phenomenon of this situation, in which it differs from others, is that organized labor seems to be unable, and is totally unable to get its story before the public through the usual channels. It has been reported to me by Mr. Holcombe that this is apparently because the Woodward and Lothrop department store is one of the largest purchasers and users of advertising space in the local Washington newspapers. Mr. Holcombe has advised me that rumors are widespread in local labor circles that the firm of Woodward and Lothrop has an internal union commonly called a "company union."

I am this day officially bringing this situation to the attention of the Secretary of Labor as well as the National Labor Relations Board, and I have asked these Federal agencies to become active in a searching investigation to develop the true facts, in order that the rights of those who work and toil may be safeguarded under the law, as was the intention of the Congress, when laws protecting the rights of labor were enacted.

I am greatly interested in the protection of industry. We must have successful, prosperous industries, capable of distributing great quantities of articles of high value at the lowest possible cost to the American consumers. This distribution should be carried on with a legitimate profit, which should enable corporations to declare legitimate dividends to stockholders, after having paid good wages under good working conditions.

It is my understanding that the firm of Woodward & Lothrop has made large profits in the past, and it would be of interest to this Congress to know to what extent those who invest their labor and devote their lives to the service of this company also participate in the profits, by means of a fair wage under proper working conditions, commensurate with an American standard of living.

In conclusion, I wish to say that it has been my observation that organized labor has always stood for the protection of industries which provide a fair wage commensurate with our American standard of living.

I appeal to you, my colleagues, to become interested in this situation, which will be an act in favor of your own constituents who also labor and toil.

The Wage and Hour Bill

EXTENSION OF REMARKS
OF
HON. FRANK HANCOCK
OF NORTH CAROLINA
IN THE HOUSE OF REPRESENTATIVES

Monday, December 6, 1937

LETTER FROM HON. FRANK HANCOCK, OF NORTH CAROLINA, TO ONE OF HIS CONSTITUENTS EXPLAINING HIS VIEWS ON THE WAGE AND HOUR BILL

Mr. HANCOCK of North Carolina. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

NOVEMBER 4, 1937.

MR. KARL BISHOPRIC,
Spray, N. C.

DEAR MR. BISHOPRIC: I am grateful for your recent letter comparing the Black-Connery bill, as passed by the Senate, with the bill as reported by the Labor Committee of the House, which as a result of the discharge petition will automatically take its place on the Calendar of Motions and be before the House on December 13 for consideration. In keeping with my concept of true Democratic procedure, I shall vote to discharge the committee, but unless the measure is radically revised in several vital particulars it is my intention to vote against its passage. Notwithstanding my hearty approval of both its social and economic objectives, I am firmly convinced that in its present form it is administratively infeasible and that its application could not be other than injurious to the country and particularly harmful to a majority of the unorganized group of workers it is designed to help; and the more I learn of its probable effect the larger the doubt grows in my mind as to its desirability and soundness.

Recent economic disturbances and dislocations seem to accentuate both the untimeliness and unwisdom of the enactment of this measure in its present form. Though the bills under consideration are designed to apply only to unorganized or under-privileged workers, it is generally conceded that under either of them a considerable proportion of the working population of the country would be brought within the scope of a Federal regulatory system which would remove or greatly reduce the incentive to extend trade unions to hitherto unprotected fields of employment. Organized labor seems to be quite properly conscious of the fact that these persons would quickly become proteges of the Government and be assured of certain minimum rates of pay, which would always constitute a serious danger that such minimum rates would become a test of the adequacy of pay in organized industry. At first blush, Government intervention of this kind might seem to help the cause of organized labor; but upon more careful reflection it is apparent that this would not be true, for the reason that a forced product is not as sturdy as a normal, uncoerced growth. If Government control and regulation should spread in this direction, as experience proves that it always has done, we would shortly witness in my opinion the disappearance of real free labor organizations and their consequent replacement by a system of Government control over working conditions like that found in many of the European states.

In view of my convictions about the measure I wonder if it would not be the part of wisdom and statesmanship for Congress to confine itself at this time to legislation against the products of child labor in interstate commerce, leaving the question of minimum wages and maximum hours for adults to be dealt with by collective bargaining, as provided in the Wagner Labor Relations Act. However, if a minimum wage and maximum workweek must be established on a national basis, the standards should be determined by law and not by decrees of a bureaucracy as now permitted in both bills. Furthermore, the standards should be set at such a point as not unduly to unbalance economically those areas in which money wages are, because of peculiar circumstances, below average levels. In this connection I cannot but keep in mind the unfair and unjust freight-rate discrimination that has obtained against our industries since almost the development of industry in the South. It is also pertinent, I feel, that in the consideration of this measure we keep in mind the true economic fact that increase in the average worker's purchasing power rather than increase in money wages is what counts in bringing about a real increase in the Nation's productive and consumptive capacity.

You will recall that the President's message stated that most fair labor standards, as a practical matter, require some differentiation between different industries and different localities. The inference here would seem to recognize a regional rather than a national program, though I concede that there is some weakness in

such a contention, and especially because of the growing interdependence of the various sections of our country. On the other hand, the President makes it very clear, based on the long and exhaustive study of his aides and experts, that in the consideration of this question from a national viewpoint there are certain rudimentary standards which should be given general and widespread observance and the lack of observance of which must be regarded as socially and economically oppressive and unwarranted under almost any circumstances. Unquestionably he has in mind those few employers who continue to exploit helpless and unorganized men, women, and children through payment of unfair, indecent, and starvation wages. In my opinion no industry, regardless of its location, which depends for its existence or success upon a standard of unreasonably long hours and unreasonably low wages is entitled to the respect of the people or the consideration of the Government, and the sooner it "folds up" the better off society, industry, and the country will be.

I join you in the hope that between now and December 13, when the wage and hour bill will come to the House floor for debate and amendment, members of the committee will give further serious consideration to the wisdom of requiring Congress to fix the wage and hour standards and eliminate from the bill all provisions delegating that legislative power to executive department bureaucrats. Unless this is done, it would be contrary to all experience to expect a board, as now provided in the bill, to do other than constantly reach out for more power over labor and industry, which would in time no doubt bring about the downfall of our economic system of industrial and social freedom. Such delegation of power to a board, unaccountable and irresponsive to the will of the people, would also make impossible the administration of the law in such a way as to contemplate a minimum of governmental coercion and would serve to lessen the incentive for self-regulation which has been the typical American way between those who work and produce and those who direct the work and provide the means for production. It is my fervent hope and sincere trust that such measure as may be enacted will bring peace and happiness to both labor and capital and create between them a genuine partnership in industry and business. Such an achievement would at least be a rough attempt to institutionalize our Christian philosophy.

With good wishes, believe me,

Very sincerely yours,

FRANK HANCOCK.

Wage and Hour Bill

EXTENSION OF REMARKS

OF

HON. DONALD H. McLEAN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, December 6, 1937

RADIO ADDRESS BY HON. FRED A. HARTLEY, JR., OF NEW JERSEY, FRIDAY, DECEMBER 3, 1937

Mr. McLEAN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio address by my colleague, Hon. Fred A. Hartley, Jr., of New Jersey, Friday, December 3, 1937:

Every decent American citizen wants to put an end to the sweatshop and stop the exploitation of labor as soon as possible. No individual, political party, or organization has a monopoly of concern over the welfare of our underprivileged, and the desire to lead them to the "more abundant life." However, the solution of this problem requires more than a kind heart. The road to economic hell for both capital and labor may be easily paved with the best of intentions.

The wage and hour bill about to be considered by the House of Representatives is just such an example. Permit me to unmask this legislative wolf in sheep's clothing. This bill is based upon the popular, but none the less grave, misconception that Washington has the answer for everything, and that Congress can legislate prosperity. However, the law of economics is not an act of Congress. Of course wage rates may be raised by governmental fiat, but real wages cannot. Sixteen dollars a week may be established as a minimum weekly pay, but who will profit if that $16 buys only $8 worth of food, clothing, and shelter? And that can happen here.

We are told that this measure will raise the wages and lower the working hours of the exploited workers of America. As a matter of fact, it does nothing to help the poorest paid of all, the farm laborer, whose average weekly wage for 1937 was $4.76. These low-paid, long-hour tillers of the soil who constitute the largest element of that "third of the people who are ill-fed, ill-clad, and ill-housed" are excluded from its alleged benefits while their living costs are being raised by it.

This bill will apply almost exclusively to industrial workers, and when we stop to consider the many exemptions such as seamen, fishermen, all public employees, those employed in administrative, executive, or professional capacities, all piece workers, so-called white collar help, domestic help, outside salesmen, those toiling for department stores, 5- and 10-cent stores, chain stores, hotels, and all other local retail and intrastate businesses, we find that but a small percentage of the Nation's workers will obtain increased wages. As a matter of fact, the only real beneficiaries under the bill will be the 35,000 or more politicians who will be added to the Federal pay roll to run the works, or, should I say, ruin the works. On the other hand, in thousands of industries paying wages above the bill's requirements but affected by the hours provisions, there will be a loss in wages to workers. For example, workers paid 60 cents an hour and working 48 hours per week may be cut down by the Fair Labor Standards Board to 40 hours, resulting in a weekly loss of $4.80 in pay. Is that what American labor wants? As Dorothy Thompson has said, "It is a share-the-poverty law with a vengeance."

This measure sets up certain standards that must be met by all American industry. If our industry fails to meet these requirements, it is denied the right to ship in interstate commerce, but what about the products of Chinese coolies, Russian slave labor, Argentine peasants, or Japanese labor, paid $2.70 for a 60-hour week. There's nothing in the bill to stop them from shipping their products in interstate commerce. And so we find American industry ordered to raise wages while its market is turned over to foreign low-wage competitors. Is this legislation for the benefit of the United States or the rest of the world? Some of our labor will get a pay raise all right but for how long will they have jobs?

And now we turn to the latest alphabetical combination, the F. L. S. B., the Fair Labor Standards Board, to be created by this proposed act. A politically controlled board empowered to discriminate between one industry and another, one State and another, and between one section of the country and another, five omnipotent dictators to guide the destiny of all American industry and labor as well. A "roving commission" such as has already been declared unconstitutional by that recognized liberal, Mr. Justice Cardoza, given power to make laws, administer them, and invoke the police powers to enforce them. Where will you find five such Solomons for ten thousand dollars a year, or at any price? That, my friends, is government by fiat.

Such a board could by intent literally ruin any individual manufacturer it might desire, and it could ruin manufacturers by the score through errors of judgment alone. These objections also hold good should the administration of this act be transferred to the Department of Labor.

The current business recession which is rapidly developing into another real depression should be sufficient evidence of the adverse effect of continued political interference. Business will adjust itself to the new social trends far more quickly by natural economic laws than by more artificial legislative stimulants. Fixing arbitrary standards to apply to millions of workers in thousands of industries is like prescribing a patent medicine as a cure for all disease. However, industry will not alone suffer from the effects of this legislation.

The leadership of the American Federation of Labor wisely recognized that this bill might easily sound the death knell of the organized-labor movement. What will be the incentive to join a union if the Government is to set the hours, wages, and other conditions of employment? And who is there who contends that the workers of America will be better served by the politicians than by labor's established leaders exercising the rights of collective bargaining? A board which has the right to raise wages also has the authority to lower wages. In the light of its many complications and the serious and adverse changes in the industrial life of labor and the Nation since the measure was first reported, the A. F. of L. suggested that the bill be recommitted to the House Labor Committee, where hearings might be held. This was refused. Imagine this 55-page measure of 25 sections and innumerable subsections vitally affecting the economic life of the Nation being jammed through Congress without even a public hearing. What can be expected of legislation so enacted?

Pass this bill and gone with the wind is local self-government and the sovereignty of the States. Gone with the wind is our democratic system of government and all the institutions we hold dear. There is a right way to do almost everything and there is a proper approach to the objectives of this legislation which may be done within the Constitution, and that is for Congress to say to the various States, labor conditions within your own borders are primarily your own concern, but if you permit substandard conditions to exist there you will not be permitted to send the product of such substandard labor into other States or areas where goods of higher labor standards are competing. In other words, such a proposal would preserve the rich national market to the States having the highest labor standards instead of lowest, as at present. Of this plan Gen. Hugh S. Johnson, whose experience in matters of this kind is unsurpassed, has said:

"With one stroke it reverses the downward pull of degraded labor everywhere and makes the entire pull from the high standards upward. It preserves the constitutional authority of the States to regulate their own internal affairs, to regulate their commerce up to the point where it affects more States than one; even more than that, it preserves us from dictatorial bureaucracy. It prevents centralization in one-man government, it substitutes economic persuasion for political dictation, and is the most complete and simple answer to the whole vast problem."

This idea is within the Constitution in that it is based on the act prohibiting prison-made goods in commerce, the constitutionality of which has been upheld by the Supreme Court.

The administration wage-hour bill as previously pointed out could affect in its operation only a very small percentage of low-paid long-hour labor engaged in interstate-commerce industry. My suggestion enables the States to include in their legislative acts not only the workers in the interstate industries but also those employed within the State.

It is fully recognized by everyone that any wage-hour legislation is purely experimental, and the danger of the administration bill is that the Federal Board would have to set up a "guinea-pig laboratory" in which to experiment on both labor and industry throughout the whole United States. The measure I propose offers a more gradual and safer method of arriving at what eventually would become more or less national standards for wages and hours.

If we are to do this job, let us approach it properly; let us look where we are going before irreparable harm has been done. May we realize that there is no difference between the interests of capital and the interests of labor, and that legislation hurting one injures the other. Above all, may we understand that there will be more jobs and better pay for all when the politicians and theorists permit that initiative, which made this the most prosperous Nation on earth, to go to work once again.

The Futures Market, That Is, Gambling in Grain Futures, Not Supply and Demand, or Tariffs, Fixes Farm Prices

EXTENSION OF REMARKS
OF
HON. JOHN A. MARTIN
OF COLORADO
IN THE HOUSE OF REPRESENTATIVES
Monday, December 6, 1937

On the bill (H. R. 8505) to provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce.

Mr. MARTIN of Colorado. Mr. Speaker, under leave granted by the House, I submit a letter written to me by Mr. Ernest D. McDougall, a former resident of my home city, and a deep student of and writer and speaker on farm problems:

WASHINGTON, D. C., *December 6, 1937.*

Hon. JOHN A. MARTIN,
House Office Building, Washington, D. C.

DEAR JOHN: Ever since our early acquaintance, back in Pueblo many years ago, I have followed your public career with great interest and approval. I am glad to know that you are taking an active part in the debate in the House on the farm problem.

On reading newspaper accounts to date of the congressional debates on this important subject, I am led to fancy that I hear the joyful shouts of justifiable jubilation of the city slickers in La Salle Street in grateful recognition of the close cooperation they are getting in the Nation's Capitol.

There are a few fundamental facts, as obvious as a sore thumb, which many of the Senators and Representatives seem disposed to overlook:

First. The antitrust laws, including the Robinson-Patman Act, apply only to industrial trusts and combinations in restraint of competitive trade; and, as expressly stated, they do not apply to agriculture.

Second. The law of supply and demand does not and cannot apply to agriculture in the fixing of American prices for American-grown commodities sold and consumed in the United States, because agriculture is not organized in such a way as to bargain freely in the market place.

Third. Contrary to the fact in the market for industrial products, the market for farm products is regulated and ruled by a ticker tape, which does not pretend to fix American prices for American supplies, but which claims to fix world prices on the basis of world supply and demand, not on the basis of domestic supply and demand.

Fourth. Contrary to the fact in the industrial field, neither a protective tariff nor an embargo tariff can insure to producers a fair price for farm products in the domestic market, because the market is regulated and ruled by a ticker tape which, in theory, fixes prices on the basis of world supplies and world demand, regardless of national tariffs.

Fifth. So long as the market for farm products is regulated and ruled by a ticker tape assuming to reflect world prices, producers of supplies for domestic consumption cannot receive anything but world prices, unless, year after year, the Government pays cash to the producers equivalent to the difference between world prices and the prices which American producers ought to receive.

Sixth. The annual cost of trying to legislate on the basis of domestic supply and demand and at the same time trying to preserve the "futures market" is (a) the total sum of the Government's cash benefit payments to farmers; plus (b) billions of dollars of speculative losses; plus (c) millions of dollars of futures brokers' commissions; plus (d) billions of dollars of difference between world prices and the prices American farmers ought to receive for domestic supplies of farm products.

It is sad, indeed, to behold the tragic spectacle of American statesmen struggling, in confusion, to legislate justly for agriculture. I dread to contemplate what the historian of the future will write about the messy, ill-considered legislation we are seeking to foist upon the more than 6,000,000 farmers of this country. The Congress is now hastily trying to enact farm legislation of a permanent character. That is inexpressably sad. There is ample time remaining prior to the marketing of next year's crops, to legislate deliberately for market control. That is the sensible course for the Congress to pursue.

I hope that somehow our legislators will find opportunity to take a fresh view of the vital problem of farm markets and farm prices.

Very sincerely,

ERNEST D. MCDOUGALL.

Gambling in Farm Products

EXTENSION OF REMARKS
OF
HON. USHER L. BURDICK
OF NORTH DAKOTA
IN THE HOUSE OF REPRESENTATIVES
Monday, December 6, 1937

Mr. BURDICK. Mr. Speaker, speaking further on the question of what can be done to put the farmers of this Nation in a position to help themselves, I note that very little has been said about the detrimental influences of "grain gambling," on the principal markets of the country. I realize, of course, that we have been assembled here to take emergency action to correct a farm situation that is now critical in the extreme, and I propose to go as far as any Member in passing emergency legislation to meet the situation. Under the terms of H. R. 8505 I am fully convinced that we are not passing emergency legislation. For that reason I have used whatever powers I possess to make this bill better—not to destroy all legislation, but to pass such a measure as will meet an emergency situation.

The best proof that we are doing nothing in this bill to meet this situation is that no new appropriation is contemplated and no process taxes appear in the bill. This being true, then it is conclusive that we can pay the farmers no more in benefit payments in 1938 than we would if we did not pass this act at all. The chairman of the Committee on Agriculture, in response to inquiries during the debate thus far, has stated that no new appropriations are contemplated.

My position has been and now is that in this emergency, with all farm products selling far below the cost of production—wheat, cotton, and corn in particular—that we should immediately establish a minimum price on wheat and corn to cover that portion of these crops consumed within the United States and that the surplus, if any, can be sold by the owners for what they can get anywhere they can get it.

That is not all we can do now. We can also plan for permanent stability to farm prices, and one of the ways to plan for the future is to pass House Resolution 356, which I introduced in this House on November 19—

providing for the appointment of a Select Committee on Futures Trading to investigate and report to the House its findings and recommendations for further legislation as to futures trading in contract markets, especially as to short selling and margin requirements and as to alleged violations of the Commodity Exchange Act, with reference especially, but not exclusively, to wash sales, cross trades, accommodation trades, and fictitious sales; providing an appropriation therefor; and for other purposes.

If anyone doubts the evil effects and the depressing influence of gambling in farm products, let me cite the fact that during the fiscal year of 1937 the Chicago Board of

Trade sold 8,050,872,000 bushels of wheat and received 37,433,000 bushels. In other words, for every bushel received in Chicago 215 bushels were sold. Any one person or any group of persons, with proper and adequate financial backing can and does go into any grain market and sell fictitious wheat and those sales are not distinguishable, to the general public, from the sales of actual wheat. The result is that the price is pounded down and down. When the gambler has operated in sales long enough to have driven the price down, he immediately buys in an equal amount of grain at the pounded down price and cashes in on his transaction. He leaves the wheat pit with money he never earned and money that should have gone to the producers if he, as a gambler, had been prevented from this nefarious practice.

While this practice is supposed to be regulated under authority of the Commodity Exchange Act, the fact is that these sales of fictitious commodities are going on and on, unmolested. The Chicago records here cited prove the impotency of the Government under the Commodity Exchange Act.

A further explanation of the operations of these wheat pits may throw further light on this whole farm-price situation.

Let us see if we can unscramble this mess. The theory of scarcity is admittedly out. The theory of ever-normal granary is in. What I should like to discuss now is the reason why, in the presence of the futures market, the protective tariff and the law of supply and demand will not operate to give the farmers reasonable prices for the products of their farms.

The fatal fallacy lies in believing that the balancing of domestic supplies with domestic demand will result in fixing fair prices in the domestic market. The theory of the law of supply and demand is that, with a supply in excess of demand, the price will decline; that, with a supply below demand, the price will rise; and that, with a supply just equal to demand, the price will be just what the product is reasonably worth to the buyer and what the seller is willing to take.

These ideal conditions are not present in the futures market, so far as domestic supplies are concerned. In the first place, the farmer has nothing to say as to the price he would like to receive, because his prices are determined by the ticker-tape of the futures market. In the presence of the futures market the farmer is not a free agent in selling his crops. He must take what is offered by the market gamblers. The law of supply and demand cannot operate under such conditions.

I wish to point out the further fact that the futures traders do not claim that, as to the domestic market, the law of supply and demand can operate. What they claim is that the futures market reflects the price resulting from the operation of the law of supply and demand in world markets, not in domestic markets. But the Congress of the United States is not planning to frame legislation to fix the price of farm products in world markets. Our job is plenty big to fix American prices for American farmers. What we are trying to do, if I am not very much mistaken, is to fix prices for American products sold and consumed in America.

The Chicago Board of Trade futures market cannot fix prices for farm products both on the basis of world supply and demand and also on the basis of our American standard of living and American production costs. That is an obvious fact which seems to have escaped the attention of those who are trying to frame legislation indirectly to fix the price of farm products and at the same time to preserve the business of the gamblers. Such an accomplishment is obviously beyond the power of finite man.

I wish to read an excerpt from a decision of the Supreme Court of Illinois, the case of *Cothran* v. *Ellis*, 125 Ill. 496, 500, speaking of the futures market and the law of supply and demand, as follows:

> Through its instrumentality the laws of supply and demand have been reversed, and the market is ruled by the amount of money its manipulators can bring to bear upon it.

Whether or not the futures market reflects world prices resulting from the operation of the law of supply and demand I shall not argue at this time. All I need to say is that that is what the futures traders claim for their futures market. As to the American market, however, it is commonly understood that futures quotations, as indicated by the ticker-tape, are the result not of the volume of supplies of domestic sellers and the volume of demand of domestic buyers but rather the result of operations of the bulls and bears as they play the market up and down according to the rules of a gambling game which the courts have repeatedly denounced.

As to the tariff, I should like to quote from a statement made by Dr. A. G. Black, Chief Economist of the U. S. Department of Agriculture, before the Senate Committee on Agriculture and Forestry, on August 19, 1937. He said:

> The tariff wall would not do that (raise domestic prices). You could have an embargo tariff on these domestic products, but that doesn't necessarily mean that these prices will go up at all. We saw that in 1932, where we had a tariff of 25 cents a bushel on corn, but our corn price was 8 and 10 cents.

At the same time there was a 42-cent tariff on wheat and wheat sold here at 30 cents a bushel.

The tariff will not work in the presence of a futures market. The tariff, however, will work where a direct attack is made on the problem of giving the farmer a stable market price. Stable prices and futures markets do not mix. One cannot bet at the roulette table unless the wheel is in motion. Neither can a futures market operate in the absence of continual fluctuation of price quotations. The tariff does operate as to industrial products. That is because prices of industrial products are not determined by the ticker tape of the futures market. The tariff will work for the farmers if we give them a stable market. It will not work in a cash market that is subject to manipulation by the gamblers who run the futures market.

We, as representatives of the people, now face the necessity of choosing to legislate for the commodity gamblers or for the farmers. We cannot do both. I am sure that the subject of futures trading has not yet been thoroughly investigated from the farmers' point of view. I have introduced a House resolution for such an investigation. The number is House Resolution 356. I believe that that resolution, which has been referred to the Committee on Rules, should be reported out favorably and should be adopted by the House. Meanwhile, I think that the pending bill should be sent back to the Committee on Agriculture for further study.

It is quite certain that if we are going to work on the theory of the law of supply and demand to determine prices of domestic supplies of farm products we shall be obliged to get rid of the futures market. If, on the other hand, we should make a direct attack on the problem of stabilizing agricultural prices at a reasonable level, then the futures market will fade out of the picture automatically, just as it did during the World War when prices of farm products were stabilized.

In conclusion, Mr. Speaker, I wish to point out a few very significant facts about the futures market that are not generally understood. The Chicago Board of Trade is not the largest grain market in the world. It is not a grain market at all. It is a futures market, where they trade in futures contracts concerning the future fluctuations of prices. Minneapolis is the largest grain market in the country. Chicago stands sixth or seventh down the list of grain markets in the United States. The volume of buying and selling grain, as merchandise is so small, that the Chicago Board of Trade does not even go to the bother of marking their merchandise transactions up on the board. The big board is reserved exclusively for recording futures transactions; not all for cash or merchandise transactions.

I wish to mention also the further fact that the futures market is not a market for the future delivery of grain or any other commodity. No deliveries are ever made in the futures market. It is said that less than one-half of 1 percent of the volume of futures transactions results in delivery.

The further fact is that such deliveries as are made under futures contracts are not made in the futures market but in the cash, the merchandise, market. Everyone who sells in the futures market sells short, whether he be hedger or speculator. No one ever enters the futures market with the idea of making or taking delivery of anything. If he later changes his mind and wants to get rid of some actual grain under a futures contract, he must step out of the futures market and convert his futures contract into a cash contract and make his delivery in the cash or merchandise market.

It may be well to ask: If all sellers in the futures market sell short, what, then, do the buyers buy? They buy a chance; they buy a lottery ticket, half of the numbers of which are losing numbers. There is not a kernel of grain, not a penny of purchase money back of a futures contract. There is nothing back of it except margin money, which is put up by both "buyers" and "sellers." The futures contract is a gambling contract, pure and simple, as the courts have consistently held.

The stock argument for futures trading is that the futures market gives to millers and other handlers of farm commodities the opportunity to hedge. It might more truly be said that it creates the necessity for millers to hedge. It is the fluctuations of the futures market against which the hedging is done. Millers do not like speculation or gambling. They play the futures market in self defense against the havoc futures fluctuations bring to their investments in cash grain, as merchandise. Millers would much prefer to buy their wheat in a stable market, as other businessmen buy their stock-in-trade in a fairly stable market, without the intervention of futures trading. Whichever horn of the dilemma we chose to take, whether to aid the farmer in realistic fashion by means of the operation of the law of supply and demand or by directly fixing the prices of farm products at a proper level, we must reconcile ourselves to the idea of giving up all thought of preserving the futures market. There is the real problem that we face, no matter what theory of farm legislation we pursue. To dodge this problem presented by the futures markets is to continue to run down blind alleys, as we have been doing up to date. To dodge this problem is to fly in the face of fate.

If we are sincere in doing something for the increase of the price of farm commodities, let us take action now in outlawing for good the practice of unconscionable gamblers who profit on the misery of 30,000,000 people. The farmers generally have known of this situation for years, but for some reason, not at all explainable, the gamblers have been permitted to continue merrily on and sell and resell necessaries of life to the deplorable loss of the farm population and to the acute financial distress of the whole country. If the millions filched from the farmers by entrenched gamblers were permitted to be added to the farmers' purchasing power, every business interest in the Nation would receive the benefits. From a selfish standpoint, if not through the dictates of human sympathy, the businessmen of the Nation should back this resolution and stop a limited few from destroying the Nation.

Is the Press Next?

EXTENSION OF REMARKS

OF

HON. FRED L. CRAWFORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, December 6, 1937

Mr. CRAWFORD. Mr. Speaker, the year 1937 will go down in history as a year of tampering with the Federal court system and the year patriots demonstrated the pen is mightier than the sword and put down the rebellion against judicial independence by writing their indignation to Congress.

We are about to enter a new year and harbingers of a drive against another cherished liberty of the Republic may be seen lurking on the horizon. Whether they will be so bold as to linger when the rays of light of public opinion fall upon them remains to be seen.

I refer to the freedom of the press. Recent slaps at the press both directly and indirectly by the present administration impels me to draw attention to this matter today.

Published reports from four separate and distinct fronts indicate a sudden outward unfriendliness toward the freedom of the press on the part of the New Deal.

Thomas Jefferson, in his first inaugural address, said:

> Freedom of religion, freedom of the press, freedom of person under the protection of habeas corpus, and trial by juries impartially selected—these principles form the bright constellation which has gone before us and guided our steps through an age of revolution and reformation.

These principles have not dimmed one iota in forming the constellation that has shown on the Republic in the nearly a century and a half since those words were uttered. They not only carried us through the trials of a new-born nation of the days of Washington and Jefferson but they have been recognized as sacred tenets through internal and external upheavals; through wars, panics, depressions, and the bitterest of political campaigns. They form the keystone of political liberty.

EDITORIALS IRK POSTMASTER GENERAL

The majority of the press did not see fit to go along with the President and his New Deal experiments in last year's election. Leaders of the administration admit that for the most part they have little complaint against the factual statements reported in the news columns but the thorn in the side is the editorial interpretation of the news made by the editors in a secluded section of their paper known as the editorial page.

It appears the New Dealers are no longer able to conceal their bitterness toward this editorial freedom of the press. Their rash is breaking into the open as evidenced by Postmaster General-National Democratic Chairman Farley's recent radio statement inferring that he preferred using the radio for his speech because "it will be uncontaminated by coincident editorial comment."

Another of the outbreaks appears in the more recent action on the part of the National Labor Relations Board which has issued a dragnet subpena requiring a trade-journal editor to make complete revelation of all details concerning the writing, publishing, and circulating of an article which appeared in a regular issue of the publication criticizing the Labor Relations Board.

A still further disturbing report is the headline appearing in the current issue of a weekly newspaper published in my own State of Michigan indicating the Department of Justice has been asked by someone here in Washington to investigate that newspaper.

And on the fourth front we find the Treasury Department discriminating against the newspapers of the country in a national advertising campaign in which full-page, paid-for advertisements are run in the current issues of a number of weekly magazines on the authorization of the Treasury.

FREE PRESS AND DICTATORSHIP WILL NOT MIX

Dictatorships do not flourish under freedom of the press. When the sandman of dictatorship attempts to close the eyes of the Nation with propaganda prior to his attempt to seize the reins of the United States Government, it will be the press, and only a "free" press, that will tear the veil from his face and disclose him in his true form. When that day comes the press will be the Paul Revere of the new revolution. The people, having thus had their interest aroused, will investigate for themselves. Then they will act according to the dictates of their own conscience. One-man rule and dictatorships are no longer bogeymen. They are flesh and blood in the world today. And they have walked into being as nations slumbered. A free press and free speech in America are our only sentinels against it happening here.

I am in accord with the Postmaster General when he refers to the great benefits accrued in the development of the radio.

It has been a real asset to the farm folk of our Nation who are unable to have the morning newspaper with their breakfast.

It is a real boon to our churches in reaching the multitudes who do not attend religious services.

It is proving a real factor in enlightening our Nation in the fields of education, drama, science, music, and government.

It has done much to bring our 48 States closer together.

But I am in distinct disagreement with the National Democratic chairman when he stated in his radio broadcast of November 8, this year, that "if it were not for this new agency of communication the public mind would inevitably be confused."

In making this remark he was leading up to his statement that the radio pleased him because through it his address that was to follow would be "uncontaminated by coincident editorial comment."

IS THIS UNDECLARED WAR ON PRESS?

When a Cabinet member speaks it is news. When the national chairman of one of our political parties speaks, that is likewise news. It is even greater news when the person speaking is both Cabinet member and national chairman of the party in power. And when this news source begins to tell the public about "editorial contamination," and discriminate and voice preference for one method of disseminating his news over another, it is time to take an inventory of what is happening.

As national chairman, are his remarks to imply that the Democratic Party will resort wholly to radio in its campaigns of 1938 and 1940?

As a Cabinet member, does his statement mean his administration is about to start an undeclared war on the press unless newspapers change the tone and hue of the editorial page?

Fortunately the press is not easily frightened. It does not look to the Government for favors.

Until the administration furnishes a radio for every home and so regiments its citizens that they be required to devote a certain and definite period each day to listening to a fireside chat from Washington, any movement to minimize the place of the press in the life of the Nation will fall far short of its aim.

Mr. Farley seems to have overlooked the fact that radio, though it may boast to the contrary, has its editorial writers of the air in the form of commentators who endeavor to "interpret" the news in their broadcasts. Not the least important of these is ex-New Dealer Gen. Hugh Johnson. The names of others are familiar to every radio listener in America, and they do no more than the unidentified writer of newspaper editorials whose name rarely gets before the public.

The advantage is that Mr. Farley's address, or that of any other person, may be subjected to attack by the radio editorial commentator but the chances are that those comments will not go to the same ears nor probably to as many ears as did the address itself. Then, too, the radio editorial literally vanishes in the air once it has been "published." The newspaper editorial is more lasting. It will be bound in the whole paper by libraries, may be clipped, and preserved by some readers and read and reread by others. It is record, black on white.

Freedom of speech and freedom of the press go hand in hand. Preservation of radio's free speech is as important as maintaining the freedom of the press. The life of a free people will endure as long as newspapers with their news columns and editorial writers, and radio stations with their uncensored news flashes and their news commentators enjoy freedom of speech and press.

There is no denying that there are a few papers in existence which twist the news to fit their whims and policies, but these are in the extreme minority and few of them from a political standpoint could elect a third assistant coroner. The public cannot be fooled and it has a way of doing away with this type paper just as it has of dealing with the unscrupulous businessman. Papers of this type are the exception—not the rule. My acquaintance with editors convinces me that the great majority of them try diligently and religiously to keep their news columns free of propaganda. They take the news as it comes, regardless of newspaper policy, and they rely upon their editorial page for the expression of their own views. This fact is accepted by the public.

WHAT IS BEHIND N. L. R. B. ACTION?

Those jealous of freedom of the press will watch with interest the developments in the National Labor Relations Board's subpena of the editor of a trade journal in connection with the Weirton Steel Co. case. There may be some dispute as to the motive of the Board in demanding the editor of Mill and Factory to produce about everything imaginable in connection with his gathering, producing, and circulating his magazine article called "The True Story of Weirton." The article is reported to have been reprinted and circulated among Weirton employees. If the publishers of the article are being cited merely as printers of the circulated reprint, let the Labor Board make that plain. If the citation involves the publication of the article, which contained statements critical of the National Labor Relations Board, in the regular course of the issue of the magazine, then there will no doubt be a question involving the freedom of the press.

If the Labor Board feels that the Weirton officials exerted undue influence by distributing copies of the article among their employees, I fail to see wherein the editor or publisher of the article should be harassed and cited to appear and produce such things as records, memoranda, proofs, and notes of telephone conversations, and interviews. That should be a matter between the Labor Board and Weirton officials.

Labor has long recognized and utilized the free press. It has established its own press and says what it thinks. Irrespective of the merits of the Weirton labor dispute, labor's interest will be tied up in the trade-journal citation if it becomes an issue of freedom of the press. There is a very fine labor newspaper published in my home city and I am just as anxious to see freedom of the press maintained for that editor as I am to see it preserved for the papers in the more general news field.

From Michigan today comes the published report of a request made that the Department of Justice investigate the newspaper Social Justice founded by the Reverend Father Charles E. Coughlin and classed among those militant foes of the New Deal policies. A free press applies as much to the National Union for Social Justice as it does to a metropolitan daily. It entitles that group to have its own paper and express its own views. Are such independent papers, conscientiously devoted to expounding the principles of the organization they represent, to be harassed because they differ and criticize the administration? This phase of this case will be watched if there is foundation for the published report.

TREASURY ADVERTISES—BUT NOT WITH NEWSPAPERS

Neither can action of the Treasury Department, in tossing its head in the air and ignoring newspapers when it decided to engage in an advertising campaign, go unnoticed in view of some of these other recent developments. Full page and highly colored advertisements intended to boost the sale of United States Savings bonds appeared last week in such magazines as Liberty, Saturday Evening Post, Colliers, Time, and Literary Digest. I am advised not a single newspaper participated in this advertising program. These ads were placed by two advertising agencies, one in New York and the other in St. Louis, on the approval of Dr. James W. Bryan, Chief of the Information Section of the Division of Treasury Bonds. To my knowledge this is the first time the United States Government has ever gone in for a paid advertising campaign of this type and scope in a peacetime effort to induce the public to buy direct obligations of the Government.

Such an advertising policy does not seem consistent with good business practices in view of the fact that the newspapers have devoted thousands upon thousands of columns of space for news stories based on press releases of the

various departments of the Government. In this respect the New Deal is apparently shoving the goose that laid the golden egg out of the hennery and into the cold.

Press agentry, glorified by Barnum and perpetuated by the press contact of every circus that followed, has been made a most active part of every New Deal agency. With approximately 100 departments, bureaus, boards, and authorities of the Government maintaining on a full-time basis their divisions of information that grind out a variety of press releases, the newspaper readers are given more Government news than ever before. The present administration has dipped into the cream of American journalism in many cases to obtain some of its press chiefs. I have no desire at this time to criticize or differentiate between the types of releases sent out. That is another story. Much of the information contained in the releases is highly informative and actually constitutes news. In the great mass of press releases that leave Washington daily from these governmental press agencies, it cannot be otherwise than that some of it is actually advertising for the New Deal. One prominent writer recently said:

> Thus while the editors may condemn the New Deal in relative obscurity of their editorial pages, the New Dealers continue to sell it in the more potently opinion-making news columns.

In every major movement of the New Deal it has depended upon the newspapers of the Nation to carry the message to the citizens. Despite its growing unfriendliness, it sought and utilized the press of the land to carry out appeals in connection with the most recent unemployment census. Members of Congress recently received a letter from Unemployment Census Administrator Biggers urging them to make appeals—

> through newspaper interviews stressing the importance to the Nation of full knowledge of the extent of unemployment * * * etc.

In a booklet containing a "suggested program of action" which was sent to the "Mayors' Committee for Assisting in Unemployment Census" throughout the Nation, Administrator Biggers placed much stress on ways and means of securing newspaper publicity on the census. This is one of the most up-to-date examples of the dependence placed on the newspapers by the present administration when it has a big job to undertake.

Likewise, recent in this respect was the action on the part of the Farm Security Administration and the A. A. A. in calling the Negro newspaper editors of the Nation to Washington last Wednesday and Thursday for the purpose, according to the Agricultural Adjustment Administration's own press release, of "discussing the programs of the two organizations in relation to the Negro press and the Negro farmers."

There is nothing new in Government contacts with the press although the New Deal had expanded that field. I cite these two instances of recent date to show that although the Postmaster General turns to the radio and the Treasury spends its advertising money with the magazines, the administration is still willing to take advantage of the news columns in advancing its programs.

HAS FINGER ON AIR WAVES

The Federal Government has a closer grip on the radio stations than it has on the newspapers. The broadcasting stations must renew their licenses every 6 months. They depend entirely upon the partisan Federal Communications Commission to keep competition out of their broadcasting field. In protecting this field, the Commission indirectly protects the revenues because the stations derive their incomes from their advertising field. With the 6-months' renewal regulation there is a close relationship between the broadcasters and the administration. Then, too, alterations and improvements at the station must bear the approval of the Government. The administration has its fingers on the air waves. As yet it has not attempted to stifle free speech on the air waves but the facilities for so doing are within its reach.

The press is more independent and is more free of Government regulation. The publisher makes a sworn statement in applying for the privilege of sending his paper through the mail as second-class matter and is required to publish a statement of ownership each year. Further than that the Government has no more strings tied to the press than it has to an ordinary merchant or manufacturer. The Government does not keep competition out of his field nor does it deny use of the mails to more than one paper of the same type, in the same field, and issued at the same time of day.

How long this privilege will last depends upon the constant vigilance of the publishers themselves and upon the length of time our citizens continue to want free press and free speech. Utterly ignoring the press in an advertising campaign will not eliminate a free press. Neither would abolition of the scores of "divisions of information" for as long as the records of the Government are public, the newspapers will get the news to the people. They did it before the New Deal increased these information departments by 35 percent.

FREE PRESS BAN WILL NOT COME OPENLY

Curb on a free press will not come through these open and readily distinguishable sources. By bringing these citations to your attention I would not imply that it is time to shout "Wolf, wolf." Yet who 12 months ago would have given serious thought to the idea that the administration had in mind tampering with the Supreme Court? An administration bold enough to attempt to subordinate an independent judiciary may be considered likewise bold enough to attempt to curb a free press.

With the Nation in its present state of mind, as evidenced by the uprising against the Supreme Court packing scheme, I would hesitate to predict that anyone would be so bold as to openly propose clamping down the lid on freedom of press and freedom of speech.

There are other ways of slowly attempting to accomplish that end. Experiments may be attempted. Newspapers using wire services as a source of outside news are a part of interstate commerce. Papers delivered to subscribers beyond State borders are in interstate commerce. In some cunningly worded Federal licensing bill covering "any person, firm, or corporation" we may some day find the Government tightening control of the press. If censorship and dictatorship of the press are to come, they will come through some unguarded channel. Efforts may first be made to place a curse upon the press in the minds of the people.

The movement may come as a thief in the night and loving freedom as we do we can but watch with interest the developments on the fronts I have outlined and exercise vigilance for the perpetuation of the bright constellation referred to by Jefferson. Once the press is gagged the movements against speech and religion will form in rapid succession.

Justice for Tom Mooney

EXTENSION OF REMARKS

OF

HON. JOHN M. COFFEE

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Monday, December 6, 1937

SPEECH OF DUDLEY NICHOLS TO ORGANIZED LABOR AND RELIGION IN SAN FRANCISCO, CALIF., ON OCTOBER 20, 1937

Mr. COFFEE of Washington. Mr. Speaker, in the case of Tom Mooney, certain supreme values are at stake.

Here is due process of law, absolute equality before the law of every man, denied. Here is the American ideal of justice, democracy, and the square deal, ravished. Here is the right to life, liberty, and the pursuit of happiness, openly, officially, and persistently profaned. Here is the most priceless of human values—genuine freedom of thought, of conscience, of speech, press, and assemblage, desecrated.

With these facts staring us in the face, we, a group of Representatives, sincere American citizens, have associated ourselves together. We feel that these values are too great to be dissipated by prejudice and passion. We accept the specific task of aiding to create a public will to free Mooney and Billings, and an organization designed to help make the will effective: National Committee To Enforce the Constitution of the United States and the Bill of Rights in the "Strange Case of Tom Mooney."

The people everywhere who will listen must be told the truth about Tom Mooney—his militant advocacy of international peace, his labor record, his persecutions, the horrible crime pinned upon him, his imprisonment, and his appalling, abortive struggle for justice in the California courts.

Mr. Speaker, I wish to include in the extension of remarks a speech by California's foremost citizen, a Hollywood playwright, the Honorable Dudley Nichols, in an address to organized labor and religion in San Francisco, on October 20, 1937, entitled "Justice for Tom Mooney."

The speech is as follows:

I'm glad to be here tonight, to help give Tom Mooney the voice he has been deprived of for nearly 21 years. The Committee for the Freedom of Mooney and Billings, all the labor organizations that make up that committee, all of you and the people on this platform, we are the voice of Tom Mooney. It is his indomitable spirit that works in us and compels us to proclaim against an injustice that shames not only California but all America—an injustice that was aimed at organized labor but fell upon two brave men—Mooney and Billings.

The fate of Tom Mooney shows how the forces of power, greed, and gain make war on the thing they fear most—the organization of labor. They will not find it so easy from now on under the Wagner Labor Relations Act. They will invent more subtle and cunning methods in their attempts to discredit the union of labor, by shouting "Red" at able, honest union organizers, by creating splits in the ranks of labor, by pitting company unions against real unions, by encouraging jurisdictional disputes, and by force and violence whenever they can get away with it.

Nevertheless we are coming into a new era for labor, and for that very reason we must not forget the forerunners who made this era possible. We must fight harder than ever to right the wrongs of the past.

I wonder if anyone here tonight can really be aware of what it means to spend 21 years of life in a prison. I'm sure I can't. Not really. Our imaginations won't bite that deep. Twenty-one years deprived of the simple freedom that is granted to a stray dog in the streets. It's the full span of maturity in a man—all of the energetic, creative, fun-loving, hard-working years of a man's life, the years that love activity and the appetite for living that activity brings—and peaceful sleep and a glad awakening, in the midst of a family and friends.

Perhaps if you have committed a great wrong and been justly convicted by a just society of fellowmen, it is easier to bear—for there a sense of expiation accompanies a sense of guilt in civilized man.

But when you have committed a great right, when you have worked unselfishly for the betterment of your brothers among humanity, and been unjustly accused and unjustly convicted by the forces of power, greed, and gain, I wonder if any of us would have the courage and the strength to stand it, to stand it without losing sanity of mind and body, without losing a love of our fellowmen, without hoarding up bitterness and hatred.

Mooney and Billings have. It is we who are outside prison bars who must hoard up bitterness for Tom Mooney—bitterness against corrupt, powerful interests, against crooked politics and crookeder politicians, against bought-up officials and those dealers in justice who deal with a cold deck.

It was the forces of power, greed, and gain that framed Tom Mooney—framed him because they hated him—and hated him because he was a great labor organizer, in advance of his time, who knew how to go about protecting labor against their exploitation. They knew that labor properly organized would have a voice as powerful as their own, that would weaken their money-making power, and they wouldn't stand for that kind of opposition.

They wanted Tom Mooney's life, and failing that they tried to bury him alive. But after nearly 21 years they still cannot destroy his spirit—they still cannot rub the slate clean. Even the grave could not rob Tom Mooney of his meaning. There is a black spot on the slate of California, and every thinking, honest man knows it is there—and they cannot wash it off.

Every year his voice from the living grave grows louder. It is like Poe's story of the Telltale Heart. In that story a murder was committed, and the murderer buried the body behind masonry. The wall was bricked up. It was a perfect crime. Nobody would ever discover it. The murderer must have felt that secret glee that the men who framed Mooney must have experienced when the jury brought in a verdict of guilty. But wait a minute—from behind the masonry a beating sound was heard, like the ticking of a heart. At first the murderer could just hear it. But gradually it grew louder—and louder—and he could do nothing to stop it. And finally everybody could hear it, and the wall was torn away, and the crime discovered.

Just so with Tom Mooney, they may have thought him safely buried alive. But his heart keeps beating. It grows louder every day—every time a meeting such as this is held—every morning Tom Mooney wakens in his prison. And it must finally attract the attention of the whole world, if necessary, for us to tear away those walls of injustice.

There is a saying that Truth, given a fair fight, will always win. Truth in Tom Mooney's case has not had a fair fight—but still it is going to win.

It's an old, old story—this framing and imprisoning of men who threaten corrupt power. I remember an Irish friend of mine telling me with great bitterness about Sir Roger Casement, who was executed for treason by the British. The tribunal that sentenced him revealed that Casement's diary contained shocking information pertaining to sexual perversion.

They were so shocking that even his sympathizers turned their backs on him in his last hours. But this Irish friend of mine has ascertained that Casement had spent some time in Brazil, and being a man of scholarly, scientific interest, had made copious notes pertaining to a little-known tribe of savages, and with true scientific thoroughness had also noted down their sexual habits. He intended to write a book about the tribe. Instead of that his notebook was presented as a diary of his private life. My friend had a final comment to make.

"The English," he said, "never defeat their enemies; they always disqualify them."

And the same tactics are used within nations as between them. Corrupt, powerful interests don't defeat outstanding labor leaders; they try to disqualify them. The forces of power, greed, and gain, which are completely lawless, will too frequently try to use the law—the very machinery of justice—to trap the men who threaten their power by organizing labor.

Once we realize that, once we face that unpalatable fact, we realize that you don't have to belong to any party or class to fight for victims like Tom Mooney. You don't have to be a Communist, or a Socialist, or a Democrat, or a Four Square Gospelite, or a Seventh-day Adventist to get up on your hind legs and say, "I won't stop fighting and I won't shut up until they free Mooney and Billings."

All you have to be is an American.

This great country of ours was conceived in the spirit of freedom and justice and democracy. That is a great and lofty ideal; that this is a free, just country that is to be ruled by and for the people. Not just a few people, but for all the people. Those great revolutionaries who gave this country birth wrote it all down in the Declaration of Independence and the Constitution of the United States. They said to the world: "Here is the cradle of equality, justice, and democracy; come and find life, liberty, and pursue happiness." And the world came and America grew into a great Nation.

Those are the principles which have made us great, and if we still believe in them, if we are still good Americans, we must say to ourselves: "Every time our American machinery of justice is used to commit an injustice a stone is being removed from the foundation of our country." America is like a stone tower, crowned by liberty, given height by democracy, and founded on justice.

One injustice—one stone knocked loose from the base of the tower—may not be so frightening. Ten may weaken the tower. And a hundred may bring it down.

And it is up to me—to you, to every one of us—to do everything in our power to put back the stones that are torn away. We must keep the foundation of America firm. I say that an official—whether he be a district attorney or a Governor (and I'm sorry there is a traditional bridge between those offices)—who fails to do everything in his power to correct an injustice is not being a good American.

And he is not being a good human being, because all civilized society is founded on the idea of human justice.

The real enemies of that flag are those who perpetrate injustice, those who fail to right it, and those who fail to fight it.

It is not enough to say, as some well-meaning people do, that they don't know enough about the case of Mooney and Billings to take sides with conviction. If you see smoke pouring from your neighbor's house, you are not being a good neighbor or a good citizen if you hurry past and say, "Well, there may be a fire there, but I doubt it; and anyway, I'm too busy to stop and find out."

For nearly 21 years the black smoke of injustice has been hovering over Tom Mooney's prison cell, and it is the duty of an American citizen to find out where the fire is and put it out.

That flag does not represent 3,000 miles of continent between two oceans and 48 pieces of property called States. It stands for 130,000,000 people who believe in a government of freedom, justice, and democracy—who believe that human life is more important than a bank account or a foot of ground. One of those 48 stars, called California, is not very bright tonight. It was smudged when Tom Mooney was railroaded into prison. Let us never stop until that smudge is wiped off and the star shines bright again!

The Wage and Hour Bill

EXTENSION OF REMARKS
OF
HON. EDWARD L. O'NEILL
OF NEW JERSEY
IN THE HOUSE OF REPRESENTATIVES
Monday, December 6, 1937

ARTICLE FROM THE NEWARK EVENING NEWS, DECEMBER 3, 1937

Mr. O'NEILL of New Jersey. Mr. Speaker, timely forethought in connection with the bill to fix a minimum-wage standard and maximum hours for employment is a survey recently made under the direction of the commissioner of labor for the State of New Jersey, John J. Toohey. The survey, confined in scope to women and minors employed in factories, indicates that there are nearly 50,000 in our State who are being paid from $5 to $7.99 weekly. There is no doubt in my mind that these employers are among those opposed to the enactment of the Black-Connery bill.

Mr. Edward J. Flynn, an official of the State department of labor, supervisor of the census, makes the following observation in his report:

The present state of social unrest throughout the world, becoming more evident daily, shows it is necessary that society itself, through its governmental agencies, establish some rules and take some steps to cure basic conditions that threaten its stability.

Failure of society to attempt to handle this problem can result only in irresponsible and radical organizations and developments which are dangerously apparent. I believe that public knowledge and public opinion can and will tend to cure this condition.

Well, and mildly, stated. It is with not a small degree of shame that I call the attention of the Congress to this situation in my State, but the importance of the question of a fair, living wage from both an economic and social standpoint makes it necessary to throw the light wherever the unscrupulous employer may be making his vicious contribution against enlightened progress.

The report of the survey is not taken from the monthly bulletin of the New Jersey Manufacturers Association, but from the Newark Evening News of Friday, December 3, 1937, and, under leave to extend my remarks, I include the article in full:

[From the Newark Evening News, December 3, 1937]

LESS THAN A LIVING WAGE PAID THOUSANDS IN STATE—NEW JERSEY SURVEY SCANS FACTORIES' SALARIES OF WOMEN AND MINORS AND FINDS 34,000 GET UNDER $5 WEEKLY, 292,000 BELOW $17

TRENTON: A survey of wages and working hours of women and children in small New Jersey factories revealed today an estimated 34,000 receive less than $5 weekly. Another 292,000 are paid less than $17, considered a "minimum living wage." The survey has just been completed by the minimum-wage division of the State labor department.

Edward J. Flynn, supervisor of the division, declared today the survey shows more "deplorable conditions." Many poorly paid workers, he said, are forced to accept supplemental relief or charity.

Although the minimum-wage law was passed several years ago, no funds for its enforcement were appropriated. Last year Labor Commissioner Toohey received an appropriation of $12,500 for the work. Most of this has been spent on the survey. Both Toohey and Flynn now believe they need more money to obtain enforcement.

NEEDS MORE INSPECTORS

Cooperation has been obtained from local police and from sympathizers who have volunteered information on violators of the law. To have a systematic check on violators, Flynn said the department needs more inspectors.

The survey is the first of its kind ever made in the State, Flynn said, and is one of the most complete in the country. Flynn was willing to discuss a few cases he has investigated without revealing names of the employees.

Flynn said one Morris County factory employs 83 women and minors who divided a weekly pay roll of $605. Average earnings of workers are under $7.50 weekly. On the same pay roll are 10 members of the owner's family, some of whom do no work. These 10 share a pay roll of $552, the owner and his partner receiving $100 each weekly.

NEWARK CONCERN

A Newark concern which competes with the Morris County plant has an average weekly pay roll of $14.67. Flynn said the owner of the Newark plant made enough money in recent years to retire and turn the plant over to his employees. He contends this is proof the Morris County plant should pay more.

A handkerchief factory in Passaic County has an average weekly pay roll of $9.86 and competes with a nearby factory that pays employees an average of $19.67.

Flynn says he upbraided one employer whose average pay roll was only $7.40 in a plant employing 121. Flynn says the employer said his workers "weren't worth any more."

DECLARES CURE NEEDED

Commenting on the survey, Flynn said he believes the "present state of social unrest throughout the world, becoming more evident daily, shows it is necessary that society itself, through its governmental agencies, establish some rules and take some steps to cure basic conditions that threaten its stability.

"Failure of society to attempt to handle this problem can result only in irresponsible and radical organizations and developments which are dangerously apparent. I believe that public knowledge and public opinion can and will tend to cure this condition.

"There is a minimum cost of living necessary to maintain a human being at a standard below which they become a moral and physical menace to society. Whenever any person or organization employs human beings for the purpose of making a profit on their labor and pays them less than an amount sufficient to sustain the moral and physical strength necessary to do the work expected from them, it is self-evident that society is paying at least a part of the employer's labor bill.

"It is self-evident that American industry as a whole, either through wages or taxes, is paying for maintenance of American labor. It is evident also that reputable business is paying for its own labor in wages and also paying the wages for the 'chiseling' employers by taxation and charities."

The survey covered 228,000 women and minors working in factories. Labor Department statistics show there are at least 150,000 that were not surveyed. Assuming the same pay rates prevail for the 150,000 as do for the 228,000, there are 45,300 receiving from $5 to $7.99 weekly. The total number in other pay brackets follows:

From $8 to $9.99, 42,781; $10 to $11.99, 46,259; $12 to $12.99, 26,850; $13 to $14.99, 50,604; $15 to $16.99, 48,034, bringing the total of those under $17 to 292,807.

There are 31,519 receiving from $17 to $18.99; 24,974 from $19 to $20.99; 19,085 from $21 to $24.99; and 10,431 who are paid more than $25.

Federal Bureau of Investigation Has Paid Dividends to American Taxpayers Amounting to a Return of $7 for Each Dollar Spent

EXTENSION OF REMARKS
OF
HON. JENNINGS RANDOLPH
OF WEST VIRGINIA
IN THE HOUSE OF REPRESENTATIVES
Monday, December 6, 1937

ADDRESS OF J. EDGAR HOOVER, DIRECTOR, FEDERAL BUREAU OF INVESTIGATION, UNITED STATES DEPARTMENT OF JUSTICE, DELIVERED AT NEW YORK CITY, DECEMBER 3, 1937, BEFORE THE ASSOCIATION OF LIFE INSURANCE PRESIDENTS

Mr. RANDOLPH. Mr. Speaker, a few days ago I read newspaper reports of an address by J. Edgar Hoover, Director of the Federal Bureau of Investigation, which he had delivered at New York City before the Association of Life Insurance Presidents.

Once again I was impressed by the quoted assertion of this inspiring public servant as he told his audience of the return which his organization is making to the American people.

In this instance I was of the opinion that his splendid address, Public Duty in Law Enforcement, should be read in full by both Members of Congress and the public, that I called for a copy of the speech that I might include it in the RECORD.

I do so with the feeling that I voice the almost unanimous approval of the House in sincere appreciation for this investment, which is a most profitable one to the citizens of our Republic.

PUBLIC DUTY IN LAW ENFORCEMENT

Law enforcement officers and men engaged in the business of life insurance have many things in common. Both of us attempt to insure life by saving life and we use many of the same methods, although directed in different channels. You have your scientific aids toward the preservation of life—we have our scientific methods by which we endeavor to safeguard the lives of the persons for whose protection we are in part responsible.

Your enemies are disease, accident, and violence—ours can be classified almost entirely in the latter category. You work toward your ends by education—we struggle to achieve results by the same method. However, I am sorry to say that at times we are not entirely successful. To those who pay you premiums on their life insurance, there is a personal element and a personal realization of risk which causes them to be much more receptive to your educational programs which, if followed, will enable them to live to a more mature age. Our efforts in education, however, while as thoroughly vital and while directed to the very same persons, who have an equally personal investment in the matter, all too often meet with apathy. Were it not for this widespread public indifference toward crime conditions, for a too general attitude of "let the other fellow do it," we would not be faced with the fact that the criminal army of America is composed of over 4,300,000 persons.

CRIMES ARE REPEATED

I am sure that you gentlemen have ample reason to appreciate the efficacy of statistics and the need for every available fact to guide you in your business. It may surprise you to know that in the important business of crime eradication, figures and facts and statistics are still in a rather lamentable state. It was not until the Federal Bureau of Investigation a few years ago began to gather statistics from various law-enforcement bodies throughout America that there was any picture whatever regarding the extent and fluctuation of crime. Even today those figures are incomplete, although they rapidly are assuming proportions which give us an accurate view of the conditions as they actually exist. Nevertheless, there are many necessary facts still lacking. For instance, we do not know exactly how many criminals are repeaters in crime. As gaged by fingerprints received, we know that fully 55 percent of all persons arrested have been arrested before. However, the lives of these men and women in many cases were shrouded in mystery until recent years when the growth of the Fingerprint Division of the Federal Bureau of Investigation, serving all parts of America, revealed their true identities.

There was a dearth of accurate statistics on the disposition of various cases. We found in numerous instances that a person who had been successfully masquerading as a first offender, in reality had behind him a long string of past violations. Thus you see we are only now beginning to get at the true facts regarding the extent and ramifications of crime, and the picture is truly alarming. Especially is this true in the taking of human life. You, as life-insurance men, are, I know, vitally concerned with the fact that there are roaming at large today in the United States some 200,000 potential murderers who during their lifetime will account for the deaths by violence of more than 300,000 persons, unless the present murder rate is reduced.

It should be a matter of most vital concern to know that every 40 minutes a human being is struck down in homicide. It should interest you also to realize that many of these crimes are those of degeneracy, often committed by persons afflicted with diseases which only recently have been discussed in public. Further, as persons who are interested in preventives, you should know that the slayers of the more than 13,000 persons who are our annual homicide victims are extremely blessed by the kindness of lax criminal laws, the eagerness of shrewd and often unscrupulous attorneys, and professional crime magicians, the soft-heartedness of many State parole and pardon boards, and the apathy of the public to the extent that the average murderer in the United States now spends less than 54 months in prison as the result of his crime.

CRIME IS COSTLY TO NATION

Life insurance companies have a distinct stake in the prevention of crime. Certainly murder is costly to you. The wreckage of human lives brought about by anguish and sorrow should be a consideration. When you realize that there are over 13,000 cases of murder and manslaughter each year and over 47,500 aggravated assaults, any one of which can affect later life, the problem resolves itself into one involving a distinct monetary consideration which cannot fail to be aided by the attention of such great fact-finding bodies as life-insurance companies. You have done great work in admonishing the public on the necessity for quick diagnosis and speedy treatment of numerous diseases; you have educated persons on the dangers of cancer, of tuberculosis, and of heart ailments, and within the last few years you have been courageous pathfinders in the distribution of information concerning the viciousness of our so-called social diseases. To my mind, crime is as malignant as any cancer, and it is as distinct a subject of health as tuberculosis. Both the victim of tuberculosis and the victim of the slayer may carry life insurance. Tuberculosis victims have a chance to recover. No murder victim ever again rises from his sprawled position where he has been knocked prone by the bullet from the gun of a criminal.

It might be profitable for insurance companies to take more interest in many of our jails and some of our reformatories and penitentiaries. It is a distinct matter of public health to know whether persons are being housed in unclean surroundings; whether they are being forced to remain in the same cells with other prisoners suffering from contagious diseases; whether the mentally unfit are being housed with prisoners of normal mentality, and whether unfit persons are being released to again prey upon the public.

It should be your consideration that law-enforcement agencies be given every benefit of proper public support, proper appropriation and assistance. By proper law enforcement, the public may survive; without it you may be sure that you will pay more insurance and indemnities.

MUST LOOK TO CAUSES

Reverting again for a moment to the matter of prisons and jails, a survey would reveal some appalling facts regarding the number of degenerates who are often improperly incarcerated in surroundings where they can spread their degeneracy to others and thus increase their menace, or who are released improperly, or improperly sentenced, or not removed, as they should be, from communion with our daily life. The surprising increase of degenerate sex crimes within the last few years has revealed an urgent necessity for corrective action by every public-minded body. This is not wholly a problem of law enforcement. In many cases, as you well know, degeneracy can be traced to disease, mental or physical. There should be given to the cure of degeneracy the same thought, the same eager perseverance, the same persistent investigation that has resulted in the lessening of many other dangerous diseases.

Naturally, the results of degeneracy, taking form in numerous crimes, fall into the hands of the law-enforcement officer; however, the causes of degeneracy are things for other persons to inquire into and to seek the cure, and until a program for the suppression and prevention of the causes of sex crimes can be found, we shall continue to see our women assaulted and our children brutally murdered. Law enforcement can apprehend the murderer. Law enforcement, however, cannot prevent the development of the factors which led to that murder. This is a job for the doctor, for the scientist, for the psychiatrist, and for great investigative, public-minded bodies like the life insurance companies of America.

And since we are talking of public duty, it might be well for us to look into some other facts which are just coming to light. There is no doubt that poverty is a factor which contributes to crime, but it is not the sole cause. Poverty, it is true, is the cause of many convictions, for the poor criminal has not the aid of shrewd lawyers or of venal political or other improper influence which may sway the scales of justice. But we find that most of the major criminals are not poverty stricken, particularly when one considers that some of our notorious bank robbers have often rolled up an annual income of $100,000. The reason in all these cases is quite simple—the more money a person has, the more friends one has; the more ability one has to summon influence to his assistance in times of stress, the more one is inclined to believe that he can get away with it when he commits a crime.

Let us consider the case of the average citizen. He overparks his automobile or he commits a traffic violation. He is summoned into traffic court. Immediately he begins a campaign to outwit the law. In one instance that I recall a man who had committed a violation involving a $2 fine spent $50 on everything from influence to plain bribery so that he might have the satisfaction, as he called it, of outwitting the police officer who gave him a ticket. I submit that if otherwise reputable citizens feel that they have a right to fix one form of violation, they cannot very well complain about the criminal who believes in his right to hire a shyster lawyer or to bribe a jury in order to get out of a pentientiary sentence for having committed a murder. Crime will continue to increase until public sentiment crushes crime, and public sentiment cannot crush crime until a public consciousness is aroused against all forms of crime.

PETTY CRIME COMES FIRST

You gentlemen of life insurance have spent much money in advertising to acquaint people with the tiny causes of great diseases. You have made it a self-apparent fact that many of the things which take our lives are invisible to the eye. The same thing is true of the desperate crime which menaces us today, in which over 1,300,000 major infractions are committed each year, in which there is a robbery every 10 minutes, a burglary every 2 minutes, a larceny every 44 seconds, and a case of automobile theft every 2½ minutes. It is rare indeed that a major criminal starts as such. He begins in a petty way, often with pilfering and other minor violations, finally to feed upon society until he reaches the status of a public menace. When we trace his history, we find that in his boyhood, the cause of his early crimes often was parental laziness, lack of discipline, and failure to set the proper example. The boy who hears his father boast of how he fooled the police in a traffic violation should not be held solely responsible if he too decides that it is smart to outwit the law.

American crime begins in the American home. The only way it can be cured is by a reestablishment of respect for law by the heads of our homes. In this regard, I want to remind you that more than 18 percent of all our crime is being committed by youths of 21 years or less. Moreover, during the first 9 months of 1937, persons under 21 years of age committed 13 percent of our murders, 28 percent of our robberies, 41 percent of our burglaries, and 51 percent of all automobile thefts. They did not learn their disrespect for law in our schools. They did not learn it at the grocery store or at the drug store or in church. They learned it at home. They learned it from parents who took pride in the exploits of rats like Dillinger or "Pretty Boy" Floyd, and who exulted in the freeing of a murderer because this murderer happened to have an attorney

more shrewd than the State prosecutor. They gained their disrespect from parents who in many instances were themselves addicted to petty or greater violations of the law.

Since we have been on the subject of values, monetary and otherwise, it might be interesting to look at the record of what proper public support can do toward law enforcement. It has been the happy privilege of the Federal Bureau of Investigation to have the good will and the support of honest citizens everywhere, which led to the proper appropriations and to the ability to build a scientific investigative body on the highest possible standard. The Federal Bureau of Investigation is naturally proud of many accomplishments. We realize that the results obtained could not have been accomplished without enthusiastic aid from the public and other law-enforcement agencies. Because of that support and because of that assistance there were 15,777 violators of Federal laws convicted during the last 4 years in cases coming within the investigative jurisdiction of the Federal Bureau of Investigation. Out of every 100 persons who have been charged with violating Federal laws by special agents of the Federal Bureau of Investigation and taken to trial, 94 have been convicted. During this period the cost of operating the Federal Bureau of Investigation amounted to a little more than $18,000,000. During the same period, because this Bureau has been allowed to build itself into an efficient organization, it was able to return in savings, in fines imposed in cases investigated, and in recoveries of stolen goods, a total of more than $135,000,000 to the taxpayers of America, or more than $116,000,000 above what it cost to operate the Bureau. In other words, this Bureau has paid dividends to the taxpayers amounting to a return of over $7 for each dollar spent, which I believe is one of the most profitable investments, public or private, that the American people possess.

REAL RETURNS ARE MADE

I cite these figures, not only because I am proud of them, but because I am extremely grieved that every community in America is not realizing the maximum returns from its law enforcement. I hasten to add that law enforcement of itself is not at fault. The responsibility for the lack of profitable enforcement in so many of our communities again goes right back to your insurance policy holders—the people of the average American home. If they only could be made to see that it is their business and problem and danger and protection, I feel sure they would be more determined that law enforcement everywhere be raised to a standard of high efficiency and profitable accomplishment. Once that is done, I assure you, crime will decrease automatically, because once the American home can be made to work for law enforcement it will of itself breed respect for the majesty of our laws. Without this, no matter how hard honest men of law enforcement seek to combat it, crime will continue to flourish.

We recently have heard from self-styled experts on criminology, men who believe they know even more than all law enforcement, that crime is definitely on the decrease. Unfortunately, crime is not decreasing and criminals are not reforming. The records of the Federal Bureau of Investigation show that crime is increasing; that more murders, manslaughters, robberies, sex crimes, burglaries, and automobile thefts were committed during the first 9 months of 1937 than during the same period last year.

I deplore the misinformation, the haphazard ideas, the scrambled suggestions, and silly sentimentality of these persons who attempt to cure crime by textbook methods. You cannot wipe out murder, nor arson, nor rape, nor any other crime by coddling criminals. It must be done by the methods of experienced men who know their business, who actually deal with criminals, who from long years spent in tracking down crime and watching methods of those who commit it, have been able to draw up a line of attack which can implant upon the criminal mind the fact that he cannot violate our laws and get away with it.

No criminal who is given the belief that he will be treated with kid gloves, sent to prisons often operated as country clubs, where he has the benefits of loafing, sun baths, radio, daily newspapers, magazines, motion pictures, baseball, basketball, and football, to remain there only so long as he desires to rest up from his criminal activities, and then leave on an easily obtained pardon or parole, ever can be persuaded that crime is anything but a highly enjoyable business. Only swift and sure and determined detection and apprehension, plus equally swift and sure prosecution, adequate sentences, discipline in prison, and a proper release without political or monetary influence, followed by strict supervision, can make any criminal realize that there is majesty in law, and power in the sentence of a judge when he punishes him for his crime.

PAROLE SYSTEM IS WEAK

This naturally leads me to a discussion of the administration of our State parole systems in America. You have heard much of it. You have heard many of our sob sisters relate at length about how few persons ever are returned for violation of parole. Whether these people speak the badly distorted facts which they so easily utter from ignorance or from a studied effort to delude the American people, I do not know. But the fact is that there is at the present time an apparent and persistent effort on the part of numerous self-styled know-it-alls to delude the people into believing that the administration of parole is a success. This is not true. Parole administration as it exists in all too many of our States is not a success. It is a failure. And it is trampled under foot by thousands of paroled convicts who look upon it as a part of their right. I am not speaking from any standpoint of fanciful theory. I speak from the hard and bitter experience of a man who has seen several of his associates shot down by the guns of members of the underworld who had been the recipients of clemency; shot down by such rats as "Baby Face" Nelson, who was three times paroled; by such vermin as Alfred Power, who walked out of a prison by the parole route by adopting an English accent and thus securing his release for deportation.

Moreover, I speak for every police and other law enforcement agency in America which has seen its brave officers go to their duty to be murdered, often from ambush, by paroled convicts. I hope I speak for every mother, who in the horror of grief, has gone trembling to the city morgue to look upon the defiled, broken body of some innocent child, raped and tortured by some sex-crazed monster who himself left prison by the parole method. These are the grounds upon which I speak. And I speak in defense of every decent American who wants his home protected. I am fighting against the cloud of misinformation, the smoke-screen that is being thrown up, why I do not know, to protect murderers, thieves, thugs, brigands, desperadoes, and outlaws.

When the records of the Federal Bureau of Investigation show that 55 percent of all criminals arrested have been previously arrested for other crimes and when the records also show that approximately 50 percent of all prisoners now are being released on parole, how do the professional parole advocates manage to make anyone believe that hardly anyone ever violates a parole?

Why are these people so much interested in glossing over the vicious parole abuses which exist in so many of our States? Why do they disregard the fact that 30 percent of the 13,519 dangerous criminals listed in the Federal Bureau of Investigation's single fingerprint file as the country's most desperate kidnapers, racketeers, hoodlums, bank robbers, and extortioners show a record of having been the recipients of parole or other types of clemency not only once, but in many cases as often as 4, 5, 6, 7, 8, 9, and 10 times?

There is not an experienced law-enforcement man in America who is not harassed by this parole problem; yet these officers who risk their lives in protecting our homes are ridiculed by these advocates of easy freedom who want us to open the doors of every penitentiary to almost anyone who wants liberty. Have you ever heard from any parole advocate, from any one of these professional regenerators, one logical reason why old-time offenders, persons with long, vicious criminal records, should be turned loose on parole, time and time again? They do not answer that question. They twist the subject, they squirm about, they throw out smoke screens to make you believe that all persons who object to the abuses of parole are monsters who want to keep all first offenders in prison. They try to make you believe that the complaints against the maladministration of parole are directed against the first offender and not against the persons whom these parole purveyors are really trying to get out of prisons—the old-timers, the vicious criminals, the professional bank robbers, the multiple murderers. They are the ones who get out under many of the State parole systems as they exist today.

CITIZEN HAS OBLIGATION

No one ever hears any criticism of the Federal parole system and the workings of the Federal Parole Board. The reason is a simple one—the Federal system works. The Federal Parole Board, under the able guidance of Attorney General Homer Cummings, efficiently and honestly tries to free the fellow who deserves to be turned loose and keep in prison the man who should remain there in the interest of society. Any parole board which follows that system will meet with the approval of law-enforcement officers everywhere. But when prisoners are turned loose indiscriminately and when individuals who either disguise the facts or are ignorant of the facts seek to make prison merely a stopping place on the way to new crimes, then not only every law-enforcement officer, but every honest citizen should rise in persistent protest until such a condition is corrected.

There is no fault whatever to find with any parole system that honestly releases a first offender after he has served a definite period of time and then closely supervises his activities in a proper way after his release so that he may remake himself into a respectable citizen. No efficient law-enforcement officer anywhere ever uttered one word against the legitimate use of parole, against the true theory of parole, against the efficient administration of parole as it really is intended to be—that of regenerating the first offender. What we law-enforcement officials object to and what I, for one, will continue to combat is the interference of venal politics, of improper influence, of excessive sentimentality, which opens prison doors to confirmed offenders, and which sends them out to multiply our taxes, multiply our sorrows, multiply our anguish, and multiply greatly the dangers which we must face from an ever-rising multitude of criminals. If we are to insure life we must also save life, and if we are to insure property we must protect property. For this reason I have tried to present some of the obstacles which we are confronted with daily on the battle front of law enforcement. Because of your positions as leaders in a great humanitarian movement, looking toward a better society in the future, we look to you as our allies. And as such, we must stand united in combating lawlessness, which is one of America's most dangerous, most subversive, and most destructive diseases. May we fight it to the absolute limit!

The Farm Bill

EXTENSION OF REMARKS
OF
HON. GEORGE H. MAHON
OF TEXAS
IN THE HOUSE OF REPRESENTATIVES
Monday, December 6, 1937

ARTICLE FROM THE CORPUS CHRISTI (TEX.) CALLER, OCTOBER 26, 1937

Mr. MAHON of Texas. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following newspaper article appearing in the Corpus Christi Caller concerning the views of my distinguished colleague, the gentleman from Texas [Mr. KLEBERG] with reference to farm legislation:

[From the Corpus Christi (Tex.) Caller, October 26, 1937]

FARM LEGISLATION'S IMPORTANCE STRESSED BY KLEBERG WHO SAYS NEW COTTON USES NEEDED

It is essential that careful consideration be given to the agricultural problem by the Congress of the United States as agriculture in general is the most important stone in the foundation of the Nation's credit, Congressman RICHARD M. KLEBERG declared here yesterday.

"No more grievous thing, in my opinion, could occur than to pass poorly considered legislation which might affect farmers and agriculture detrimentally," the Congressman said.

KLEBERG, accompanied by Sam H. Johnson, his secretary, will leave by motorcar early this morning for Washington, where the Congressman, Member of the House Agriculture Committee, will be busy for the next 2 weeks working on the new farm bill which will be presented to the special session of the Congress. Congress is to be convened November 15 in special session at the call of the President.

Johnson returned here last night from Johnson City and Austin, where he was called by the illness and death of his father.

KLEBERG, who has had a hand in the formulation of all farm legislation in recent years, is particularly perturbed over the farm problem as it affects cotton farmers of South Texas and his district. The picture, he said, is different today than it was in 1929 when first consideration was given to cotton farm legislation. In 1929 foreign mills depended 40 percent on American cotton, where today they depend on us for only 15 percent of our cotton as a result of increased foreign production. Fifteen percent cannot affect the world price as 40 percent did a few years ago.

"Our solution of the farm problem in the Congress," he said, "will depend on what we can work out through the various compromises which are necessary to all legislation.

"One interesting thing to me is the comparison between the success of the soil-conservation program on cotton prices in 1936 as against cotton prices under the same conservation program in 1937."

Farmers in this section, according to KLEBERG, may recall a speech he made in February of 1936 at a meeting attended by representative farmers from over the district and when he made the recommendation, which resulted from an agreement with the Department of Agriculture, that a grower, in order to be eligible for benefits under the Soil Conservation Act, should divert from cotton and soil-depleting crops from 25 to 35 percent of acreage then and now known as base acreage. For the 1937 program, however, the Department changed its recommendation with reference to diversion, requiring from 1- to 35-percent diversion.

"I feel reasonably certain," he said, "that the excess production in Texas and other cotton States was largely due this year to the reduction and diversion recommended by the Department.

"I'm equally certain that this was by no means the major factor in difficulties which confront us today. The increase in world production through increase in foreign production has, of course, to a major degree created the present excessive surplus. I can't help but feel that the ever-normal-granary idea, as applied to cotton, will find its major obstacle to success in the fact that whenever cotton is stored in quantity, either here or elsewhere, its effect on market continues to be felt as long as it is in existence in unprocessed form. I'm candid to say that our major problem in solving the difficult situation involved in giving the cotton farmer a reasonable livelihood in return for his effort is to be found in a combination of greater improvement in ways and means of distribution and sale of our cotton, together with extensive and effective research looking to new uses and greater utilization and disposition of our cotton."

Foreign warfare creates an entirely new aspect and adds to the difficulties involved in trying to solve the American farm problem, he pointed out, emphasizing that we can expect a great reduction in purchase and use of American cotton in Japan and China during the war in China. Both countries formerly have been good markets for our cotton which went into clothing and industrial uses. How much of the loss may be taken up by use of cotton for war materials is, at best, a matter of conjecture and will be affected materially by recent neutrality laws. The situation in Spain also affects us in the same way, although not so extensively.

"The major influence on legislative action is to be found in the Nation-wide and world-wide importance of cotton as a factor affecting the financial, social, and industrial phases of the general picture. Cotton plays a most important part as a taxpayer and as a means of furnishing employment. In 1935, for instance, we found approximately 40 percent of all gainfully employed people in all American industry to be employed by industries using cotton as a part of manufactured output. This percent did not include those employed in the production and harvesting of cotton nor in ginning preparation for sale in its divided forms.

"In its financial aspect the earning power of cotton fields of the South plays an important part in the foundation of the credit structure of the Nation, as it affects Federal, State, and county fiscal affairs in the southern cotton-producing States. The earning power of cotton-production areas must by all means be kept on a proper level with its valuation for taxable purposes as collateral for debt. In this conection agriculture generally is the most important stone in the foundation of credit of the United States, both Government and private credit. For this reason it is essential that careful consideration be given to the agriculture problem by the Congress.

"After all is said and done, more depends on farmers' ability to produce and on their prosperity than upon any other class under our flag. The truth of this statement is to be found in the immediate recent past. We, the American people, should not expect too quick results from the effect of legislation on a picture which has so many aspects and angles.

"The farm problem, in truth, is the problem of the ages, but it is my belief that American genius and brains, under our present form of representative government, where the voice of every American may be heard, will find a quicker solution, if any is to be found, than could be secured in any other country."

The Congressman declared it will be his purpose to "do my dead level best as the Representative of the Fourteenth District" during the session.

The Agricultural Committee of the House of Representatives was called to meet October 27 in Washington by Chairman MARVIN JONES, of Amarillo. Congressman JONES paid tribute to KLEBERG'S work on the committee in his letter, as follows:

"May I take this occasion to express to you my personal appreciation for the fine work you have done in connection with legislation pertaining to agriculture.

"The farmers of your district, as well as the country in general, should feel very grateful to you for the splendid contribution you have made."

Alameda Airplane Base Is Fixed Where Navy Wished

EXTENSION OF REMARKS
OF
HON. JOHN J. McGRATH
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Monday, December 6, 1937

EDITORIAL FROM THE SAN FRANCISCO CHRONICLE, NOVEMBER 29, 1937, AND A LETTER IN REPLY THERETO BY HON. JOHN J. McGRATH, OF CALIFORNIA, TO GEORGE T. CAMERON, PUBLISHER

Mr. McGRATH. Mr. Speaker, in accordance with the permission granted to me to extend my remarks, I am including herein an editorial which appeared in the San Francisco (Calif.) Chronicle, on November 29, 1937, under the headline "Alameda Airplane Base Is Fixed Where Navy Wished", and a letter in reply thereto written by me to Mr. George T. Cameron, publisher of the San Francisco Chronicle.

EDITORIAL FROM THE SAN FRANCISCO CHRONICLE

On Friday the Government handed a dollar to the city of Alameda and took in return complete title to the lands where the Navy will at once begin building its $15,000,000 seaplane base.

This ceremony, and the start of the work, came considerably later than might have been the case. This is due to the pull and haul by self-seeking politicians ever since the Navy settled on Alameda as the place where it wanted its base and the monkey wrenches they from time to time tossed into the works.

Representative JOHN J. MCGRATH of the Eighth District was the chief troublemaker. After the bay communities had pledged themselves to support whatever site the Navy chose, and the Navy had announced its choice of Alameda, Mr. MCGRATH stepped in.

Pursuing the art of palavering his constituents, he stirred up San Mateo County with a declaration of "inside knowledge" that the Navy did not want Alameda and that he could bring the base to the San Mateo shore. Flatly contradicted in that by a telegram from the Secretary of the Navy, Mr. McGRATH, in pique, declared he would kill the base if it could not be obtained for San Mateo.

He did make a good deal of trouble and delayed the beginning of this vast bay area project. Labor and every interest that has been held back from this business can thank him for the long delay. But that is all he did and his constituents in the Eighth District should now have a clear idea of his performance as their Representative.

The Navy has likewise decided on a site at Oakland for its equally important supply base. That, too, is now a target for self-seeking politicians. Representative McGRATH has promised to tear that up by the roots and move it to one or another of various points on the San Mateo and Santa Clara bay shore. Other publicity seekers are palavering their constituents in the same way. Mr. McGRATH has succeeded in delaying this $15,000,000 project. It was his maneuvering that stopped it in the last session of Congress so that this vast amount of expenditure for labor and materials in the bay area is still held up.

But in the end the outcome will be exactly the same as with the Alameda seaplane base. There will come a day, one or two or three or four or five years later than it might come if it were not for the monkey-wrench business, when the Navy will hand over its dollar, take title to the Oakland site, and begin building its supply base there, where it wants it, because it thinks that is the best place.

All that these misrepresentatives will have succeeded in doing will have been to shut the bay area out for some unnecessary period of time from the benefits of the spending of $15,000,000 for labor and materials.

LETTER FROM HON. JOHN M'GRATH, OF CALIFORNIA, TO GEORGE T. CAMERON, PUBLISHER OF THE SAN FRANCISCO CHRONICLE

DECEMBER 3, 1937.

Mr. GEORGE T. CAMERON,
Publisher, The San Francisco Chronicle,
San Francisco, Calif.

DEAR SIR: Your editorials making personal attacks upon me seem invariably to be printed at times when you are certain that I am not in California, and your editorial headed Alameda Airplane Base is Fixed Where Navy Wished, printed on November 29, 1937, is an excellent example of your tactics.

I suppose that I should be delighted to receive the attention of a once great newspaper, and I also assume that my answer to your editorial will—if published at all—be buried in your "safety valve." However, this particular editorial is so completely filled with misstatements that I am answering it and also making it my business to see that my reply is not buried under the twin peaks of yellow journalism and pink cement.

You make the deliberate charge that I have maliciously delayed the final acceptance of the Alameda airplane base site. You know that, while I believed that there were other sites on the San Francisco side of the bay which merited consideration, when the Navy finally decided upon the Alameda site I voted for the authorization bill in the Naval Affairs Committee and that I also voted for the measure when it came before the House of Representatives. If you had lacked accurate information on these points you could have secured the truth from Congressman ALBERT CARTER, who represented Alameda before the committee.

You also know that the only cause for any delay in the acceptance of the Alameda site was due to the fact that Alameda was—until November 26—unable to furnish title to the property.

Apparently in your judgment it is high treason for anyone to desire anything good for San Francisco and for the San Francisco peninsula.

You obviously intended in this editorial to deceive the people of San Francisco and of the peninsula by stating that I am attempting to secure the naval supply base for a site "on the San Mateo and Santa Clara bay shore." While it is true that there are several excellent sites in northern San Mateo County having the necessary qualifications of deep water and adequate rail and highway facilities, you know that the State Harbor Commission has offered free of charge to the Navy Department one of the finest sites ever presented for a naval shore establishment, and you also know that that site for which I am demanding consideration is located in the city and county of San Francisco. You also know that that site is receiving the support of both of the Congressmen representing the city and county of San Francisco, and that it has been endorsed by Mayor Rossi and the San Francisco board of supervisors. You also know that the San Francisco Civic League of Improvement Clubs and Associations is actively working for that site. You also know that every chamber of commerce in San Mateo County has united with San Francisco in presenting this site to the Navy.

The Assistant Secretary of the Navy, Mr. Charles Edison, has officially stated that no decision as to a site for the supply base will be made until all available sites have been fairly and fully considered.

As a member of the Naval Affairs Committee, I have insisted, and I shall continue to insist, that the excellent sites on the San Francisco side of the bay be adequately and honestly presented to the Navy Department. In making this fight I am properly representing my district; I am protecting the public interest which has a right to expect a real national defense and returns for its naval investment. At the same time I am representing the laboring men and the business interests of San Francisco and of the peninsula in bringing to them the additional employment and industrial benefits which will necessarily flow from the establishment of this important naval base.

Almost all of the people of San Mateo County are directly connected with the economic life of the city of San Francisco. Whatever benefits San Francisco benefits us, and whatever benefits the San Francisco peninsula is of direct value to the city of San Francisco; our interests are one.

Your opposition furnishes additional proof that I am right, and I am pleased to advise you that I shall continue my cooperation with those who truly represent our metropolitan area in working for a better San Francisco peninsula community.

Congratulating you upon your consistency in betraying the interests of San Francisco and in selling it not "down the river" but "across the bay," I remain,

Very truly,

JOHN J. McGRATH,
Member of Congress.

Regarding H. O. L. C. Foreclosures

EXTENSION OF REMARKS
OF
HON. JOHN M. HOUSTON
OF KANSAS
IN THE HOUSE OF REPRESENTATIVES

Monday, December 6, 1937

Mr. HOUSTON. Mr. Speaker, a great amount of pressure has recently been put on Congressmen for enactment of H. R. 6092, introduced by Mr. ELLENBOGEN, which provides for the extension of periods of amortization of Home Owners' Loan Corporation loans from 15 to 25 years and reduces interest rates to 3½ percent, both provisions retroactive.

A request was made to Mr. John W. Childress, of the H. O. L. C., for a statement on the Corporation's foreclosure procedure and policy, data on foreclosures, and opinion as to the effect of the Ellenbogen bill, if enacted, and for the benefit of those interested, I give a résumé of his reply.

During the 3 years authorized by Congress for the refinancing operations of the H. O. L. C., which ended June 12, 1936, the Corporation refinanced a total of 1,018,413 loans involving $3,092,840,081. Through September 1937, the Corporation had authorized 116,994 foreclosures, of which 8,531 were later withdrawn, leaving a net figure of 108,463. Of these foreclosures, the total carried to conclusion, bought in by the Corporation and now held for liquidation, is 58,189.

The number of foreclosures thus far authorized represents 10.7 percent of the number of loans made. While this sounds like a large number, the actual percentage of foreclosed loans is little, if any, in excess of the normal percentage of delinquency among private agencies and much less than the percentage of these agencies when there is taken into consideration the fact that all of the Corporation's mortgages were distress loans, where the borrower was, in practically every case, totally delinquent, with an accumulation of taxes, interest, and so forth, which made his case hopeless. Only through the intervention of the H. O. L. C. was the distressed home owner given a fresh start and so assisted to preserve his home.

The reasons for foreclosure are analyzed and represent approximately the following: Twenty percent because the property has been abandoned, or virtually so; 20 percent for obstinate refusal to pay by those able to do so; 5 percent due to death of the borrower and other legal complications; 55 percent because of the noncooperation of the borrower in making the proper effort to take care of his obligation to the Corporation. Only where the case seems hopeless for one of the above reasons is foreclosure started.

In regard to interest rates, Mr. Childress states that after a study of many hundreds of foreclosure cases which have passed over his desk he has come across no instance of a

foreclosure which might have been averted by a lower interest rate. The monthly payment on the average Corporation loan of $3,028 at the present rate of 5 percent is $24.04. If the rate were reduced to 3 percent, the monthly payment would be cut by only $3, to $21.04, and the reduction would represent a very insignificant part of the total of any delinquency which would justify foreclosure action by the Corporation.

The corporation maintains there is a serious social and ethical question of changing the rate of interest at this late date on H. O. L. C. bonds which have been purchased by the public or taken in exchange for mortgages by former mortgagees upon the basis of their present interest rates, and with the knowledge that they are secured by first mortgages upon individual homes, bearing 5 percent interest.

It is believed few realize the enormous cost of the detail of changing more than 1,000,000 mortgages either as to interest or time payment. Every note and mortgage would have to be recast and reexecuted, the expense of which alone would run into many millions of dollars. Based upon a cost per loan of only $50 for new title, new papers, recording, etc., this estimated expense would run to more than $50,000,000.

No one can predict with any decree of certainty what Congress will do with the Ellenbogen bill; but if in the meantime any borrower from the H. O. L. C., threatened with foreclosure, residing in the Fifth District of Kansas and desirous of making a sincere and conscientious effort to liquidate the loan, will write to me and give details of his or her case, I will be glad to take the matter up with Mr. Childress, who has always manifested a helpful and sympathetic attitude in cases of this kind which I have reported to him, in an effort to effect a fair and satisfactory adjustment.

The Silver Lining

EXTENSION OF REMARKS

OF

HON. EVERETT M. DIRKSEN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, December 6, 1937

Mr. DIRKSEN. Mr. Speaker, "Every cloud has a silver lining," sang the melody makers of yesteryear. Wrong again. There is one cloud without a silver lining and, oddly enough, it is the silver cloud. It is lined with financial headaches. The question is to the fore again, because our silver agreement with seven foreign nations and our domestic program of buying newly mined domestic silver will expire on December 31. Virtually every economist of any note has proclaimed the need for an immediate repeal of the present silver policy and it will be interesting to see what recommendation will be made with respect to silver.

I recall the whimsical contentions of the silverites back in 1934 when they argued so earnestly that if the silver-purchase bill were enacted into law, providing purchase of silver until it amounted to one-fourth of our gold stock or reached $1.29 per ounce, it would dispel our economic problems, set world trade in motion, and give a sterling-silver lining to every troublous cloud. Where are these advocates of the white metal today.

They promised that the purchase of silver would restore our trade with China and Mexico. Instead it chased China off silver and to a managed currency and caused Mexico to complain to the State Department. They said it would bring prosperity to the Western States. The per capita relief cost in those Western States has been higher than in other States of the Union. They said it would raise price levels. It may have done so but oddly enough, one of the most pesky problems now is to get the price level down. They saw almost immediate achievement of a price of $1.29 per ounce for silver. After 4 fantastic years, during which nearly one and four-tenths billion ounces were purchased, the world price is still 45 cents or about one-half cent above what it was before we purchased this astronomical quantity of silver.

When the Silver Purchase Act became law, it was estimated that one and one-third billion ounces would have to be purchased to bring about a ratio of 1 to 3 with gold. We have actually purchased 65,000,000 more ounces than that amount and still have more than one and two-thirds billion ounces to go to make goal. It takes 28 percent more silver to bring about that ratio than when we began purchases in June of 1934. Can anyone think of a single reason why such a futile law should be kept on the statute books and why we should subsidize the handful of western silver miners to the tune of 32 cents an ounce for newly mined silver? If it be argued that it is a form of relief subsidy for the miners, the answer is that we could buy for every silver miner in the country a nice new bungalow, give him a lifetime pension and save a barrel of money for the taxpayers of the land. From the taxpayers standpoint, this silver issue is important because the expenditure made to purchase silver in the hope of effecting the ratio of 1 to 3 are adding to the interest-bearing debt of the Nation. In addition, this expansion of the currency has an inflationary effect which is no doubt in part reflected by higher price levels. This silver fiasco means something more to taxpayers than fillings for teeth or household cutlery. It means higher prices, higher taxes, and economic instability.

The State Allotment of Cotton

EXTENSION OF REMARKS

OF

HON. ORVILLE ZIMMERMAN

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, December 6, 1937

Mr. ZIMMERMAN. Mr. Speaker, if the bill now under consideration by this Committee (H. R. 8505) is passed in its present form, a great injustice will be done to the cotton growers of southeast Missouri. It so happens, Mr. Speaker, that practically all of the cotton grown in the State of Missouri is grown in eight counties in the extreme southeast portion of the State, and these counties comprise the greater part of the Tenth Congressional District, which I have the honor to represent.

Under the original cotton program, Missouri was given a State allotment of only 200,000 bales, an allotment wholly inadequate to the needs of our cotton growers, and this allotment was made because of the Johnson amendment, which, at the instance of our very able Senator, Hon. BENNETT CHAMP CLARK, made provision for the cotton growers of Missouri as well as for those of California. Throughout this program Missouri was grossly discriminated against and was never able to market a fair quota of cotton commensurate with her capacity to produce cotton. Our cotton growers, realizing the danger of this same injustice being done to them under the pending bill, assembled in a mass meeting at New Madrid, Mo., on last Thursday, December 2, 1937, and unanimously adopted the following resolution, which was placed in my hands:

Whereas any cotton control program is unsound that does not consider the most profitable method and localities for production of cotton, and

Whereas there has been and still is a very large migration of cotton farmers from the poor hill sections of other Southern States to southeast Missouri, and

Whereas the increase in acreage and production in southeast Missouri in the last 5 years are definite proof of economic trends in cotton production: Therefore be it

Resolved, That we favor cotton-crop control, provided:

(1) That under any program adopted, an adequate quota nationally both in acreage and pounds, be allotted to each State. By an adequate quota is meant for each State an acreage equal to the 1937 planted acreage in cotton, plus diverted acreage under the 1937 program.

(2) That each county's allotments be assigned on the above basis.

(3) That county and local committees be given proper authority to assign and adjust individual bases within the county on most equitable basis, good farming practices and present trends being considered; and be it further

Resolved, That copies of these resolutions be sent to our Congressmen and Senators.

Until the last 2 or 3 years a very limited acreage of cotton was planted and grown in these eight counties in the Tenth Congressional District. In the last 2 years many thousands of acres have been placed in production by cotton growers and planters who have come to our section from Alabama, Mississippi, Tennessee, Arkansas, and have bought farms, and, without help or assistance from anyone, they have built homes, cleared land, and are actively engaged in the production of cotton. In addition to carrying the investment they have made in these lands, they are required to pay heavy drainage assessments, and, unless they are permitted to participate fairly in any farm program adopted by this House, they face financial ruin, the loss of their labor and money invested.

This bill makes ample provision for an adequate allotment to the several counties in our State and to the farms in these counties, but our whole trouble comes from the lack of an adequate State allotment. If the average 5-year period is adhered to in making the allotment to our State, our allotment will be far below the percentage received in other States. In other States where cotton is grown extensively all over a State, the new lands coming into production would not seriously cut down the State allotment. However, in Missouri, where a very limited acreage has been grown in cotton over the years, the large acreage of new land put in production over the last 1 or 2 years, would greatly reduce our State allotment when derived from a 5-year average, taking into consideration new and old lands.

Mr. Speaker, unless fair and due consideration is given to these new lands, the cotton growers of our State will be in a far worse situation than they are today under the present program. Under the bill as it now stands, the only factor that may be considered by the Secretary in making this State allotment is "trends in acreage during the applicable period." I submit that the Secretary of Agriculture could do most anything and defend his position under these very general terms. During the crop year 1937 we had a large yield in every section of the country, and a large acreage planted to cotton. I submit that this acreage would be a fair basis from which to figure our State allotment, not only for our State, but for every State engaged in cotton production. If the State allotment is figured on this basis, Missouri, like other cotton States, will have a fair opportunity to produce cotton; all that we ask from anyone.

Further Observations on H. R. 7710, a Bill To Provide Shorter Hours for Firemen in the District of Columbia

EXTENSION OF REMARKS

OF

HON. ROSS A. COLLINS

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Monday, December 6, 1937

Mr. COLLINS. Mr. Speaker, there appear, on page 2248 in the Appendix of the RECORD, Seventy-fifth Congress, first session, remarks made by me on the bill H. R. 7710, entitled "A bill to provide shorter hours of duty for members of the fire department of the District of Columbia." Since that time I have received additional data on this measure. This data is in the form of two tables, the first giving a comparison of the hours of duty, sick and annual leave in 25 of the larger cities, and the second showing the salaries paid firemen in 25 of the larger cities. In each comparison it will be noted that the situation in the District of Columbia at the present time compares very favorably with the other cities on the list. The tables referred to are set forth below as follows:

Hours of duty, sick and annual leave, in fire departments of 25 large cities of the United States

City	Hours of duty per day	Hours of duty per week	Annual leave with pay	Sick leave with pay
Los Angeles, Calif.	12	78	15	Injury, line of duty, 1 year; sick, 14 days; 16 days, 65 percent.
San Francisco, Calif.	12	72	14	Injury, line of duty, indefinite; sick, 6 months.
Chicago, Ill.	12	72	20	1 year.
Indianapolis, Ind.	12	72	15	Indefinite.
Louisville, Ky.	12	84	10	13 weeks.
New Orleans, La.	12	84	15	Injury, line of duty, indefinite; sick, 1 year.
Baltimore, Md.	12	84	14–16	Injury, line of duty, 1 year; sick, 6 months.
Boston, Mass.	12	69	14	Injury, line of duty, indefinite; sick, half pay for 30 days.
Detroit, Mich.	12	72	20	Injury, line of duty, indefinite; sick, 60 days.
Minneapolis, Minn.	12	78	15	Up to 90 days.
Kansas City, Mo.	12	84	21	1 year.
St. Louis, Mo.	12	84	15–20	Injury, line of duty, indefinite; sick, 90 days.
Jersey City, N. J.	12	84	15–18	1 year.
Newark, N. J.	12	84	15–18	Do
Buffalo, N. Y.	12	74	15	Injury, line of duty, 1 year; sick, 6 months.
New York, N. Y.[1]	12	84	21–30	Indefinite.
Rochester, N. Y.	12	78	15–20	Injury, line of duty, indefinite; sick, 6 months.
Cincinnati, Ohio	12	84	15	1 year.
Cleveland, Ohio	12	84	14	Injury, line of duty, indefinite; sick, 1 year.
Toledo, Ohio	8	48	14	1 year.
Philadelphia, Pa.	12	72	14	Injury, line of duty, indefinite; sick, according to nature of illness, half or full pay.
Pittsburgh, Pa.	12	78	14	Injury, line of duty, indefinite; sick, none.
Seattle, Wash.	12	72	15	Injury, line of duty, half pay for 6 months; sick, first 3 days deducted.
Milwaukee, Wis.	12	84	14	1 year.
District of Columbia	12	72	26	Injury or illness, line of duty, indefinite; other, 30 days.

[1] Now working into 3 platoon system—8-hour day, 56-hour week.

Salaries paid privates in fire departments in 25 of the larger cities of the United States as of January 1937

City	Extrance	Maximum
Philadelphia, Pa.	$1,820	$2,184
Detroit, Mich.	2,520	2,520
Los Angeles, Calif.	2,040	2,280
Cleveland, Ohio	1,800	2,420
St. Louis, Mo.	1,680	2,160
Baltimore, Md.	1,600	1,800
Boston, Mass.	1,600	2,100
San Francisco, Calif.	2,160	2,400
Pittsburgh, Pa.	1,650	2,100
Buffalo, N. Y.	1,808	2,663
Washington, D. C.	1,900	2,400
Milwaukee, Wis.	2,040	2,280
Minneapolis, Minn.	1,680	2,160
Cincinnati, Ohio	1,500	1,860
New Orleans, La.	1,642	1,642
Kansas City, Mo.	1,460	1,620
Newark, N. J.	2,100	2,500
Seattle, Wash.	1,920	2,160
Louisville, Ky.	1,351	1,540
Indianapolis, Ind.	1,819	1,819
Rochester, N. Y.	2,100	2,100
Denver, Colo.	1,740	1,920
Houston, Tex.	1,656	1,656
Portland, Oreg.	1,763	2,009
Toledo, Ohio	1,500	1,800

Monopoly Under the Milk Trust

EXTENSION OF REMARKS
OF
HON. FRANCIS D. CULKIN
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Monday, December 6, 1937

LETTER OF THE PRESIDENT TO HON. FRANCIS D. CULKIN, REPRESENTATIVE, FROM NEW YORK

Mr. CULKIN. Mr. Speaker, last week I placed in the RECORD in connection with my discussion of the monopoly now enjoyed by the Milk Trust in the marketing of dairy products a letter to the President calling his attention to a recent report of the Federal Trade Commission. I am in receipt of an interesting, and courteous response to that letter, and to preserve the amenities of the situation, I am including the full text thereof in the RECORD at this point.

THE WHITE HOUSE,
Washington (on board U. S. S. "Potomac"),
December 4, 1937.

Hon. FRANCIS D. CULKIN,
House of Representatives, Washington, D. C.

MY DEAR MR. CULKIN: I have your letter of November 22, referring to my letter to Chairman Ayres of the Federal Trade Commission, requesting an investigation into the high cost of living; in connection with which you call attention to a recent report of the Commission entitled, "Agricultural Income Inquiry," and with respect to the findings therein you make certain comments.

At the time I made this request of the Commission, I was aware that such an investigation had been made. It, however, deals primarily with farm products and, insofar as such commodities are concerned, contains data pertinent to the general subject covered in my letter. There are many other commodities entering into the cost of living concerning which information is also desired.

You will note from a careful consideration of the Commission's report and the conclusions and recommendations based thereon, copies of which were transmitted to both Houses of Congress under date of March 2, 1937, that where in various industries, a high degree of monopolistic control appears to be present, it is to a large extent believed to be the result of certain weaknesses in the law, the strengthening of which has been recommended to the Congress at various times by the Commission.

A copy of this report by the Commission has been furnished to the Secretary of Agriculture and a copy, so I am informed, also has been transmitted to the Department of Justice for its information and consideration in connection with the enforcement of the antitrust laws.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

The House will notice that the President agrees that there is a high degree of monopolistic control in the marketing of farm commodities but that the law needs strengthening in certain particulars. The fact is that the appellate courts have at various times punched holes in the antitrust legislation. I do not say this in criticism of the courts, as the statutes in question were so drawn as to be difficult or impossible of interpretation.

I assume the legislation the President refers to will come in in January, and I urge the committees having charge to beware of jokers and ambiguities. I am confident both sides of the aisle will be for this legislation so that America will again become a land of equal opportunity.

May I state that I am greatly encouraged at the attitude of the Attorney General, Mr. Cummings, on this question. I read his speech delivered before the Associated Grocery Manufacturers of America on this question, and his stand is most encouraging. If he will do as good a job on the food racketeers as he did on the gangsters and yeggs, he will have made some history. After all, the food racketeers and the yeggs are blood brothers under the skin. I have confidence in Mr. Cummings, and believe we are in for a period of real law enforcement of the Antitrust Act.

The Congress should bear in mind that adequate appropriations are necessary to fight these racketeering combines. I bespeak for the Attorney General generous appropriations to this end.

Civil-Service Reform—Sham or Real

EXTENSION OF REMARKS
OF
HON. ROBERT L. BACON
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Wednesday, December 1, 1937

Mr. BACON. Mr. Speaker, many people seem to despair of getting good, decent, civil-service reform, and in their desperation are willing to take the Ramspeck bill as something better than nothing.

It is particularly appropriate that the record be kept straight at this time, especially in view of the fact that the Senate, after many, many months, seems likely to take some action on the proposal to place postmasters of the first, second, and third classes under the civil service. That the Senate Committee will accept the philosophy of my own bill, or even the "better-than-nothing" Ramspeck bill, appears a forlorn hope.

The fight for real civil-service reform will go on. But it is vitally necessary that real civil-service reformers not permit themselves to be maneuvered into a compromise which will defeat their long-sought objective and which may put off for a long time the victory that is still possible during this Congress.

Let us see how the National Civil Service Reform League reacts to the various proposals that have been put before the present Congress on the subject of bringing postmasters of the first, second, and third classes under the civil service.

I have discussed the whole situation with the secretary of the National Civil Service Reform League, and as part of my remarks I am going to include the correspondence I have had with him.

On May 2, 1936, I received the following letter from Mr. H. Eliot Kaplan, executive secretary of the National Civil Service Reform League, asking my opinion of the so-called Ramspeck bill:

NATIONAL CIVIL SERVICE REFORM LEAGUE,
New York City, May 2, 1936.

Hon. ROBERT L. BACON,
House of Representatives, Washington, D. C.

DEAR SIR: There has been so much conflicting opinion as to the general attitude in Congress on the Ramspeck postmastership bill that we are asking the Members of the House to be good enough to indicate whether they approve or disapprove of the measure. A copy of the Ramspeck bill, which has been favorably reported by the Committee on the Post Office and Post Roads, is enclosed.

We should appreciate your filling out and mailing to us the enclosed card. We are not asking you to sign your name. Our purpose is merely to have the consensus of the Members of Congress regarding the inclusion of Presidential postmasters under the Civil Service Act.

Very truly yours,

H. ELIOT KAPLAN,
Executive Secretary.

THE RAMSPECK BILL

My reply to Mr. Kaplan, under date of May 6, 1936, gave my position fully on this "better-than-nothing" bill as follows:

MAY 6, 1936.

Mr. H. ELIOT KAPLAN,
National Civil Service Reform League,
521 Fifth Avenue, New York, N. Y.

DEAR MR. KAPLAN: The Ramspeck bill cannot command the serious attention of any informed supporter of the merit system. It is pure political camouflage, adroitly framed for campaign effect. Under the guise of civil-service reform, it would deal a deathblow to the last pretense of merit administration in the Post Office Department.

President Roosevelt, Postmaster General Farley, and every other key man in our new spoils regime have undertaken to broadcast the impression that the Ramspeck bill would take postmaster appointments out of politics. But I, for one, do not intend that this shameless camouflage shall obscure the New Deal's crimes against civil service since 1933. Mr. Roosevelt has added more than 250,000 persons to the full-time Federal pay roll without increasing the civil-service list.

In a word, the Ramspeck bill is not at all what it is represented to be; it is a spoilsmen's bill in civil-service dress. Friends of

merit should not confuse the substance of the matter with the form.

The Ramspeck bill is worded very cleverly—framed, it appears, with a primary view to confusing public opinion on an issue which the New Deal no longer can evade. The bill provides, in section I, that all postmasters of the first, second, and third classes shall be appointed under the Civil Service Act. This is what the New Dealers would like the country to believe the bill would accomplish.

But section II specifically entrenches the spoils system. It provides that, at the expiration of present terms, appointments in these classes "shall be made by reappointment and classification, noncompetitively, of the incumbent postmaster * * *."

This language embodies precisely the antithesis of merit principles. It would enable the Postmaster General, in effect, to reappoint any incumbent postmaster for a life term, without a competitive test of any sort. It would enable Mr. Farley to "freeze" incumbent postmasters into a Nation-wide political oligarchy. For you have noted, of course, that section I of the bill provides that these postmasters "shall hereafter be appointed without term." The net effect of the bill, therefore, would be to abolish the present 4-year term and place the appointive power on a noncompetitive basis exclusively in the hands of the Postmaster General.

In the event the Postmaster General elected not to reappoint the incumbent at the expiration of the present term, his alternative would be to fill the place "by promotion or transfer from within the Postal Service in accordance with the provisions of the Civil Service Act and rules * * *." But attached to this language is a sweeping proviso empowering the Postmaster General to certify to the Civil Service Commission at will "that there is no qualified person serving in the vacancy office available for such promotion or transfer." This would be the most sweeping spoils power ever placed in the hands of any Cabinet officer—and yet this legislation is attempted under the guise of bolstering the merit system.

Furthermore, you will note that in section III the Ramspeck bill specifically authorizes continuance of the present deplorable system of appointing "acting postmasters." This is the device which Postmaster General Farley has used with such conspicuous success in evading the provisions of the existing civil-service law relating to postmasters in the first three classes.

At present the "acting postmaster" always is appointed on purely political considerations. In the course of a few months the Civil Service Commission holds its nominal examinations to prepare a list of three ranking eligible applicants. But in this rating the factor of "experience and training" weighs 80 percent in the appraisal of the candidates. Thus, the man who has been serving 6 months as "acting postmaster" has an 80-percent head start on all his competitors. This is how the system has worked under Farley since 1933, and the provisions of the Ramspeck bill, as embodied in section III, would legalize the "acting postmaster" racket for all time.

In a word, the Ramspeck bill is a public fraud. It is designed to place the whole post office permanently in the hands of the presently entrenched political spoilsmen. It would submerge the Mail Service so deeply in partisan politics that reform would be hopelessly blocked for perhaps a quarter of a century.

On the whole, this measure is only another illustration of the New Deal's empty lip service to merit. The spoilsmen of this administration do not dare defend their personnel policies, conduct, or record. They seek only to cover their crimes against our 50-year-old civil service with fake legislation. They recognize well, as the recent national newspaper poll indicated, that 90 percent of the American people favor civil service. Thus they seek to constantly advance the Roosevelt spoils system by putting a merit tag on their successive measures of civil-service corruption.

The purpose of civil-service law is to place Government employment on a career basis. Any measure sincerely aimed in that direction will command my vigorous support. I insist, however, that any bill offered in the name of civil-service reform shall be genuine. I do not intend to be taken in by any such fraud as the Ramspeck bill, the Logan bill, or the Mead bill. Nor do I intend to be silent on such bills merely because their sponsors call them civil-service measures.

No such campaign device for sugar coating the shameful record of New Deal spoilsmanship ever can command more than the indignant opposition of all true friends of merit. The New Deal has ravaged civil service as has no other administration during the last half century. This crime against the public service cannot now be covered with the white garments of vacuous civil-service reform.

As I see it, this cringing confession by the administration is even more revolting to the American sense of justice and square dealing than the crime itself.

Every major act of the Roosevelt administration has been a dagger thrust at the heart of civil service. Yet the New Deal spoilsmen have not the temerity to state their policy boldly and follow through. Instead, they walk timidly behind the skirts of civil service.

I should like to see the New Deal spoilsmen unmasked, and perhaps the Ramspeck bill may be the vehicle to bring this whole sordid picture into the focus of national attention.

Sincerely yours,

ROBERT L. BACON.

On May 15, 1936, Mr. Kaplan, commenting on my criticism of the Ramspeck bill, wrote me:

NATIONAL CIVIL SERVICE REFORM LEAGUE,
New York City, May 15, 1936.

Hon. ROBERT L. BACON,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN BACON: Thank you for your letter of May 14 in answer to my suggestion regarding a bill to place the Works Progress Administration under the Civil Service Act. I am glad to know that you are willing to introduce such a bill.

Under separate cover I am sending you a copy of the pamphlet we have just issued which was mentioned in the press, and some others which may be of use to you. I enclose a list of magazine articles on the merit system in government published during the last 2 years, some of which may contain material worth referring to in the speech you contemplate.

In answer to your letter of May 6 regarding the Ramspeck postmastership bill:

I cannot share your views that the Ramspeck bill "would deal a deathblow to the last pretense of merit administration in the Post Office Department," although I realize that the bill is far from perfect from a merit system point of view. Of the many bills to place Presidential postmasters under the Civil Service Act which have been introduced in the present Congress, the Ramspeck bill is not the one which the league would have chosen. We would much prefer a bill like the Vandenberg bill (S. 320) which would really take politics out of the post office; but as a practical matter, we realize that a bill of this sort has absolutely no chance of passage under either a Democratic or Republican administration.

The league drafted a postmastership bill which was introduced in successive Congresses for many years—on the last occasion by Mr. LEA, of California, during the Hoover administration. It received absolutely no consideration, because it would have required incumbent postmasters when their terms expired to compete with outsiders in order to hold their positions. Neither party is willing to have their politically appointed postmasters put at such a disadvantage.

So far as the provision permitting the Postmaster General to certify to the Civil Service Commission "that there is no qualified person * * * available for such promotion or transfer" is concerned, I cannot agree with you that "this would be the most sweeping spoils power ever placed in the hands of any Cabinet officer." The heads of Departments in the entire Federal service now have the right to call for an examination open to outsiders when a vacancy occurs; they are not required to promote or transfer a person already in the Department. The permission granted the Postmaster General by this section is no departure from the practice sanctioned by the Civil Service Act and rules.

Section III does not continue the present system of appointing acting postmasters, which you justly call "deplorable," but requires that acting postmasters shall be hereafter appointed in accordance with the provisions of the civil-service rules governing temporary appointments. This would change the system which now permits acting postmasters to serve indefinitely, and with no opportunity for the Civil Service Commission to intervene. It would put acting postmasters on a par with all other temporary employees, who may be appointed only upon prior authorization of the Civil Service Commission pending certification from an eligible list, and may serve no longer than 30 days after certification of the list to the Department without the Commission's approval.

It would require the connivance of an unscrupulous Civil Service Commission in order to "legalize the 'acting postmaster' racket" under this section; and even granted such connivance by a possible future Commission, it would be open to inspection by interested organizations, employes, and citizens as any other gross violation of the civil-service law. At present, however, there is no redress possible.

As I said above, I realize that the Ramspeck bill has glaring faults, but I firmly believe that even considering these, its passage would be a step far in advance of the present system. History proves that "covering in" politically appointed incumbents of positions which are added to the classified service is the price which has always had to be paid for the extension of the merit system. More than 8,000 positions were so treated by President Harrison, over 35,000 by Cleveland and almost 18,000 by Theodore Roosevelt, with a gain to the merit system as the long-term result. A memorandum sent me 3 years ago by a "career" employee of long service with the Civil Service Commission states:

"It early became the established practice of the Civil Service Commission to accept the inclusion of incumbents with their positions without examination. The great advances of the merit system under the administration of the Commission have been accomplished by cooperation with the Departments, and not by force. The consent of Departments to the inclusion of groups of positions under the civil-service rules has doubtless often been based, impliedly at least, on the Department's understanding that the incumbents would be included with their positions. * * * With the rapid changes in personnel which occur in normal times, it is comparatively a short time before the ill effect, if any, of such inclusions disappears."

As a matter of fact, I know of only one act of Congress which required incumbents to undergo competitive examinations when their positions were put in the classified service. This was, of course, the Prohibition Enforcement Unit, which had become notoriously corrupt, in the public estimation.

There is a simple way by which the appointment of postmasters could be actually placed upon a nonpolitical basis, more quickly

and more effectively than by any of the bills which have been introduced for this ostensible purpose. This is by an executive order of the President, invoking the rule followed by President Wilson that the first man on every eligible list for postmaster be appointed. This rule was unfortunately altered by President Harding soon after his inauguration for the system which has since been followed, permitting the choice by the Postmaster General of one out of three. If it were known that appointments were to be made in strict numerical order, according to earned ratings in the examination, the major source of dissatisfaction would be done away with. We have urged President Roosevelt to issue such an order, but to no avail.

Sincerely yours,

H. ELIOT KAPLAN, *Executive Secretary.*

THE BACON BILL

On May 22, 1936, I again addressed Mr. Kaplan, sending him a copy of a bill I had introduced to bring postmasters of the first, second, and third classes under a real merit system. My letter is as follows:

MAY 22, 1936.

Mr. H. ELIOT KAPLAN,
Executive Secretary, National Civil Service Reform League,
521 Fifth Avenue, New York.

MY DEAR MR. KAPLAN: I am attaching herewith a copy of a bill I have introduced today, designed to bring all postmasters of the first, second, and third classes into the civil-service system.

This bill eliminates the objectionable spoils features of the Ramspeck bill, which I outlined in my letter of May 6.

You will note that we would establish a permanent career service for postmasters in these three classes. However, we do not propose to "blanket" the Farley political postmasters into the civil service for life terms. This measure provides that, at the expiration of his present term, every incumbent postmaster must qualify under civil-service rules and regulations, if he is to retain his post for an indeterminate appointment. This seems to me to be the essence of the merit system—competitive examinations at the start and full civil-service protection afterward to all who qualify for appointment. This, as I read the Ramspeck bill, is not provided in the administration proposal.

Moreover, our bill specifically provides, in section 1, that "no recommendation by any Senator or Member of the House of Representatives, or any political endorsement or recommendation of any kind, shall be received or considered in making any appointment or promotion under this act * * *."

Section 2 makes it mandatory that postmasters shall be appointed wherever possible "by promotion of persons within the Postal Service * * *." Here, as I see it, is the very heart of the merit system—that persons serving faithfully in the ranks shall be eligible to promotion to the highest executive positions in the Postal Service.

In section 3 we provide that postmasters may be selected outside of the Service only upon showing by the Department that no one in the Service is qualified for advancement. This provision differs fundamentally from the Ramspeck bill. By that measure the Postmaster General would be authorized to certify at will that no qualified candidates were available in the vacancy office. Our bill, on the other hand, provides for such certification only upon showing that ambitious postal employees were unable to qualify under the established civil-service rules.

We further provide in section 3 that when the Postmaster General does not select the first name on the eligible register furnished by the Civil Service Commission, he "shall certify to the Commission his reasons for not so doing, which reasons may be made public."

Our bill next provides that no appointment as acting postmaster may be made save in accordance with the provisions of the existing civil-service laws governing temporary appointments. This section would eliminate the worst evils of the acting-postmaster system so vigorously pursued by the Post Office Department since 1933.

To further assure the elimination of political considerations, our bill provides, in section 5, that "it shall be unlawful for any Senator or Member of the House of Representatives to make any recommendation of any person for appointment or promotion as postmaster."

I quite agree with the sentiment expressed in your letter of May 15 that the evils of the present system of postmaster appointments could easily be overcome by Presidential Executive order by putting the Postal Service on an efficient merit basis. But since there apparently is no disposition on the part of the administration to attack the problem in this effective way, the next recourse is to legislation.

If the administration wishes to fulfill its many pledges and promises for the protection and advancement of the merit system, here is a short and simple measure aimed at the very core of the problem in the Postal Service. If the administration will take up this bill—or any bill aimed at the same objectives—the legislation could be brought before the House of Representatives under a special rule and passed within 48 hours.

If, on the other hand, the administration is determined to persist in the policy of political spoils and civil-service raids—as I believe it is—then this bill which I have introduced will never see the light of day in this session of Congress.

The administration's failure to act, however, will again demonstrate the utter insincerity of the many repeated pledges by President Roosevelt concerning his hopes for civil-service advance during his administration.

If the civil service is to be saved, some measure of this sort ultimately must be passed.

I see no valid reason why the beginning should not be made in the remaining days of this session of Congress.

Sincerely,

ROBERT L. BACON.

The bill introduced by me—reintroduced since as H. R. 3129, first session, Seventy-fifth Congress—is as follows:

Be it enacted, etc., That postmasters of the first, second, and third classes, or of any other classes hereafter established, shall hereafter be appointed, without term, by the Postmaster General in accordance with the provisions of this act and the Civil Service Act of January 16, 1883 (22 Stat. 430): *Provided*, That no recommendation by any Senator or Member of the House of Representatives, or political endorsement or recommendation of any kind, shall be received or considered in making any appointment or promotion under this act: *Provided further*, That postmasters now serving may continue to serve until the end of their terms, but they shall not acquire classified civil-service status at the expiration of such terms of office.

SEC. 2. The Postmaster General shall make appointments of postmasters by promotion of persons within the Postal Service possessing such qualifications as may be approved by the Civil Service Commission.

SEC. 3. If no persons are able to qualify for appointment by promotion under the provisions of section 2, the Postmaster General shall request the Civil Service Commission to hold an open competitive examination under the provisions of the Civil Service Act and rules. In the event the Postmaster General does not select the first name on the eligible register furnished him by the Civil Service Commission he shall certify to the Commission his reasons for not so doing, which reasons may be made public.

SEC. 4. That all appointments of acting postmasters at offices of all classes shall be made in accordance with the provisions of the civil-service rules governing temporary appointments.

SEC. 5. That it shall be unlawful for any Senator or Member of the House of Representatives to make any recommendation of any person for appointment or promotion as postmaster.

Mr. Speaker, I invite comparison of my bill with the provisions of the so-called "better-than-nothing" Ramspeck bill, which I now quote:

Be it enacted, etc., That postmasters of the first, second, and third classes shall hereafter be appointed without term, by the Postmaster General, in accordance with the provisions of the act entitled "An act to regulate and improve the civil service of the United States," approved January 16, 1883: *Provided*, That postmasters now serving who have satisfactory records shall continue to serve until their 4-year terms of office expire, after which they may be reappointed without term in accordance with the provisions of section 2 of this act.

SEC. 2. Appointments to positions of postmaster at first-, second-, and third-class post offices shall be made by the reappointment and classification, noncompetitively, of the incumbent postmaster, or by promotion from within the Postal Service in accordance with the provisions of the Civil Service Act and rules, unless the Postmaster General certifies to the United States Civil Service Commission that there is no qualified person serving in the vacancy office available for such promotion. No person shall be eligible for appointment under this section unless such person has actually resided within the delivery of the office to which he is appointed, or within the city or town where the same is situated for 1 year next preceding the date of such appointment, if the appointment is made without competitive examination; or for 1 year preceding the date fixed for the close of receipt of applications for examination, if the appointment is made after competitive examination.

SEC. 3. Appointments of acting postmasters in all classes of post offices shall be made in accordance with the provisions of the civil-service rules governing temporary appointments.

SEC. 4. All acts or parts of acts inconsistent herewith are hereby repealed.

At the time of the consideration of the Ramspeck bill in the House of Representatives, efforts were made to substitute my bill for the administration measure, but with no success. The last chance came under the parliamentary rules, when a motion to recommit the Ramspeck bill was in order. I offered my bill as a motion to recommit; or, in other words, to have the Ramspeck bill recommitted to the Civil Service Committee of the House with instructions to substitute the provisions of my bill and have it brought immediately before the House for a vote. My motion was defeated.

But long before the Ramspeck measure was acted on by the House, it was generally acknowledged that that measure fell far short of real civil-service reform and that it was, in effect, "a spoilsmen's bill in civil-service dress."

I want particularly to call attention to what the National Civil Service Reform League has to say of the measure introduced and sponsored by me, known as H. R. 3129, in comparison with the so-called "better-than-nothing" Ramspeck bill, and therefore I include herewith a letter received from Mr. Kaplan, the secretary of the league, dated June 1, 1936, as follows:

NATIONAL CIVIL SERVICE REFORM LEAGUE,
New York City, June 1, 1916.

Hon. ROBERT L. BACON,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN BACON: I would certainly prefer seeing your new bill in regard to appointments of postmasters adopted than the pending Ramspeck bill. I am grateful to you for your letter of May 22, in which you explain at length the purposes of your bill.

Your proposal approaches as nearly the ideal as one could hope for, but I wonder if there is really any chance for its adoption by either a Democratic or a Republican Congress. I suppose as a civil-service reformer I should not be particularly concerned with the practicalities or realities of the situation, but strive to get the best bill adopted by Congress and oppose any halfway measure.

On the other hand, my experience with legislatures has made me a practical person. I should like to see the ideal system adopted. We know, however, that seldom do we get the ideal law. I, of course, do not mean to imply by this that one should approve a halfway measure and abandon the more ideal plan just because the practical thing is to get the former bill through. I have no illusions that even the Ramspeck bill will be adopted at this session. Nor would I weep copious tears if it should not be and there were some possibility of your bill receiving real consideration by the Congress.

That the league approves of your bill goes without saying. Its own proposal some years ago sought to accomplish the same purpose that your bill is designed to do. I like particularly your provision in section 3 requiring the Postmaster General, when he selects other than the first name on the list, to certify to the Commission his reasons for not appointing the first person; and, even more so, the provision in section 5 precluding any Member of Congress from making any recommendation for any person for appointment or promotion as postmaster.

I am all for your new bill and will continue to pray for its adoption. It is something worth striving for. I shall urge our friends and supporters to give the bill the backing it deserves.

Sincerely yours,

H. ELIOT KAPLAN, *Secretary.*

Mr. Speaker, there is the record; and still available to us is the opportunity to enact during this Congress a measure worthy of our efforts—a bill that will bring real and not sham civil-service reform.

The issue is clear-cut; either we will have a continuance of the patronage system or the inauguration of a real merit system; there can be no satisfactory compromise.

To my Democratic friends I throw out this reminder: With an overwhelming majority in both the House and the Senate, and the oft-repeated pledges of President Roosevelt, if there be failure to enact a real merit bill the country will not fail properly to fix the responsibility.

Federal Aid for Highway Construction

EXTENSION OF REMARKS
OF
HON. NOAH M. MASON
OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES
Monday, December 6, 1937

Mr. MASON. Mr. Speaker and Members of Congress: I disagree with the President's move to balance the Budget by recommending that Congress lop off a sum of $214,000,000 from the annual appropriation for Federal aid in the construction of highways. I contend that this move would single out the 29,000,000 automobile owners to bear the brunt of the first step in this Budget-balancing effort. The Federal Government collects $320,000,000 each year from the automobile owners of America, in special taxes on gas, tires, oil, and other excise taxes; $214,000,000 of this huge sum is now being returned each year to the several States for road-building purposes—a direct benefit to the motorists. The balance of the sum is being diverted to other channels.

I claim it is unwise to stop assistance to the States in their road-building programs, because these Government dollars, or, in reality, motorist dollars, spent for building roads represent more value received, more wages for American workmen, and a better investment for the future than Government dollars spent in almost any other way. It can truthfully be stated that road-building appropriations, more than any other appropriations, are quickly and unfailingly converted into material benefits. First, there is the ultimate product, the paved roads, that have been surely and permanently lifting America out of the mud; and second, the American workingmen receive 91 cents in actual wages out of each dollar spent for road building. The Government dollar spent for roads accomplishes more real good than when spent in almost any other way. This plan of Government spending is particularly desirable at this time when unemployment rolls are mounting again and human suffering is in the offing.

A member of the opposition is criticized when he finds fault without offering an alternative. I, therefore, offer as an alternative plan the suggestion that the administration get rid of some 300,000 useless employees—excess baggage—that have been added to the Federal pay roll during the last 3 or 4 years. Such a step would accomplish more toward balancing the Budget than the President's recommendation that Federal aid for road building be greatly curtailed. It would bring about a saving of approximately $400,000,000, an item worth considering even in these extravagant times. I claim we should make a start toward balancing the Budget by first eliminating all unnecessary and useless expenses of the Federal Government.

History Repeats Itself—Jackson and Roosevelt—Jackson Takes the Offensive—Ten-Point Program

EXTENSION OF REMARKS
OF
HON. MAURY MAVERICK
OF TEXAS
IN THE HOUSE OF REPRESENTATIVES
Friday, December 3, 1937

RADIO ADDRESS BY HON. MAURY MAVERICK, MEMBER OF CONGRESS, FRIDAY, DECEMBER 3, 1937, 7:30 P. M. (EASTERN STANDARD TIME), C. B. S. NETWORK (STATION WJSV), WASHINGTON, D. C.

Mr. MAVERICK. Mr. Speaker, by unanimous consent, I include herewith a speech delivered as of this date, December 3, 1937. Something, in my opinion, must be done to stop the propaganda that all we have to do is to knock taxes off big business, and that millions of men will be put back to work.

Our situation is very complicated and there is plenty for Congress to do. My address was as follows:

Friends and fellow Americans, about 2 weeks ago I made a radio talk and told of the confusion in Washington. Now there is somewhat less confusion with important legislation being considered, but the two forces are still here: One, those who wish to destroy the President and all progressive government by any means; and two, those who are still with the President. When we came back this session the prevailing propaganda was to give up every gain we have made, let big business and the big speculators go on gobbling up little business, knock the higher brackets of taxation off those who are best able to pay, making, of course, small business bear the burden, and above all, make the same mistake all over again which was made by the Government last spring, by laying more people off Government work and the W. P. A.

ANALYSIS OF PRESENT SITUATION

In a situation like this, it is necessary for us to think for ourselves. So let us analyze the situation closely:

First. Throughout the ages prosperity has never been brought about by taking the taxes off the rich and clamping them on the poor. But it is also historically true that people have frequently been fooled and intimidated to such an extent that they have even fought wars and shed their blood against their own interests. This time, let us stand pat; let burdens be borne according to capacity to pay.

But today, and second, if our memories are not too short, think of the condition of banks and business 4 or 5 years ago. Just a few months ago, a little bank went broke in my district near San Antonio. With the recent Government guaranty of bank deposits, all depositors were paid off in a few days, and a new bank started. What would have happened in the old days? You know. But that is only one of the dozens of laws, meaning security and good government to you, passed during the Roosevelt administration.

Third. Speaking of Presidents—nearly all the Presidents who really had the courage to stand by the people were cursed and damned and accused of ruining business. And Roosevelt is cursed the most bitterly and loudly because, although through his leadership wealth and the capitalistic system were saved, it was through his leadership that more has been done for the American people than by any other President.

BE INDEPENDENT! THEY MEAN DEPENDENT ON REACTIONARIES

There comes a time when one should speak out, and for the reasons I have mentioned, I am talking direct to the American people from the Nation's Capital so we can do our own thinking. Propagandists are telling us Congressmen, be independent; yes, be independent of that man Roosevelt! We are patted on the back by the reactionary press, who tried to mislead you in the last election, and told to cut loose from the President. But, my friends, what these people really mean is not for us to be independent; oh, no, what they want is for us to be dependent on the reactionary groups. In other words, we are asked to be disloyal to the people who voted us into office.

Now I want to tell you a story about history repeating itself. It concerns President Andrew Jackson, from Tennessee, and his battle against great odds for the American people back a little over a hundred years ago. Nicolas Biddle, president of the Bank of the United States, a privately owned monopoly supported by Government deposits, tried to destroy President Jackson and subdue the people and the Government of our country. Jackson had considered the bank too dangerous and powerful, which it was. So he decided this monopoly charter should not be renewed.

HISTORY REPEATS—CENTRALIZED POWER

That decision started one of the greatest battles in all American history. It was another battle of centralized, entrenched power of a very small group in the East against the small businessmen, farmers, and laborers, the small bankers, the State bankers, and the people in general.

Banker Biddle started his fight to crush Jackson and the people by putting the screws on the Boston merchants first, and then he followed with a series of bold and ruthless acts over the whole country. He demanded return of balances, called loans, and did everything he could to ruin the State banks and the average businessman, so they would cry out against President Jackson.

And some of Jackson's fake friends did not stand by him; that is true of Roosevelt today. They forgot how they were elected and that they were supposed to represent the people—just as some have forgotten today. It was another rotten situation, with more disloyalty appearing in the ranks of President Jackson's party—which was the same Democratic Party of today. Jackson forced the resignation of one member of the Cabinet who had not stood by the guns of the people.

Banker Biddle went the limit, and the selfish big shots of the day did their bullying in the open. As a result, commerce and industry were slowed, farm prices dove down, there was unemployment just as there is today, and the big boys and their hired propagandists and lobbyists of the day tried to pin the blame on Roosevelt—I mean Jackson. Biddle was really causing a panic.

But Jackson said: "I am in no panic * * * however, I am mortified at the timidity of my friends."

Crashing and thundering, in early December, on such a day as this, the storm broke with Congress meeting. Men called leaders, such even as Clay, Calhoun, and Webster, stood ready to lead the opposition. Banker Biddle struck first, and the Senate cringed before him and slashed at the President, who was a friend to the people. The House lay down and did nothing; spoke of their independence of the President; how business should be aided, introduced a resolution to exclude the White House observer, but the anterooms were packed and jammed with the lobbyists of the bank. Biddle struck again and again, drawing more of his money away from the public, intending to cause suffering. In fact, he wrote:

"Nothing but the evidence of suffering * * * will produce any effect in Congress."

JACKSON, "THE PEOPLE! THE PEOPLE, SIR, ARE WITH ME"

But Jackson tired of all this skullduggery; he finally resented the abuse and vilification of himself. He took a short vacation, rested up, returned to Washington; and then he took the offensive. Delegations still crowded into Washington; while Banker Biddle framed his deals and referred to Congress as "those miserable people." A trainload of smug-mugs came in from Philadelphia, but Jackson told them to go home and see Banker Biddle.

Another delegation rolled in from Baltimore. To them he said: "The people! The people, sir, are with me."

But the game of baiting the President, of blaming everything on the Government, went too far; it was a big business and big speculator's ready-made depression; and honest men everywhere, whether rich or poor, realized it and backed Jackson and the Government of the United States. Jackson, who had always been a friend of honest business, won the fight. Deposits were taken from the monopoly bank; monopoly was no longer fostered, and money and credit flowed over the land, and there was prosperity and happiness.

And, my friends, I shall not waste a lot of your time in comparisons. I leave it to you to figure similarities. But remember it ended in victory for Jackson and the people, just as it will be a victory for Roosevelt and the people if we refuse to be stampeded.

LEGISLATE FOR 200 BIG OR 500,000 LITTLE CORPORATIONS?

Now I know, as you know, that Congress wants to be fair, and the American people are a fair people. That includes fairness to business, but that does not mean taking the burdens off the few big corporations and putting all the burdens on the half million or more average corporations. No doubt corrections are needed in tax law, especially affecting small independent business, and this can be done within a reasonable time.

I believe that we should be constructive, and more, I believe this administration has shown itself to be constructive, fair to the people, and decent to the stability of business. And I believe we American people should have a general program. Congress has plenty to do.

TEN-POINT PROGRAM

So here are just a few things that face us and on which the American people can work together with Congress, and I offer the following 10-point program:

First. Continue the idea of progress. We must not go back; we cannot go back. Let us solidify our gains, and then march on like our American forefathers did upon the frontiers.

Second. Give tax relief to those who need it and continue the idea of taxing excess and surplus profits; continue to tax undivided profits on amounts in excess of real business requirements.

Third. And further concerning taxation, but principally monopoly, remember that 200 corporations alone control over half of the business of the Nation. They have a stranglehold on 500,000 corporations spread over the country, right into your town or county.

Should we in Congress relieve the top, the 200 corporations, a few thousand individuals, and penalize the 500,000 corporations and the millions of Americans? No, no, my friends; your eyes should be turned upon monopoly in order to realize its effect on competitive business, labor, and farm products.

Fourth. Continue to build up social security, unemployment insurance, and old-age pensions, as much for the stability of business as for the benefit of the people of the country. Unless this is done, the capitalistic system cannot survive.

Fifth. Have an unemployment study, finding out the real truth. Let us face the issues instead of running from them. Listen, my friends, we can't solve all our problems by just abolishing big taxes, dropping our program, and leaving business at the mercy of big trusts.

Sixth. Let the American people demand, and the Congress of the United States demand by resolution, that the American Federation of Labor and the Committee for Industrial Organization get together—for their own good and the good of industry and the people as a whole.

Seventh. Get housing going, really going. Eight hundred thousand home units at least should be built each year for many years to come. If private capital will not do it, then the Government must do it. This is no experiment. England, with a population of 52,000,000, built three and a half million homes; and this country, with a population of 130,000,000, has built none.

Eighth. In direct connection with housing, let's get the regional planning, or seven T. V. A. program started, and put people to work. We must stop the destruction of our forests and rivers, the erosion of our fertile farms and our soils; we must have reforestation, navigation, and conservation, if we are to survive as a Nation. And do not forget that in doing this, water and other natural resources will be available for the production of cheap power for the people.

Ninth. In connection with all of this, the Congress should keep its pledge to enact the wage and hour bill. My friends, this only protects the very lowest scales, but it will be the basis of improving the standards of millions of the people in the lower brackets, and of increasing purchasing power, which maintains the Nation's business.

And tenth, and last, let us have peace, and stay out of war at all costs, and keep our sons and daughters at home where they can live in happiness.

My friends, one thing is certain, we want to have a decent standard of living for all, and hope for the future. These things we can only obtain if we hold our heads, and not let ourselves be stampeded by a compartively small, but noisy and powerful group. Who won this election, anyhow? Did the people elect big business and monopoly or did they elect Roosevelt? Remember the dark days of 1932, and the real victory for the people coming in 1933; and just think of the magnificent victory of only a year ago, where the people repeated that they wanted a fair deal for all, security, and the greatest good for the greatest number. So let's stick to our program and do not be afraid.

Compulsory Control of Farm Production

EXTENSION OF REMARKS
OF
HON. AUGUST H. ANDRESEN
OF MINNESOTA
IN THE HOUSE OF REPRESENTATIVES
Monday, December 6, 1937

Mr. ANDRESEN of Minnesota. Mr. Speaker and Members of the House of Representatives, an extraordinary session of Congress has been convened for the special purpose of enacting a permanent and sound program for American agriculture. As a member of the Committee on Agriculture and as a private citizen, I have devoted a great deal of time and thought to this complicated problem.

The bill before the House, H. R. 8505, proposes a new philosophy for our farmers. I have attempted a careful analysis of the legislation and am incorporating as a part of my remarks on the subject, the minority report prepared and filed by me.

MINORITY VIEWS OF MR. ANDRESEN

Your Committee on Agriculture has labored long and diligently in the preparation of the bill which is now presented to the House as the "Agricultural Adjustment Act of 1937." All members of the committee have had a common objective in their desire to propose and pass legislation that will attempt to bring economic equality, parity income and parity prices for the farmers who operate our great basic industry of agriculture.

Legislation is but a means to an end. The end expected and demanded by the farmers of the country from this extraordinary session of Congress is the passage of permanent and constitutional farm legislation which will bring them parity income, parity prices, and cost of production for the products raised on their farms. Nothing more, nothing less. Therefore, the test or yardstick to apply to the bill is whether or not the administration of its provisions will bring about the desired end or objective. If it fails in this purpose, the effort now being made to enact a sound and beneficial law, no matter how well intentioned, will be but another experiment to be chalked up alongside of the failures of the past.

We, of the minority, do not believe that the proposed bill will accomplish any of the objectives anticipated by the farmers. In fact, its passage and administration will be a great disappointment and a much greater disillusionment to them. They will find that no attempt is made to assure parity income or cost of production for either the present or the future. The farmer is primarily interested in the price he is to receive for his products and in what he must pay for the things he desires to buy for himself and family. The farmers will also discover that the proposed program will bring about a complete dislocation of agriculture in the United States, the increase in foreign production of competitive farm products, and the total disappearance of our export market.

A careful scrutiny of this much heralded "all-weather program" for agriculture will disclose the injection of a new philosophy, of dubious constitutionality, into our American system of free and independent action. Instead of following the usual and customary practice of enacting legislation to do something "for" the farmers, this bill definitely provides for doing something "to" the farmers of the United States. In a word, nearly 60 pages of the bill are devoted to the national regimentation of farmers engaged in the production of cotton, corn, wheat, rice, and tobacco, under the Secretary of Agriculture as the supreme dictator with compulsory production and marketing control, enforced by drastic penalties, and the ever-normal granary as the keystone for the New Deal for American farmers.

It is difficult for us to believe that the President and his Secretary of Agriculture would now become the sponsors of a compulsory program for American farmers, after recalling Mr. Roosevelt's words on farm legislation at Topeka, Kans., when he said:

"The plan must not be coercive. It must be voluntary and the individual producer should at all times have the opportunity of nonparticipation if he so desires.

In order that there may be no misunderstanding as to the origin of the philosophy of this bill, it is stated here that the compulsory features of the legislation are not sponsored by any national farm organization. In fact, these provisions have the bitter opposition of many national farm groups. These organizations and their members, as well as the large majority of farmers, are opposed to regimentation and compulsory control of their farming business. They want no traffic with the tens of thousands of politically minded "agricultural G-men" who will be placed on the public pay roll to travel from farm to farm enforcing the orders of the Secretary by intimidation and threat of penalty. They want to remain as free men. Further, the farm organizations in opposition to this bill have proposed sound and constructive legislation, but their suggestions have not been incorporated in the bill.

A brief discussion will now be undertaken in an analysis of the various provisions of the proposed farm bill.

SOIL CONSERVATION

The bill provides for the continuation of the Soil Conservation Act of 1936 with certain desirable amendments. All of the members of the committee are united in their support of the soil-conservation program as administered in 1936 and 1937. This program has been well received by farmers everywhere and the Nation has benefited as a result of the soil-building practices put into effect. Maximum authorizations heretofore approved by Congress for soil-building purposes should be appropriated.

Attention should here be called to the soil-conservation program for 1938 recently announced by the Secretary of Agriculture. No doubt the Secretary anticipated the enactment of this so-called compulsory ever-normal-granary bill, and therefore changed the entire congressional intent and philosophy of the Soil Conservation Act of 1936. Congress intended that benefit payments should be made to farmers for conserving acres and building soil fertility. In accordance with this intent farmers have only been paid benefits upon the acres taken out of the production of soil-depleting crops and planted to soil-conserving crops.

The announced 1938 program was changed by the Secretary, without authority from Congress, and instead of paying substantial sums to farmers for planting soil-building crops in 1938, such payments will be reduced to as low as 70 cents per acre, with the following sums paid for the production of soil-depleting crops on acreage allocated by the Secretary to farmers: Cotton, 2.4 cents per pound (estimated cost $110,000,000), plus 3 cents per pound subsidy on 65 percent of the 1937 crop (18,500,000 bales)—appropriation, $130,000,000 from section 32 funds, plus such additional benefits as may be provided by this bill. Wheat, 12 cents per bushel to farmers on allocated acreage (estimated cost $80,000,000). Tobacco, average $8 per acre; corn, 10 cents per bushel (estimated cost $75,000,000); potatoes, at $5 per acre; peanuts, at $1.45 per acre; rye, barley, and oats, and other soil-depleting crops, at $1.50 per acre.

The above benefit payments are made only to farmers who cooperate in the 1938 program. To make it plain, the Secretary has attempted to establish a voluntary ever-normal-granary program without legislative authority by purchasing compliance and cooperation from farmers through the payment of substantial sums. The Secretary or his representatives will allocate acreage for every farm both as to soil-building and soil-depleting crops, and farmers who comply with the program will receive the benefit payments.

It is estimated by the Department of Agriculture that the soil-conservation program for 1938 will cost $440,000,000. Approximately $45,000,000 of this amount will be used to cover pay rolls for National, State, and county administration, including publicity men, lecturers, travel expense, and periodicals. This enormous sum for administration rightfully belongs to the farmers. The 1936 program cost $397,634,419.11. Out of this money appropriated for the relief of farmers, $40,313,451 was spent for administrative purposes. It will suffice to say that some limit should be placed upon the cost of administration.

While it is not believed that any executive or administrative officer of the Federal Government should undertake to change a policy of Congress without legislative authority, many feel that if subsidy and benefit payments are to be continued it would be preferable to adopt the 1938 voluntary program announced by the Secretary as against the compulsory control laid down in H. R. 8505.

Limitation on payments under soil conservation

Subsidy payment to farmers has become an expediency due to low prices on certain basic commodities on account of burdensome surpluses. The responsibility for these large surpluses does not lie on the doorstep of the farmer who operates a family-sized farm but rather with the large operators who control and operate thousands of acres and with machine production, plant and harvest the excessive supplies of cotton, wheat, corn, and tobacco. If some of these large operators could be induced to properly cut their acreage, our surplus and price problem would be partly solved.

It is conceded that all producers must come into the program if it is to succeed—both large and small farmers. But why should the Government pay tens of thousands of dollars to certain few individuals and only a few paltry dollars to the man who operates the family sized farm? Our memories are always short, but surely we cannot help but recall the benefit payments under the Agricultural Adjustment Act where hundreds of large farmers received subsidy payments from the Government ranging from $10,000 to $1,000,000 each year to produce less. A repetition of such a scandal should not be permitted.

The committee has made an attempt to reduce the large payments but cutting the amount 25 percent when the subsidy exceeded $2,000. This cut is not sufficient, and it is recommended that the House adopt an amendment limiting the total payment made to any farmer.

ABNORMAL GRANARY—NOT EVER-NORMAL GRANARY

The Secretary of Agriculture seeks to establish an ever-normal granary. According to the formulas advocated by him, and now in

the bill, the farmers will be given an "abnormal granary" instead of an ever-normal granary. In the case of cotton, the Secretary recommends acreage control when production and supply have reached the staggering figure of 20,900,000 bales, with the domestic consumption and export of cotton being less than 12,000,000 bales. For wheat, compulsory control will go into effect when the supply reaches approximately 1,100,000,000 bushels, with our domestic consumption and export at considerably less than 700,000,000 bushels. For corn, a supply of 2,900,000,000 bushels is recommended with domestic consumption and export approximately 700,000,000 bushels less. The ever-normal granary is to be maintained with the supply and reserves just enumerated.

Any practical farmer or fair-minded economist will frankly admit that such a large and abnormal supply of the commodities covered by the bill can only bring about lower prices instead of parity income and cost of production.

We can take the case of corn as a typical illustration of what will happen when large supplies accumulate. The total supply of corn at the end of the present crop year amounted to 2,711,000,000 bushels. A 50-cent per bushel loan has been authorized by the President on the 1937 corn crop. The farmer is now receiving around 35 cents a bushel for his corn. The supplies of corn on hand are not excessive, but if 200,000,000 additional bushels are added to present supplies, it is elementary that the price would be considerably lower than it is today. Furthermore, the tender of a loan of 50 cents per bushel has no more help to hold the market price to that figure than the 9-cent loan on cotton, the market price on cotton being approximately 7.75 cents per pound.

At frequent intervals during the crop year, the Secretary of Agriculture announces crop estimates and supplies on hand covering all agricultural commodities. His estimates in this respect have a decided effect upon the domestic and world markets. If he announces a smaller crop than anticipated, the price goes up, and should he predict a larger crop and supply, the domestic and world price goes down. If this bill goes into operation, it is assumed that the Secretary would issue accurate estimates as to production and supplies, whether in storage on the farms or in terminal facilities. Immediately our visible supply would be advertised to the world, and there would be a material reaction in the market price level. It would make no difference if the Secretary announced that a certain percentage of the crop would not be sold because of the ever-normal-granary storage plan. Of course, the Secretary could follow in the footsteps of the Farm Board and have the Government buy all of the reserve supplies and more. This would be another fiasco, and an expensive one at that.

No; instead of building up large supplies in this country of cotton, wheat, corn, and tobacco, our energies should be directed to the recovery of our foreign markets for the surplus production. This can be done without jeopardizing our domestic market for those commodities produced in sufficient quantity to take care of our domestic needs. The principles advocated in the old McNary-Haugen farm bill supply the answer. That bill provided for an American protected price for that part of the commodity sold for domestic consumption with the surplus being sold in the world market at the world price.

LOANS ON AGRICULTURAL PRODUCTS

All members of the committee concurred in the proposal to make sound loans on all agricultural commodities, including dairy products. Past experience indicates the helpfulness and advisability of continuing a liberal but sound loaning policy.

REFERENDUM BY PRODUCERS

The bill provides for a referendum vote by the farmers before the compulsory control provisions, as anounced by the Secretary, go into effect. The Secretary is required to permit all farmers affected by his order to participate in the referendum. If more than one-third of the number of farmers voting are opposed to the control program, the Secretary will not put the compulsory plan into operation. A referendum of the farmers is highly desirable. However, it is believed that such a referendum would be declared unconstitutional by the Supreme Court. In support of this opinion, the case of *Carter* v. *Carter Coal Co.*, decided in May 1936 by the Supreme Court is cited. This case involved a referendum vote among the producers of coal, and the Court said:

"That the power conferred upon the majority is, in effect, the power to regulate the affairs of an unwilling minority. This is legislative delegation in its most obnoxious form; for it is not even delegation to an official or an official body, presumptively disinterested, but to private persons whose interests may be and often are adverse to the interests of others in the same business."

Under the separability clause contained in the bill, and if the Court would declare the referendum unconstitutional, the Secretary could put into effect the compulsory program despite the opposition of the majority of farmers. In fact, he would be compelled to do so under the law.

Compulsory corn control

The most drastic control provision is found in the corn title. Corn farmers living within the so-called commercial-corn area, consisting of 10 States in the Middle West, are to be regimented, inspected, and penalized to the *n*th degree, while the corn farmers living outside of the commercial area can produce, feed, and sell without limit. This means, of course, that there will be a rapid expansion of corn production outside of the commercial area and particularly in contiguous counties, which will result in a break-down of the entire scheme. As an illustration, it might be well to cite some of the States not in the corn area and give the corn production for 1937. Pennsylvania, 61,680,000 bushels; Michigan, 58,320 bushels; Wisconsin only 18 counties in commercial area, but entire State produced 76,864,000 bushels; Virginia, 38,844,000 bushels; North Carolina, 45,357,000 bushels; Georgia, 47,368,000 bushels; Kentucky, 79,482,000 bushels; Tennessee, 68,592,000 bushels; Alabama, 45,834,000 bushels; Mississippi, 45,378,000 bushels; Arkansas, 40,640,000 bushels; Texas, 72,048,000 bushels, etc. More than 50 percent of the corn produced in this country is grown outside of the commercial area and prospects are very good under the proposed program to at least double present corn acreage in the unrestricted area.

The States included in the commercial area and the corn production for 1937 are herewith given: Minnesota (southern one-third of State), entire State production, 169,974,000 bushels; Iowa, 496,620,000 bushels; Illinois (except 14 counties in southern part of State), State production, 434,746,000 bushels; South Dakota (18 counties in southeastern corner), production entire State, 45,748,000 bushels; Nebraska (eastern and southern part of State), entire State production, 83,106,000 bushels (5-year average, 223,843,000 bushels); Kansas (34 counties in northern part), entire State production, 32,280,000 bushels (5-year average production, 126,756,000 bushels); Missouri (northern half), entire State production, 124,308,000 bushels; Wisconsin (18 counties, southern part), total production for entire State, 76,864,000 bushels; Indiana (except 18 counties), total State production, 209,790,000 bushels; Ohio (western half), total State production, 166,005,000 bushels.

The compulsory control scheme for the commercial corn area will now be considered. The Secretary of Agriculture allocates a definite number of acres for corn production for every farm in the area, and when the compulsory program goes into effect, every farmer in the area is given a marketing quota. Marketing quota means the amount of corn that a farmer is permitted to sell, exchange, give away, or feed to livestock and poultry. The marketing quota becomes effective when the national supply has reached 2,900,000,000 bushels of corn. If a corn farmer produces more than his marketing quota, the excess production must be placed in storage and under seal in a suitable corncrib, subject to the instructions from the Secretary. The farmer is not allowed to sell, exchange, give away, or feed any of the corn placed under seal. If he does not have a suitable granary or corncrib in which to place the surplus corn, he must build one at his own expense according to Government specification.

Now, we come to the part of the program where the penalty provisions begin to operate. Should a farmer find himself running short of silage and field corn for his hogs and cattle, he would be penalized at the rate of 15 cents per bushel if he broke the seal on his corn crib and fed some of the stored corn to his starving animals. The same penalty would apply should he dispose of his corn in any manner, and the penalty would be collected by a suit in the United States district court under the direction of the Attorney General at Washington. In addition to being compelled to pay the penalty through legal process, the corn farmer would also lose his benefit payment under the Soil Conservation Act. It might be well to mention that every farm will be inspected and corn measured or weighed, in the silos and cribs, by representatives from the Department of Agriculture. More than 1,000,000 farms in the commercial area produce corn.

If the corn farmer lives up to the program outlined for him by the Secretary of Agriculture, he will receive 10 cents per bushel benefit payment on the average production (30 bushels to the acre) and such other subsidies as Congress may see fit to appropriate.

It is believed by many that the program for corn is unsound and will work to the detriment of all agriculture.

TOBACCO

There are times when mere men rise above politics and become statesmen. The drafting of the tobacco section was no such an instance. The provisions of this title provide for strict compulsory control for tobacco farmers, but the effect of such control is not felt by the producer if he markets more pounds of tobacco than permissible under his quota, for he is subject to no penalty. The buyer pays the penalty of 50 percent of the market value if he knowingly makes a purchase from any tobacco farmer who sells more than his allowable quota. Another item of particular significance in this title is the fact that a majority of the producers are exempt from the provisions of the bill. An exemption has been provided so that producers shall not come within the provisions of the bill or the marketing quota if they produce from 2,400 to 3,200 pounds or less.

Politically speaking, we find an ideal situation in the compulsory control for tobacco. The majority of tobacco farmers are exempt from the provisions of the bill; no penalty is collected from the producer, and if he can convince the buyer that he is not selling contraband or bootleg tobacco, he can receive his full market price without deduction. The buyer pays the penalty and the producer does not feel the sting of compulsory control.

WHEAT

According to expert authority from the Department of Agriculture, compulsory control and marketing quota will go into

effect when the Nation has produced a total supply of 1,027,000,000 bushels of wheat. The details of the plan are similar to the control and storage provisions explained in the corn paragraphs of this report with the exception that wheat plan covers the entire country. Each wheat farmer is assigned a definite acreage for wheat production, and is required to store up to 20 percent of his crop above his marketing quota. The amount placed in storage cannot be sold or given away, but it may be used for feed. If the wheat farmer lives up to his contract and only plants wheat on the allocated acreage, and places in storage the excess supply above his marketing quota, he will receive a benefit payment of 12 cents per bushel on the normal production of his allotted acreage. He will also be eligible to receive such other benefits as Congress may provide in H. R. 8505.

In the event that the wheat farmer fails to comply to his part of the agreement, and should he dispose of his storage wheat, he will be subject to a penalty of 15 cents per bushel, and also lose all other benefit payments.

Wheat is a world commodity, and it is not believed that the piling up of large visible surpluses in this country can do anything but cause a lower price level. Parity price on wheat is said to be $1.20 per bushel. The farmer should receive at least this amount, and we believe that if the principles of the McNary-Haugen bill would be applied, he would come closer to it than under the provisions of the bill before the House. The wheat farmers do not want the compulsory program.

COTTON PROGRAM

The cotton program as set forth in the bill contemplates acreage control, without production control or marketing quotas. Each cotton farmer is assigned to definite number of acres upon which he may grow cotton. He can grow without penalty, as much cotton on his allotted acreage as nature and fertilization will permit. He can also sell all of the cotton produced on the allotted acreage without restriction or penalty. If he plants additional land in cotton over and above his allotted acreage, a penalty of 2 cents per pound will be collected from him on the sale of such surplus production. This farmer would then become a noncooperator, and as an additional penalty, would forfeit his entire benefit payment.

The 10-year average for cotton production has been approximately 170 pounds per acre. According to the Secretary of Agriculture cotton producers were blessed with an average production of 228 pounds per acre for the cotton crop of 1937. This, he said, was due in part to the soil-conservation program which brought about increased production of cotton on the acres treated to soil conservation in the 1936 program, and in part from ideal weather conditions. These facts are cited to show the ineffectiveness of the proposed cotton-control program. The cotton crop for 1937 exceeds 18,500,000 bales. The carry-over amounted to 6,000,000 bales, making a total of 24,500,000 bales on hand. Of this enormous supply 6,000,000 bales will be used in this country during the next 12 months and approximately 4,400,000 bales will be sold in the foreign market. This will leave a carry-over on August 1, 1938, of more than 14,000,000 bales.

The program provided in the bill, as advocated by the Secretary of Agriculture, provides for the use of 28,000,000 acres for cotton production in 1938. It is estimated that this acreage will produce 12,000,000 bales. This amount plus the carry-over will provide a total supply of 26,000,000 bales at the end of the 1938 crop year.

What shall we do with the cotton? During the past 5 years our cotton exports have decreased from 8,000,000 bales to 4,400,000 bales. Foreign production of cotton has increased during the same period from 10,000,000 bales to 20,000,000 bales. Cotton authorities in the South are unanimous in the opinion that the cause of the enormous increase in foreign production of cotton, as well as the rapid loss of our foreign market, is due here to artificial interference on the part of the Government. The difficult situation confronting cotton farmers must be recognized by everyone, and drastic steps taken to revive world markets for cotton and to increase domestic consumption. Otherwise, neither legislative fiat nor compulsory control nor 9-cent loans and 3-cent subsidies can save the cotton South.

Cotton farmers complying with the program for 1938 will receive a 3-cent-per-pound subsidy on 65 percent of the 1937 crop which aggregated 18,500,000 bales. The sum of $130,000,000 was provided for this purpose in the closing days of the last session. In addition to this subsidy, the cotton farmer will receive 2.4 cents per pound on the production of cotton on the allotted acreage for 1938 plus such other payments as Congress may authorize. Loans at the rate of 9 cents per pound are also being made on the 1937 crop, and a cotton farmer just can't afford to stay out of the program. However, continued payment of large subsidies will not solve the cotton problem.

RICE PROGRAM

The rice program is similar to the compulsory control of wheat with this exception. The buyer of contraband rice over and above the marketing quota must pay a penalty of one-fourth cent per pound if he makes a purchase, while the wheat farmer himself must pay the penalty.

CONSTITUTIONALITY OF COMPULSORY CONTROL

It is believed that in view of the decision of the Supreme Court in the Butler case, when passing upon the constitutionality of the Agricultural Adjustment Act, that the compulsory-control provisions of the proposed bill will be declared unconstitutional. We quote here some of the pertinent statements made by the Court with reference to the right of the Federal Government to control production of agriculture.

The Court said: "It is a statutory plan to regulate and control agricultural production, a matter beyond the powers delegated to the Federal Government." Also, "The tax, the appropriation of funds raised, and the direction for their disbursement are but parts of the plan. They are but means to an unconstitutional end." In referring to the Bankhead Compulsory Cotton Control Act with its penalty provision, the Court said: "The Congress has gone further and, in the Bankhead Cotton Act, used the taxing power in a more minatory fashion to compel submission. This progression only serves more fully to expose the coercive purpose * * *." Further: "Congress has no power to enforce its commands on the farmer to the end sought by the Agricultural Adjustment Act."

It is said that there are those who believe that certain proponents of this type of compulsory legislation (who are not Members of Congress) are very anxious to have enacted into law legislation which is obviously unconstitutional, and which will be so declared by the highest Court, in order to provide new life for a continued attack upon the Supreme Court. This is not the way we should do business, for prejudice and class hatred of this character have no place in our American system if we are to continue as a free democracy. When changes are needed in our governmental system, the people can bring them about in a constitutional manner without the necessity of hatred or intimidation.

DISLOCATION OF AGRICULTURE

Agriculture in the United States, with its diversity of interests, is so delicately balanced that when hasty and artificial action is taken to change production programs in the aid of one section, other parts of the country are adversely affected. No one can object to the normal and natural expansion of the various types of agriculture in all parts of the country, but when this is done in a wholesale manner with Government subsidies, surely those injured thereby have a right to register a vigorous protest.

The program intended by the bill before us, as announced by the Secretary of Agriculture, contemplates the taking of 40,000,000 acres of cotton, tobacco, wheat, and corn land out of present cultivation, and the planting of said acres into clover, alfalfa, and other legumes, ostensibly for soil-building purposes. These are feed crops, and it is natural to assume that they will not be wasted or destroyed but fed to dairy cattle and other livestock. Dairying is now on the verge of national surplus production, and if hundreds of thousands of additional farmers are subsidized by the Federal Government to go into the dairy business, it will only take a few years to bring ruin to this industry in all parts of the country.

What has been said in the preceding paragraph with reference to dairying applies with equal force to other branches of diversified agriculture engaged in production on a national scale.

The gentleman from Wisconsin, Mr. BOILEAU, will offer an amendment on the floor which seeks to prevent absolute dislocation of all diversified agriculture. The adoption of this amendment is urged, and the substance is here quoted for the convenience of the members.

BOILEAU AMENDMENT

Subsection (d) of section 2 of the pending bill which amends the Soil Conservation and Domestic Allotment Act provides as follows:

"(d) Any payment or grant of aid under subsection (b) shall be conditioned upon the utilization of the land, with respect to which such payment is made, in conformity with farming practices which the Secretary finds tend to effectuate any one or more of the purposes specified in clause (1), (2), (3), (4), or (5) of section 7 (a)."

Amendment offered by Mr. BOILEAU: Page 9, line 4, at the end of such subsection, strike out the period, insert a comma, and add the following: "And (except for lands which the Secretary determines should not be utilized for the harvesting of crops but should be permanently used for grazing purposes only) shall be further conditioned upon the utilization of the land, with respect to which such payment is made, so that soil-building and soil-conserving crops planted or produced on lands normally used for the production of cotton, wheat, rice, tobacco, or field corn shall be used for the purpose of building and conserving the fertility of the soil, or for the production of agricultural commodities to be consumed on the farm, and not for market. As used in this subsection the term 'for market' means for disposition by sale, barter, exchange, or gift, or by feeding (in any form) to poultry or livestock which, or the products of which, are to be sold, bartered, exchanged, or given away; and such term shall not include consumption on the farm. An agricultural commodity shall be deemed consumed on the farm if consumed by the farmer's family, employees, or household, or by his work stock; or if fed to poultry or livestock on his farm and such poultry or livestock, or the products thereof, are to be consumed by his family, employees, or household."

DAIRYING

The production of milk and dairy products is the largest agricultural business in the United States. As compared with the five basic commodities covered by the proposed bill for the 1936–37 crop year, the following figures tell the story: Milk, $1,761,000,000; cotton (lint and seed), $947,797,000; corn, $1,518,411,000; wheat, $624,338,000; tobacco, $269,061,000; rice, $40,730,000.

The dairy industry received no benefits whatsoever from the operations of the Agricultural Adjustment Act or other New Deal legislation. Quite to the contrary, the dairy farmers of this country have been used as trading stock by the administration in the carrying out of its reciprocal-trade policy. Tariff duties have been slashed on dairy products and foreign farmers encouraged to increase their production for shipment into the United States in competition with domestic production. During the first 9 months of 1937, 10,148,000 pounds of butter and 42,000,000 pounds of cheese produced in foreign countries entered our ports for sale in this country. In the same period, several hundred million pounds of competitive oils and fats were imported to be used in competition with dairy products. The effect of these importations has been to reduce the price received by American dairy farmers for their products with a consequent loss in purchasing power.

No unit of agriculture has a greater purchasing power than the dairying industry. The dairy farmer has a daily cash income and he is generally a good spender when he has the money. The dairy group has asked very little from the New Deal administration. Their only request, which required no subsidy, was for the preservation of their American market. This has been denied to them, and instead of giving them relief, they have been bartered away.

If permanent farm legislation is to be adopted, as proposed in the pending bill, the dairy farmers demand the right to be included in the economic picture for agriculture. Each basic commodity covered by the bill has written its own ticket, and now the following amendments are offered for adoption and inclusion in the bill as the permanent program for the dairy industry. The gentleman from Minnesota [Mr. ANDRESEN], a member of the committee, will offer the amendments.

ANDRESEN DAIRY AMENDMENTS

"SECTION 1. The importation of agricultural products into the United States is hereby prohibited where the landed cost of such products plus the tariff duties are lower than the domestic cost of production."

The above amendment covers all farm products, since the dairy group is of the firm conviction that all branches of American agriculture are entitled to have the full benefit of the domestic market.

"SEC. 2. The Secretary of State is hereby directed to discontinue the practice of binding on the free list or binding at the present rate of excise taxes agricultural commodities imported into the United States. The Secretary of State is further authorized to advise the Governments of Brazil and the Netherlands that at the expiration date of the respective trade agreements the concessions granted by the United States with reference to binding babassu oil and starches on the free list and freezing the excise tax on palm oil at 3 cents per pound will not be continued.

"SEC. 3. That on and after 6 months from the enactment of this act foreign shipments of dairy products into the United States are prohibited unless said dairy products have been produced from milk or cream of cows which are free from bovine tuberculosis."

The amendment designated as section 3, only seeks to compel foreign farmers who desire to ship their dairy products into the United States, to comply with the same sanitary regulations and laws as are in effect for American dairy farmers.

COST OF PROPOSED PROGRAM

In addition to the $500,000,000 authorization included in the soil-conservation program, it is roughly estimated that $200,000,000 more will be required to carry out the new benefits of H. R. 8505. This legislation does not have a processing tax, and whatever funds are provided must come from general revenues.

CONCLUSION

Time and space will not permit a complete discussion of all of the ramifications of the Agricultural Adjustment Act of 1937. It is to be hoped that the membership of the House will take the time to inspect its many complicated provisions. Suffice to say, we firmly believe that the compulsory control programs outlined in the bill are unconstitutional, unsound, un-American, and will work to the detriment of American agriculture.

It is recommended that any permanent farm program be based on voluntary cooperation under farmer control; that the family-sized farm be given preference over large commercial operators; that the Soil Conservation Act be continued; that the principles of the McNary-Haugen bill be adopted so as to provide for the revival of our export market for surplus commodities, and a domestic price level covering products used in home consumption; that the American market be guaranteed to the American farmer to the limit of production; that a permanent loan policy for crop storage on farms be provided; and that in the drafting of a permanent program all branches of agriculture be given equal consideration.

The welfare of agriculture is not a political matter, and therefore all groups should join in the drafting of sound and beneficial legislation in accordance with American ideals and standards.

Respectfully submitted.

AUGUST H. ANDRESEN.

NOVEMBER 27, 1937.

We concur in the views expressed in the above minority report.

J. ROLAND KINZER.
CHARLES W. TOBEY.
CLARE E. HOFFMAN.
BERT LORD.

The Political Situation

EXTENSION OF REMARKS

OF

HON. HARRY S. TRUMAN

OF MISSOURI

IN THE SENATE OF THE UNITED STATES

Tuesday, December 7 (legislative day of Tuesday, November 16), 1937

ARTICLE BY LUCY SALAMANCA

Mr. TRUMAN. Mr. President, I ask unanimous consent to have printed in the RECORD an article by Lucy Salamanca entitled "Nation Finds Generous Supply of Presidential Timber," appearing in the Washington Evening Star of December 5, 1937.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Evening Star, December 5, 1937]

NATION FINDS GENEROUS SUPPLY OF PRESIDENTIAL TIMBER

(By Lucy Salamanca)

If "life begins at 40" for some, as contended, Presidential life is going to begin for somebody in '40, that is sure. The list of possible candidates grows. To such an extent does it grow, in fact, that it is a brave man or foolish who would venture at this stage of the game to analyze likelihoods. However, there is a definite interest attached to certain names mentioned in connection with the next Presidential election, and this seems as good a time as any to familiarize ourselves with the background of the individuals so mentioned without venturing analyses or predictions of any nature.

We have all heard the list, or portions of it, and not a few of us have added our own favorite to the queue. Barkley, Byrd, McNutt, Vandenberg, Earle, Moore, Farley, Garner, La Follette, Wallace, Ickes, Hull, March, Clark, Harrison, Lodge are among those this writer has heard mentioned most often on the "Hill" and in Government departments. Now and then we even gave heed to a feminine possibility, which, while a somewhat empty gesture, we admit, injected at least a note of interest. Those laughing little whispers have grown into pronunciamentos on occasion, so we report without conjecture.

Without passion or prejudice, then, let's take a look into the factual background of these gentlemen and make our own decisions as to just what kind of Presidential "timber" such backgrounds are likely to provide.

BARKLEY. When Senator ALBEN W. BARKLEY, of Kentucky, fell heir to the difficult post made vacant by the untimely death of Joseph T. Robinson some months ago, he stated, in a private interview with the writer, that, in his opinion, the next Presidential candidate from the Democratic Party would set "as his goal and objective" the advancement of liberalism, stating that "even from the time of Jefferson the party has been distinguished for its liberal tendencies and it should proceed along liberal lines." It was perhaps with this philosophy in mind that many have mentioned the name of BARKLEY as possible Presidential candidate on the Democratic ticket for 1940; certainly the record shows his tendencies.

A Kentuckian, BARKLEY has always been a vigorous proponent of the New Deal and a close friend of the President, carrying out the objectives of his party. Politics, he states, he "breathed with his schoolbooks."

He served as janitor, worked in a livery stable, peddled kitchenware through the Georgia countryside to earn an education, and matriculated in a little Methodist institution, Marvin College. Later he studied in Emory College in Atlanta and topped off his training by attendance at the Law School of the University of Virginia.

BARKLEY was swept into the House of Representatives on the great Wilson wave of 1912, and there won a place on the Interstate

Commerce Committee, taking part, as a member of that body, in the framing of wartime legislation that authorized Government control of the railroads. He helped pass the famous Adamson 8-hour railroad law and later contributed to shaping the Transportation Act when the railroads were turned back. He fought for liberalization of the Howell-Barkley bill—a measure that started a royal row on the Hill and invoked thereby a rarely used House rule. While a filibuster interrupted progress on the measure, activities among executives and workmen leading to an agreement brought about almost unanimous passage in the December session, and as a result when BARKLEY ran for the Senate in 1926 against Richard F. Ernst he was strongly backed by the railroad unions. Highway improvement, abolition of the "lame duck" session, support of prohibition, repeal of prohibition, and a fight on certain schedules of the Smoot-Hawley Act have been some of his many legislative interests.

BARKLEY assisted in the stock-market investigation that led later to the Securities and Exchange Commission. He helped write the Emergency Banking Act of 1933, and in 1935 he wrote the "death sentence" clause in the Utility Holding Company Act. He supported Federal housing, home owners' loan bank and deposit guarantee legislation, N. R. A., and A. A. A. The only time he has departed from the President on a major issue was when he voted to override the soldiers' bonus veto.

BARKLEY believes that the "definite accomplishments and aggressive constructive program of the administration have set a standard of activity for the American people."

Selecting at random from our list, consider next a talented young man who has been mentioned as a Republican possibility—35-year-old Senator HENRY CABOT LODGE, Jr., of Massachusetts.

In his own words, LODGE believes that "able professionals" are what politics needs.

LODGE served for 5 years in Washington as political news correspondent for the New York Herald Tribune, which may have been an excellent training school for politics itself. This, again, is a belief of the young Senator, who once stated that political journalism, "which undertakes to know the public temper, is perhaps the closest approximation to politics."

LODGE has publicly deplored the "presence of midgets in the seats of the mighty," and that expediency which "dictates too often the way in which a Senator casts his vote."

Bearing with him to the Senate the weight of his distinguished grandfather's prestige, the junior Senator from Massachusetts, like that grandfather, was 30 years old when he first became a member of the Massachusetts House of Representatives.

LODGE was educated at Middlesex School, in Concord, from which he was graduated in 1920. In 1924 he received his B. A. from Harvard, and while still in college began his journalistic career with the Boston Evening Transcript, becoming associated with the Herald Tribune directly after his graduation. During his newspaper days he covered political conventions, affairs in Nicaragua and in Mexico, and was foreign correspondent in Europe and the Far East.

He served two terms in the Massachusetts Court, identifying himself there with the committee of labor and industries. Running against Governor Curley, Democrat, for the United States Senate, he polled 115,644 votes against the Governor's 92,623. The young Senator has urged rededication to the "American dream," which, in the words of Walt Whitman, embodies the justification and main purpose of the United States in our "plowing up in earnest the interminable average fallows of humanity."

Four members of the Cabinet have been prominently mentioned with respect to the 1940 Presidential picture—Farley, Wallace, Ickes, and Hull. "Nothing but advances will be made in the liberal program of President Roosevelt in 1940, no matter who succeeds him," Postmaster General Farley declared to this writer in a private interview last August. And there are those who believe Mr. Farley may be the one to make those "advances."

Secretary of State Hull, however, has been as frequently designated as the affable chairman of the Democratic National Committee. And if his age in 1940 be mentioned in the next breath as a consideration, so are Farley's aspirations for governorship of New York, in the first instance. Mr. Hull's efforts at peace have distinguished his career as Secretary of State. To promote peace, a spirit of fair play, and friendly relations among nations is the major concern of this Presidential possibility.

Last July he told this writer in a private interview that the policy of isolation, of self-containment, of autarchy "that cuts one nation off from another can only lead to moral isolation and an intensified nationalism that breeds international friction, fear, envy, and resentment, and destroys the very foundation of world peace." On that occasion he also expressed the belief that it is necessary to establish "a nonmilitaristic point of view, through a revitalization of international law, which will achieve renewal of those finer relationships between nations upon which freedom, peace, prosperity, and civilization itself depend."

So much for the point of view of this possible candidate. He was born in 1871 in Tennessee and was graduated from the law department of Cumberland University in Lebanon, Tenn. For two terms he served in the lower house of the Tennessee Legislature. Hull was elected to every Congress from the Sixtieth to the Seventy-first, with the exception of the Sixty-seventh. From 1921 to 1924 he was chairman of the Democratic National Committee. He was elected to the United States Senate in 1930 and appointed Secretary of State in 1933.

To turn our attention to a Progressive whose name has circulated freely in discussions of possible Presidential candidates in 1940, there is ROBERT M. LA FOLLETTE, Jr., whose independence of thought and action have been the joy of his friends and despair of his opponents. Born in 1395, LA FOLLETTE was elected to the United States Senate on September 29, 1925, to fill the unexpired term of his father, Robert M. La Follette. He was reelected in 1928 and again in 1934. In this November of 1934 he received twice as many votes as his Democratic and Republican opponents. The vote stood 440,513 for La Follette, 223,438 for John Callahan, Democrat, and 210,569 for John Chapple, Republican. The young LA FOLLETTE's present term expires in 1941.

Because of the fact that he has consistently warned against the dangers of monopolistic control in American industry and was gathering facts in the matter long before the question of monopolies became of national interest with the President's recent request for investigation into their possible effect upon the high cost of food, Charles H. March, member of the Federal Trade Commission, has been frequently named in Republican circles as a likely candidate in 1940. As an attorney and guardian of the public interests for many years and a member of the important Federal Trade Commission since 1929, Colonel March has made friends among Democrats and Republicans alike for his impartial attitude and consistent contention that there are two sides to every question.

In an interview with the writer in July, Colonel March expressed the refreshing belief that "the important thing is not if one be a Democrat or a Republican, but if he be first of all a good citizen. There is too much talk nowadays," he stated, "of parties. Political affiliations should not overshadow national service."

Economic progress, national trends, industrial contributions or abuses, have passed in close review before the Federal Trade Commission, by the nature of its duties, and in all the years he has served that body, Colonel March has preached the dangers that lie in monopoly and the concentration of wealth. These, he asserts, are world problems, and underlie civil war in Spain, the Communist revolution in Russia, and the death of democracy in other countries. Twice President Roosevelt has expressed publicly, in the last few months, similar fears with regard to the effect of monopolistic control in this country—once on the occasion of laying the cornerstone for the Federal Trade Commission Building on Constitution Avenue and more recently in his request that the Commission investigate monopolies with reference to the increasing cost of living.

Another Republican, likewise an attorney, who has been named as a possible Presidential candidate in 1940, is Senator ARTHUR H. VANDENBERG, of Michigan. Mr. VANDENBERG has also had an active and interesting public career. Born in Grand Rapids in 1884, he studied law at the University of Michigan. He served as editor and publisher of the Grand Rapids Herald until his appointment to the United States Senate on March 31, 1928.

In 1916 and 1928 VANDENBERG was chairman of the Michigan Republican State convention and from 1912 to 1918 was a member of the Republican State Central Committee of Michigan. He served the term of his appointment to the Senate from March 31, 1928, to November 6, 1928, when he was elected for the short term and for the long term ending in 1935. He was reelected for the term ending in 1941.

One of the 17 charter members, and an incorporator of the American Legion, Senator BENNETT CHAMP CLARK, Democrat, of Missouri, has stanch advocates in veterans' circles. Parliamentarian of the House of Representatives from 1913 to 1917, Senator CLARK's political career was interrupted by the war. He is past national commander of the American Legion. He has attended every Democratic convention since 1900 and in 1916 was parliamentarian of the Democratic National Convention. An attorney by profession he was elected to the United States Senate November 8, 1932, but was subsequently appointed to the Senate on February 3, 1933, by Gov. Guy B. Park to fill the unexpired term of Harry B. Hawes, when that gentleman resigned.

The name of Senator ARTHUR HARRY MOORE has found its way latterly into the press in connection with these 1940 possibilities. A Democrat from Jersey City, MOORE has studied medicine and law. He has been a mayor's secretary, city tax collector, city commissioner, and twice Governor of New Jersey. On November 6, 1934, he was elected to the United States Senate with 785,971 votes, against his opponent's 554,483 votes.

Senator HARRY FLOOD BYRD, of Berryville, Va., has heard his name echoed in the 1940 lists. Senator BYRD's official biography provides one with the rather startling information that the gentleman from Virginia "entered business at the age of 15 as a newspaper publisher, farmer, and apple grower." With this excellent start, Mr. BYRD was elected in 1915 to the Senate of Virginia, where he served until elected Governor for the 1926–30 term.

Gov. John Pollard appointed him to the Senate on March 4, 1933, and on November 7, 1933, he was elected for the unexpired term of Claude A. Swanson, who had resigned. He was reelected for the full term in 1934.

Those who persist in the belief that the South "is to be considered" have adopted their own alliterative slogan: "Pat for President!" Long a favorite on the Hill, Senator HARRISON, of Mississippi, has had an extensive legislative experience, having served as Member of the House of Representatives in the Sixty-second, Sixty-third, Sixty-fourth, and Sixty-fifth Congresses. He had been district attorney down in Mississippi for 6 years prior to that. In 1918 Pat was elected United States Senator for the term ending in 1925. He was reelected in 1924 and 1930 and again in 1936 for the term ending in 1943.

Address by Hon. James A. Farley at Lansing, Mich.

EXTENSION OF REMARKS

OF

HON. PRENTISS M. BROWN

OF MICHIGAN

IN THE SENATE OF THE UNITED STATES

Tuesday, December 7 (legislative day of Tuesday, November 16), 1937

ADDRESS OF HON. JAMES A. FARLEY, CHAIRMAN OF THE DEMOCRATIC NATIONAL COMMITTEE, AT A DINNER GIVEN BY THE JEFFERSON CLUB, LANSING, MICH., SEPTEMBER 30, 1937

Mr. BROWN of Michigan. Mr. President, I ask unanimous consent to have printed in the RECORD a speech delivered by Hon. James A. Farley, chairman of the Democratic National Committee, at a dinner given by the Jefferson Club at Lansing, Mich., September 13, 1937.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

Michigan, I think, supplies the finest forum of political discussion of any State in the Union. Speaking from what we might describe as the purely professional viewpoint, there is more interest, as well as more fun, in talking politics in a community where ordinarily election results cannot be forecast than in those sections where one of the major parties has complete domination. You people have experienced all the ups and downs of the political seesaw. Just now you are, I believe, a thoroughly Democratic State, even though there are one or two officeholders of the opposite political faith who have managed to survive the political storms of the past few years. However, matters of that kind can be attended to in due course of time.

On arriving here in Michigan, it was pleasing to find that this State, which, because of its varied interests, might serve as a model for the entire Nation, is enjoying a substantial measure of prosperity and that there is noticeable a fine spirit of optimism and courage whenever the future is discussed. The same tale can be told of every State in the Union. This country is moving forward once again in all its strength and virility and the people have little time and less patience with those who like to dispute the evidences of their own senses. To those of you who recognize facts when you see them, the reason for this present encouraging state of affairs is obvious. This State is doing well under the administration of my good friend, Gov. Frank Murphy, who has handled the most trying problems with rare skill and understanding, and I know that the people of Michigan are grateful to Franklin D. Roosevelt for the magnificent way in which he has fulfilled the promises made 5 years ago. You had faith in him then. You emphasized that faith last year, and we all know that your confidence in him is as great today as it was then. In the convention of 1932 the delegation from Michigan cast its unanimous vote for Roosevelt on every ballot. And in the convention at Philadelphia last year Frank Picard, of Saginaw, seconded the renomination of our great Chief Executive, who was made the standard bearer of his party for the second time by acclamation. Many individuals in this audience were members of that convention.

What I said a few moments ago in relation to the political ups and downs experienced in Michigan is not, in my judgment, subject to amendment. I think you will agree that the period of political uncertainty in this State is past, and that for a long time to come Michigan will be counted on as safely Democratic. As I have frequently said on similar occasions, the period of Democratic success is bounded and limited by the lines of efficiency, honesty, and sincerity. In other words, our party will remain in power as long as it deserves to remain in power. The yardstick must be faithful performance of public duty. Some of us may think that we are wise politicians, but cleverness in devising party tactics can never stand the test as a substitute for good government. There are not enough hard-and-fast Democrats in the Nation to insure invariable success. There are not enough hard-and-fast Republicans in the Nation to bring about Democratic defeat. The party vote in any campaign is merely the foundation, and only the foundation, for success. In the last analysis, the fate of the Nation is determined by that great body of men and women who cast their ballots for the best candidate and the most satisfactory results. The only safe way is to remember at all times that majority rule is the deciding factor in a democracy and that any party which loses touch with the masses of people is courting certain defeat.

It is perfectly natural that in a time like this the captains of the Republican Party should see their only hope of returning to power in the possibility of a Democratic split. Having forfeited public confidence themselves, they hope that our own party will be foolish enough to do likewise. Because, unless the solidarity of our own ranks is broken, the opposition leaders know that they might as well spare the expense and bother of primaries and conventions and let the coming elections go by default. And so, under the circumstances, they are tempted to buoy up their spirits by painting a picture of a serious rift in the Democratic ranks.

In that task they are aided by a certain element of the public press that has been hostile from the beginning to the ideals and objectives of the present administration. Of course, in a country as extensive as ours in population and area, a country which prides itself on the independence and resourcefulness of its citizens, there is bound to exist a certain difference of opinion on questions of public policy. Everyone recognizes that to be a fact. But permit me to say with emphasis that these differences of opinion will be ironed out within our own party. In proof of that fact, you may have noticed that these noisy declarations about a new party alinement come from hostile newspapers and from the Republican camp. The expression is a wish and a hope—and I may add, an invalid wish and a vain hope. The wish is without expectation. The hope is a hope of despair. For in every State in this Union you will find the people are supporting President Roosevelt just as firmly as they did before. The leaders of the Republican Party are still misjudging public sentiment in the manner that cost them so dearly in last fall's election.

Once again the captains of the G. O. P. are underrating public intelligence. Apparently they still harbor the delusion that the voters are unable to weigh the value of words against deeds. They are incapable of realizing that the public has far greater respect and devotion for a political party that meets grave problems in straightforward and resolute fashion than it has for a party that hangs back and does nothing, too timid to move and too much afraid of the consequences even to try.

The Democratic Party took over the direction of national affairs on the promise that it would make an honest effort to remedy the ills of this country, whether they were social or economic, industrial or agricultural. For the past 5 years it has kept that promise faithfully and well. Our party doesn't duck and it doesn't dodge. Our leaders never sit idle and hope that something will turn up, that conditions will take care of themselves. Our leaders have never committed the blunder of assuming that deep-seated economic troubles could be righted by the Pollyanna process of announcing that prosperity was just around the corner. On the contrary, the Democratic Party has today the confidence of the overwhelming mass of American voters because it was sensible enough and brave enough to substitute a constructive program of workable policies for the do-nothing attitude of the previous administration. This administration intends to continue that method of doing things.

The Republican Party has also made the fatal error of protesting too much. Ever since the present Chief Executive entered the White House his policies have been greeted by a never-ending howl of wails and lamentations on the part of the opposition. Times without number in the past few years they have predicted that the Roosevelt policies were bringing the country to the brink of destruction and ruin. And think how silly those predictions have been. Today the economic and political stability of the United States is almost unrivaled. The fires of industry have been lighted once again, agriculture is enjoying a measure of prosperity, and the arteries of trade and commerce are pulsing with new life. For a patient who was supposed to be caught in the grip of a serious malady Uncle Sam seems to be about the healthiest person imaginable. In fact, to use an old expression, he is too healthy to suit the critics of Mr. Roosevelt's policies.

But the healthy condition of Uncle Sam is not the only proof that the President's adversaries were speaking with tongue in cheek when they predicted disaster from his policies. The more striking proof is the fact that they never dare suggest the repeal of those policies which have contributed to our present splendid condition. Let me divert for a moment to indulge in a very modest prediction: The Republican Party will never dare propose the repeal of the bank insurance deposit law; it will never dare propose abandoning the sensible Democratic policy of Federal aid for agriculture; it will never dare suggest repeal of the Social Security law; it will never dare propose abandoning Federal regulation of stock markets and security exchanges; it will never go on record in favor of ending the effort to abolish slum evils; it will never openly oppose the sincere Democratic effort to secure for the workingman a fair share of the bountiful wealth of this country.

Those great policies I have just enumerated, my friends, are Democratic policies. But they are more than that—they are American policies. They had their birth in that spirit of fair play and equal justice which is an essential part of the national character. This country is big enough to provide a fair standard of living for everybody without penalizing any group or class, and that is the constant objective of the administration now in power.

The purpose of government, and its only legitimate purpose, is to maintain and, if possible, increase the contentment and prosperity of citizens generally. The task for which the Roosevelt administration was originally placed in power was to halt the downward spiral of business, decrease unemployment, substitute hope for despair and not only get the wheels of industry moving again but to take such steps as might be necessary to prevent any future return of such complete economic collapse as we had from 1929 to 1933.

As I said before, the success of any administration is dependent on the kind of government that administration has given the people. If it has satisfied the people, the party in power is continued in power. If it has failed, the people put another party in power, as they did in 1932, after President Hoover had shown his incapacity to meet a grave emergency.

You do not need to take my word for the difference between conditions now and things as they were when Franklin D. Roosevelt came to the White House. Just before coming out here I noticed in the New York papers a page advertisement of your Detroit Free Press. It had a chart illustrating the progress of its circulation since 1933 to the present time. Let me quote you a line or two from that advertisement: "From the low-water mark of the depression in 1933 the weekday circulation of this newspaper has had an increase equivalent to the number of families in a city the size of Indianapolis, Ind.; Rochester, N. Y.; or Louisville, Ky." I have omitted the actual figures, but there are few such accurate barometers of an economic trend equal to the circulation figures of a newspaper. This particular journal has been the reverse of friendly to the Roosevelt administration. Consequently, I assume that it attributes its prosperity today compared with what it was "at the low-water mark of the depression in 1933" to its own excellency, and, of course, accords no credit for that prosperity to the administration. But we all know that such indexes are contingent upon and resulting from a general wave of recovery.

You have three great industries in your State—agriculture, mining, and manufacturing. Let us see how these industries have fared since the advent of the present administration in Washington. I see in a quotation from the Michigan Farmer that "Following 4 years of consistent and very substantial gains in farm income for Michigan farmers, the bumper crops for 1937 will place rural Michigan in an outstanding position to purchase the products of industry." The same story narrates that so far this year farmers' income in Michigan was $21,000,000 more than the same period last year, and last year the farmers made $213,000,000. So, this year we can reasonably figure that Michigan's farmers will have $100,000,000 more to spend than they had in 1933.

Of course, the prosperity of any one element in our economic system is reflected in the other elements. I do not have to tell you about your motor industry, but perhaps it may be news to some of you that four times as many new automobiles were registered in Michigan last year as were registered in 1932. The 250,000 additional new cars and tractors tell where a substantial amount of the farmers' money was spent.

Iron-ore mining in your State increased from 2,555,000 to 9,178,000 long tons, or 259.2 percent, from 1932 to 1936.

In 7 years there has been in Michigan a 75-percent gain in employment in your factories, and the amount of money represented by those pay rolls has increased 106 percent. In this State alone 200,000 recently jobless men have gone to work. This, of course, means that the work folks as well as the farmers and industrialists are participating in the new prosperity.

I have heard some of our political opponents protest that the Roosevelt administration could not claim credit for bumper crops. Of course, Nature only, coupled with the industry of the farmer, gives us bumper crops; but such crops in the past have not always been reflected in increased income. It is the prices they get for their products that really count. They were getting 45 cents a bushel for wheat in 1932 against more than double that today, and corn and oats, potatoes, and all the other food products followed pretty much the same percentages. Where they were getting less than $4 per hundredweight for beef cattle in 1932, they are getting about $8 now; and where they got $3.65 for hogs, the market rate is today more than $12. Now, what do you suppose brought about the change; was it not the policy of the National Government which, while making the farmers again a class capable of buying and paying for the products of industry, also gave the city dwellers the purchasing power to buy the stuff the farmer raises?

It is true that a lot of money was spent and is being spent in direct relief and emergency employment, which to some extent has helped in establishing the markets. Our mournful adversaries never tire of pointing out the extent of this expenditure. One would think from their wails and groans that the money had been loaded on scows, towed out to sea, and dumped into the depths of the ocean. Actually, of course, this money went into the arteries of trade, into pay envelopes. A lot of it is represented in the bank deposits and in investments that those bank deposits made possible. It was not wasted and is still working to the benefit of our whole economic system. Without it we would have had a picture very different from that presented today.

All of you can remember the miles of idle factories, the armies of jobless men, the crashing banks, and the business failures of the period of the depression. Do you think that any price was too great to pay for freeing this country of the horror of that time?

I have not attempted to give you anything like an adequate picture of the prosperity that has been reborn in this country. For the whole country is faring just about as well as Michigan. I haven't time to talk about what the C. C. C. camps have done for your State—I mean what they have done in addition to preventing thousands of boys becoming tramps and in building up their mental and physical strength, until nowadays the alumni of the conservation camps are in demand by employers everywhere. Instead of being an alarming liability, these young men have become a great asset to our Nation. I haven't time to talk about the protection of your forests, steps taken to prevent soil erosion, or of the many new public buildings and miles and miles of good roads that have come to you as a byproduct of the processes of the recovery.

These evidences are all about you. And, incidentally, these evidences are the foundation on which I base my political prophecy of long-continued Democratic success in Michigan and elsewhere. In the last analysis the people base their estimates of administrations on what those administrations have accomplished for them. The average man knows little, and perhaps cares little, about the machinery of government. What he looks for and what he expects is results. The statistician's figures give you the technical measurement of what an honest and intelligent administration has done for the country. But every man who looks into his bankbook or into his pay envelope nowadays needs no chart from the economic engineers to estimate the progress our Nation has made since Franklin D. Roosevelt came into the White House.

In the work that has been accomplished during the past few years, the administration has been fortunate enough to have the loyal support of Democratic Members of Congress from Michigan, including that worth-while legislator PRENTISS M. BROWN, who is now doing a capable job as a Member of the United States Senate.

And perhaps before closing I should mention the other Senator from Michigan, Mr. ARTHUR H. VANDENBERG, who has projected himself into the public eye of late by a series of thundering statements which have been startling in the extreme, even if they have not been wholly convincing.

Of all the G. O. P. spellbinders who are busily engaged in the current game of warding off imaginary dangers to the life of the Republic, the senior Senator from Michigan easily leads all the rest. He can warn the country against more dangers that never have happened and more dangers that never will happen than any man now in public life. Just at present he is engaged in defending American institutions against what he calls the dangerous tendencies of the Roosevelt administration—apparently unaware of the fact that President Roosevelt has done more to secure the economic and political rights of millions of underprivileged Americans than any man in our times.

The other night, the Senator undertook to answer the Constitution Day speech of the Chief Executive, in which the latter said that he will continue to consider the Nation's organic law as a noble charter of human liberties. This great speech, which millions heard and understood, was immediately interpreted by this critic as some kind of a subtle and subterranean attack on the people's basic liberties.

Speaking of liberties, suppose we review Senator VANDENBERG'S own record for a few moments. He is no newcomer to national life. On the contrary, the Senator was a congressional leader and a White House adviser during that dismal period when Mr. Roosevelt's predecessor, Mr. Hoover, was being tossed and buffeted by an economic upheaval which he could neither understand nor alleviate. Yes; during that grave crisis your eminent Senator, Mr. VANDENBERG, occupied his customary chair on the Republican side of the Senate, sitting there, mute as a mummy, while farmers were being swept into peonage, workingmen were being thrown into the bread lines, bank depositors were being carried to ruin, and home owners were watching the roof disappear from over their heads. He had nothing to offer, or, if he did, no one recalls what it was. Your Senator sat there through all that—except, of course, when he was called to the White House for a grave and significant conference with Mr. Hoover. And, my friends, can you recall the results of those conferences? Do you remember the cheering statements that came forth instead of the kind of sturdy action which the country needed?

Let me assure you that if the United States had to suffer the same kind of leadership during the past 5 years that it was compelled to endure during the period when Senator VANDENBERG was an intimate White House adviser, then no human being could venture to say what kind of deplorable condition this country would now be in. Why, my friends, how much liberty do you suppose would exist in this country today if that kind of paralyzed leadership had continued?

It is commonly said by the colleagues of Senator VANDENBERG that he has aspirations to move away from Capitol Hill to the other end of Pennsylvania Avenue. Only last year he exhibited rare tact and discretion by evading the Republican nomination for President, and thus avoided the fate of the unfortunate candidate who took the job. But the Senator apparently thinks the future may be different.

In a recent address here in Michigan, he rose to the heights of patriotic generosity by issuing a blanket invitation to all Democrats who disagreed with the administration on certain policies, to abandon their Democratic associations and to become a sort of trailer to the Republican band wagon. In fact, he went further, by predicting that this realinement is inevitable. This magnanimous offer of the Michigan Senator to absorb half of our own party in order to advance his Presidential aspirations was broadcast across the entire country, and it met with a prompt and unanimous response—unanimous against. So far, not a single Democrat has revealed a desire to hop on the Senator's band wagon, and even his own Republican colleagues mournfully reminded him that they tried coalition in last fall's election, and look at the result.

In the session of Congress just ended some Democratic Members of Congress differed with President Roosevelt on certain policies. Only the people can say whether the Chief Executive or those individual Members of Congress came closer to expressing the popular will. But I wish to emphasize that when next year's election rolls around, the Democratic National Committee will be working with might and main for the election of all Democratic candidates and the defeat of all their opponents.

We Democrats have had a few differences of opinion, but we are going to find the correct answer at our own council tables. The assumption of Senator VANDENBERG that because they disagreed with President Roosevelt on one issue Democratic Senators are going to follow him into a bankrupt political organization that

doesn't even know the United States is living in the twentieth century is too absurd for words. Of course, the Republicans have no disagreements, because they have no policies and no program. But if they should evolve a definite program, the resulting split between conservatives and progressives in the G. O. P. ranks will make the differences in our own party seem like nothing at all.

Senator VANDENBERG'S magnanimous offer to join with his Democratic colleagues by swallowing them is simply another meaningless gesture on the part of desperate Republican leaders who are still groping about in political darkness. We intend to hold our lines intact, and as long as we do, there is no doubt about the outcome.

The outstanding Democratic achievements of the past 5 years are the foundation stones of our present enviable condition.

In the midst of a world trembling with war fears, over a period during which revolutions raged and governments tumbled, the United States has enjoyed a period of peace and a sense of security found nowhere else on earth. This has not come about by chance. It is due to the circumstance that we had at the top of our Government a clear-headed, deep-thinking, courageous man, who brought to his task of government a determination to meet the country's problems. Fortunately, he had the wisdom to see what had to be done and the fearlessness requisite to travel unknown paths. He never evaded a problem because it was difficult or because it was dangerous. He is giving to the country the best that is in him, and the country knows this and appreciates it. And so I assure you, my hearers, that as long as the Democratic Party gives the people such a government the people will continue that party in power.

Pennsylvania Beginnings in the Colony of New Sweden

EXTENSION OF REMARKS

OF

HON. JAMES J. DAVIS

OF PENNSYLVANIA

IN THE SENATE OF THE UNITED STATES

Tuesday, December 7 (legislative day of Tuesday, November 16), 1937

REMARKS OF SENATOR C. HALE SIPE IN THE STATE SENATE OF PENNSYLVANIA ON APRIL 13, 1937

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD the remarks of the Honorable C. Hale Sipe before the Pennsylvania Senate on April 13, 1937, on the subject Pennsylvania Beginnings in the Colony of New Sweden. This is an excellent and authentic account of the important part which the colonists of New Sweden had in the development of the principle of religious liberty. It is an achievement of interest to all liberty-loving Americans, and a credit to the Viking blood from which it came.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

[Remarks of Senator C. Hale Sipe, of the forty-first district, Butler and Armstrong Counties, upon introducing a resolution of Senator Stiefel and himself in the State Senate of Pennsylvania on April 13, 1937, calling for the insertion of a chapter on the colony of New Sweden in the Pennsylvania Manual]

NEW SWEDEN'S HISTORY IGNORED

Mr. President, may I take a few minutes of the senate's time to express some clear and definite thoughts on the resolutions introduced by Senator Stiefel and myself calling for the insertion in the Pennsylvania Manual of a chapter on the first settlements, the first courts, and the first statehouse in Pennsylvania—in other words, a short chapter on the history of New Sweden, founded here on Pennsylvania soil before William Penn was born?

This subject, like all other matters relating to early Pennsylvania history, is very dear to my heart. Naturally so. My ancestral roots run back in Pennsylvania soil to New Sweden and to a time 28 years before William Penn set foot upon the shores of the Delaware; and in my veins runs the blood of every racial stock that contributed to the making of Pennsylvania.

The colony of New Sweden was conceived in the fertile mind of the most illustrious King that Sweden ever had—Gustavus Adolphus—who, as early as 1624, planned to establish on the shores of the Delaware a Swedish colony in which the laborer should enjoy the fruit of his toils and which should be an asylum for the persecuted of all Christendom. At that time the awful Thirty Years' War was raging in Europe, and so amid its fire and blood and desolation and devastation the great king dreamed his noble dream, planned this noble plan, which, in the providence of Almighty God he was not destined to carry into execution, as he laid down his life on one of the battlefields of the Germanies in 1632.

His daughter Christina, who succeeded to the Swedish throne, carried out the plans of her illustrious father, and in the autumn of 1637 sent two ships, the *Kalmar Nyckel* and the *Fogel Grip*, carrying Swedes and Finns to the western world. These ships arrived on the banks of the Delaware in the early part of April 1638, and thus the colony of New Sweden was founded.

FIRST STATE HOUSE IN PENNSYLVANIA

Here on Pennsylvania soil this ignored and forgotten colony made the first settlements in the Keystone State, and the able Swedish Governor, Johan Printz, one of the most admirable characters in early American history, established the first permanent seat of government in Pennsylvania, erecting, before William Penn was born, a statehouse that stood for 160 years.

EXCELLENCIES PLEAD WITH ANGEL VOICES

The colony of New Sweden had many excellencies which, in the language of Shakespeare, "plead like angels, trumpet tongued, against the deep damnation" of ignoring the high spots of the history of this colony in any history text used in the public schools of the great Keystone State.

I do not have time to enumerate all of these excellencies, but let me call your attention to three of them, as follows:

(1) There was no slavery in the colony of New Sweden. Hence it is not strange that at a later day there was issued in Pennsylvania the first protest against slavery on the American continent, although many so-called educated Pennsylvanians seem to think that the agitation against slavery began in New England among the templed hills of the Puritans.

(2) In the colony of New Sweden was established the first Indian policy in Pennsylvania—a policy of treating the Indian like a human being instead of like a wild beast, a policy of purchasing land from the Indian and not taking it from the aborigines by trickery, intimidation, and force. This was the same Indian policy for which William Penn became renowned at a later day. I do not intend to be understood as attempting to detract one iota from the fame and renown of William Penn in the eternal pages of history, but the great truth of history is that the same Indian policy that he followed and for which he was famed was established here in Pennsylvania by the Swedes before the great Quaker was born.

PRINCIPLE OF RELIGIOUS LIBERTY

(3) But the third and greatest excellency of the colony of New Sweden—an excellency that pleads with angel voice against the infamy of ignoring the high spots of its history in the textbooks used in Pennsylvania schools—is the fact that the Swedes planted in this colony the precious principle of religious liberty. You will note that I say "principle of religious liberty," for full religious liberty as it exists in the United States of America in 1937 did not exist anywhere as early as 1638.

I reiterate that the Swedes planted this precious principle in this colony on Pennsylvania soil, in a place where, in the providence of Almighty God, it was not strangled to death as it was in many other places in early America, but enjoyed an uninterrupted growth from the time of its planting.

This principle, I repeat, flourished on Pennsylvania soil before William Penn was born. By the time the great Quaker was 10 years old, there had been 11 expeditions from the homeland to New Sweden; and when he came sailing up the majestic Delaware to found his province, he passed five Swedish Luthern churches on the way—a God-fearing population that had all the virtues of the Puritans without their bigotry and intolerance.

William Penn gave this principle of religious liberty, planted here before he was born, such a majestic impetus that Pennsylvania soon became an asylum for the persecuted of every sect and of every creed. Wave upon wave of English immigration, of Irish immigration, of Scotch-Irish immigration, of German immigration, of French Huguenot immigration, of Welsh immigration, broke upon the shores of the Delaware.

Religious liberty was the magnet that drew these racial stocks with their different creeds to Pennsylvania, thanks to the Swedes and William Penn.

I do not mean to say that Pennsylvania was the only place where the principle of religious liberty was planted in early America. There was a great deal of religious liberty in the Colony of Rhode Island, founded by Roger Williams after he had denounced the theocratic form of government of the Puritans, after he had denounced their doctrine of the union of church and state, and was thrown out because his ideas were in advance of theirs.

Thanks be to God, the principle of religious liberty was not strangled to death in Rhode Island. It flourished there from the beginning, but Rhode Island was small. There was not a large migration from that Colony carrying this principle into the rapidly developing country as there was from Pennsylvania.

There was considerable religious liberty in New Jersey, founded along liberal lines by English Quakers, but this principle met an unhappy fate at the hands of those of Puritan sentiments. There was a great deal of religious liberty in Maryland, founded by the great English Catholic Lord Baltimore, but the same thing happened in Maryland that happened in New Jersey at the hands of those of Puritan sentiments. In other words, the noble plan of Lord Baltimore was wrecked. Alas for his noble dreams!

Then, as time went on, the Established Church of England was set up in many of the Colonies.

PENNSYLVANIA'S GRAND CONTRIBUTION

In order that you may see how largely religious liberty in the United States came out of Pennsylvania, let me call your attention to the fact that at as late a date as the close of the Revolutionary

War, there were only 3 of the 13 States that did not abridge religious liberty to the extent of having a State church. One of the three was little Rhode Island, where the principle of religious liberty was planted at the beginning and was not strangled to death. A second was little Delaware; but keep in mind that little Delaware, up until the Revolutionary War, was part of Pennsylvania. The third was great big Pennsylvania.

Keep in mind, also, that at as late a date as the time of the adoption of the Constitution of the United States, there were still 5 of the 13 States that abridged religious liberty to the extent of having a State church. I think you will agree with me that the Constitution of the United States does not forbid the States to establish State churches if they see fit.

But this principle of religious liberty, planted in Pennsylvania by the Swedes and given a majestic impetus by William Penn, was working all the time; and so it was not long after the adoption of the Constitution of the United States until all of the States got rid of their State churches except one—Massachusetts. It took Massachusetts, cradle of religious bigotry and intolerance in America, more than a generation after the adoption of the Constitution of the United States to get rid of its State church.

Keep the above facts of American history in mind and then you can see how largely this most beautiful jewel in America's crown, this most precious gem in America's diadem of beauty, religious liberty, is a Pennsylvania contribution having its source in the, until now, ignored and forgotten colony of New Sweden.

NOTE.—Those interested further may refer to Dr. Amandus Johnson, The Swedish Settlements on the Delaware (2 vols., Swedish Colonial Society, 1911); Henry D. Paxton, Where Pennsylvania History began (Swedish Colonial Society, 1926); Israel Acrelius, A History of New Sweden (translation by Historical Society of Pennsylvania, Philadelphia, 1876).

Congressman Houston Hopes That on Thanksgiving Day, 1938, We May Celebrate a Peace Amendment as a Part of the Constitution

EXTENSION OF REMARKS
OF
HON. LOUIS LUDLOW
OF INDIANA
IN THE HOUSE OF REPRESENTATIVES
Monday, December 6, 1937

Mr. LUDLOW. Mr. Speaker, JOHN M. HOUSTON, of Kansas, is a fine type of citizen and patriot, who believes that in America the people should rule, not only in the ordinary and commonplace decisions of life, but also in those major and tragic decisions which involve the sacrifice of their loved ones in foreign wars.

The cause of peace has no better friend than Mr. HOUSTON, which may be explained in part by the fact that he knows so much about war. He had a very active career as a marine during the World War from June 1917 until May 1919, serving during 8 weeks of that time as honor guard for President Wilson.

Mr. HOUSTON, who is one of the outstanding veterans of the House of Representatives, believes that the decision as to whether the United States shall enter foreign wars should be made by the people in a referendum vote, because the people have to do the dying and the suffering and to bear the unspeakable burdens and costs and griefs of war. He believes in adequate national defense and protection from invasion, but when it is proposed to send our boys away to be killed in China or Japan or some other distant part of the globe he can see no reasonable argument against allowing the people to decide the question. With many other veterans, both inside and outside of Congress, he is supporting the peace amendment I have introduced, House Joint Resolution 199, which proposes to give the people a right to vote on participation in foreign wars, except in the case of attack or invasion, and I wish in this public way to acknowledge my indebtedness to Mr. HOUSTON for his valuable assistance, his sympathetic interest, and wise counsel in promoting this worthy peace measure.

By unanimous consent of the House, I present herewith for the RECORD an article written by Mr. HOUSTON for the Wichita Beacon under date of November 26, 1937. The article is as follows:

The chief event of this week was the celebration of Thanksgiving Day, and during these troubled times of business recession, grave international situations, and discussions of perplexing economic problems, it is fitting that a day was set aside for the purpose of giving thanks to Almighty God for the blessings bestowed upon us.

In my opinion, the greatest blessing we are enjoying today is that of peace with all nations. Whether this special session of Congress results in the formulation of a farm program or a wage and hour law or any other suggested measures, it will have accomplished much if it only serves to give notice to the world that we are a peace-loving people, unwilling to join in any conflict that is not brought to our very doorstep and determined to stay that way.

To those of my constituents who are so intensely concerned over the threat of war, and there are many of them as my daily mail contains scores of appeals that everything possible be done to prevent this country from becoming embroiled in foreign conflict, I commend for reading the CONGRESSIONAL RECORD of November 22.

During the Seventy-fourth Congress, I was among the first to sign discharge petition No. 11 in order that the Ludlow peace amendment might be brought before the House for discussion and vote. The proposed amendment to the Constitution provides that the authority of Congress to declare war, except in the event of invasion or attack, shall not become effective until confirmed by a majority of all votes cast thereon in a Nation-wide referendum.

There are now 189 of the required 218 signatures of Members of the House on the petition, and I am hopeful the other 29 may be obtained before Christmas.

Congressman LUDLOW, of Indiana, on the date mentioned above, made an impassioned plea for support of his amendment, and for those who do not have ready access to the RECORD, I quote some of his statements, to which I subscribe 100 percent. Mr. LUDLOW is known as the pioneer in the fight to insure the right of the common people of this country in having something to say as to whether the United States shall enter foreign wars.

He said, "The sentiment for the proposal has grown by leaps and bounds, and lately it has found reflection in a striking way in another branch of Congress where, within 1 week, three distinguished Members have introduced substantially the same proposal that I have been advocating these 3 years, and two of them have done me the honor to lift sentences bodily from my resolution.

"A demand for the right to vote on sending our boys into foreign slaughter pens is ringing through every State in North America, and it has reached the throne of power in Washington, and we who sit on the throne of power are asked in the name of humanity to amend the Constitution so that those who have to do the dying and the suffering and to bear unspeakable burdens and griefs of war shall have something to say about entering foreign wars. What little confidence they had left disappeared the other day when they read how the United States was beguiled by European intrigues during the World War and how the World War Allies were secretly pledged in advance to a division of territorial spoils—a pledge that has been kept in the dark for 20 years, with good old honest Uncle Sam not having the least suspicion of it.

"The only tenable argument ever made against the plan for a referendum on foreign war is the time required to take a referendum which it is claimed might give an enemy nation the advantage. That was valid argument in 1837 but not in 1937."

Admiral McGowan, an officer of the World War, said, "The United States has long since graduated out of the stagecoach and pony-express class, and there is no reason why in this day of railroads and airplanes and telegraph and telephone and radio we could not refer the question of war or peace to the people of the country and have their answer back within a week—indeed, within 48 hours, if absolutely necessary."

I concur in these statements, and it is my earnest hope that long before another Thanksgiving Day rolls around, the Ludlow peace amendment will be a part of the Constitution of the United States.

What Hopes for Housing?

EXTENSION OF REMARKS
OF
HON. EVERETT M. DIRKSEN
OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES
Monday, December 6, 1937

Mr. DIRKSEN. Mr. Speaker, housing is in the spotlight. After a succession of abortive efforts, it is hoped that millions of homes and apartments will spring full blown upon the landscape to help offset the present industrial recession and give stimulus to the heavy-goods industries. What hope can be honestly entertained that this will come to pass? What hope that cozy white cottages, ivy-covered bungalows, sedate two-story structures, and streamlined apartments will spring up to create jobs, and develop markets for sand and stone, bricks and blocks, lumber and lath, cement and steel? The

answer is important. It may save disillusionment. It may give better direction and emphasis to a housing program.

Despite the allurements in the bill now pending before the House Committee on Banking and Currency the prospects in the field of new housing are not roseate. This measure proposes lower interest and service charges on mortgages, larger mortgage guaranties, low mortgage insurance premiums, expansion of the class of structures eligible for mortgage insurance, easing the capital requirements for mortgage associations, and renewal of a program of modernization.

What are the conditions which discourage hope of substantial advances on the new housing front?

First. Estimates of housing shortage are after all but estimates and may be seriously overstated. Experience on the bondholders committee indicates to me that we were seriously overbuilt in the halcyon days of 1926 to 1929. Builders and promoters now have numbers of homes for sale. Realty managers will affirm the statement that there are many vacancies. Some builders and developers are now attempting to sell homes on the basis of "nothing down" with little success. Experienced builders and developers anticipated a building boom in 1936, built and advertised homes, found buyers afraid to undertake a long-term debt because of the insecurity of their jobs, and ultimately took losses on these homes. They are not so likely to venture into speculative housing again until conditions become more stable.

Second. While money is abundant and rates are reasonably cheap, housing money is timid. Investors in real-estate paper remember so vividly the deflation in real-estate bonds that began after the crash of 1929. The Sabath committee, of which I was a member from its inception, saw how billions in real-estate values were washed out, and obtained a rather complete picture of the spoliation of the life's savings of millions of people. The lesson of 1929 and the years following, will not soon be forgotten, and money, while abundant, still remembers that over financing was at the root of the trouble.

Third. We are in a business recession. Building invariably declines during a business set-back. A recession means curtailed production and unemployment. It means lack of confidence. Is it logical to expect much building expansion when production is on the decline?

Fourth. Residential construction will be determined by the number of available buyers of properties. Despite the easing of interest and carrying charges, how can prospective buyers be induced to obligate themselves for a fixed monthly installment for a period of 12 to 18 years when sustained and continuous earning power is so precarious?

Fifth. Rental construction will be determined by the margin of available renters who can afford to pay rents in new structures, built at costs that are comparatively excessive. How shall they be induced to move from where they are to houses, duplexes, and apartments that command higher rents? And if they can be induced to move, what shall become of the vacated structures and the investments which they represent.

Sixth. That suggests an aspect of housing that has been wholly underemphasized. Go into any municipality, large and small, and see for yourself houses that are badly in need of repair. Many of them are weather beaten slatterns that serve to blight the very area in which they are located. They represent an investment in land and buildings, sewer connections, electric and gas facilities, and other services have been installed at considerable cost. Shall these investments be junked and shall these old structures be permitted to continue in their present state of disrepair or shall these values be preserved and those structures rehabilitated?

Rehabilitation offers a tremendous field. A single mossy old house can blight an entire block and diminish values. A sufficient number of such houses can despoil the attractiveness of a whole city and give it a dour and forbidding appearance. It can and does have a depressing effect on the temperament of the people. Such old structures with defective wiring, broken plaster, defective flues are fire hazards. They are costly to insurance companies, and to taxpayers generally, in the form of higher insurance rates and the necessity for maintaining greater fire-fighting facilities.

People live in such structures. They remain there because it represents what they can afford to own or for which they can afford to pay rent. With moderate expenditure, they might be induced to repair and rehabilitate these homes and still be able to continue their ownership or their capacity to pay rent. To remodel and rehabilitate such homes would require labor and material. To stimulate jobs and increased use of heavy materials is, after all, the function of a housing program. Then why not emphasize this aspect of a housing program and keep it divorced from some of the unfortunate provisions that crept into the earlier modernization program of the Federal Housing Administration, which permitted purchase of household appliances and equipment on long-term installment financing and saddled the Government with a generous amount of uncollectible installment paper. Let it be a home-improvement program in the strictest sense of the word.

Cities and States could contribute much to such a program by means of rigid and careful inspections of old properties from the standpoint of fire hazards. They could make definite recommendations as to what is needed to make such old structures comply with State laws and city ordinances.

Cities might also test out a suggestion for a nuisance tax. So many squalid old structures are occupied by renters in the lower income brackets who are not only constrained by economic necessity to live there, but who are in no position to bargain with the owner or landlord for necessary improvements. It might be within the province of States and cities to impose a nuisance tax upon such structures, not for the purpose of raising revenue but as an incident to inspection and fire hazard and as an incentive toward keeping such places in a decent state of repair. This offers interesting possibilities in dispelling much of the wretchedness that now exists.

Finally, proper emphasis on old housing will curb the tendency to jump over intermediate city areas to develop new additions and thus blight these intermediate areas. Go to any large city and note how areas once served by streetcar service, sewers, sidewalks, water mains, gas mains, and other utilities have been blighted as developers go miles beyond and lay out new additions. Yet the tremendous investment in car trackage, water and gas mains and sewers must be maintained without adequate revenue from these blighted areas, and in addition, facilities must be expanded to serve these outlying areas. This is one of the tragedies of our cities. Blighted areas, blighted investments, delinquent real-estate taxes, destruction of that compactness that should be the characteristic of any well-planned city, high taxes, fire hazards, unsightliness—these are the very price we pay for hit-and-miss planning and housing development.

Emphasis on old housing rehabilitation now might go far to set in motion a program that will cure these evils and give proper direction to the growth and complexion of our cities. It is worth a trial.

The South Is American

EXTENSION OF REMARKS

OF

HON. WALTER CHANDLER

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 7, 1937

ADDRESS OF HON. WALTER CHANDLER, OF TENNESSEE, AT THE FIFTY-SECOND ANNUAL DINNER OF THE NEW YORK SOUTHERN SOCIETY, NEW YORK CITY, DECEMBER 3, 1937

Mr. CHANDLER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

Mr. Toastmaster, fellow guests, members, and friends of the New York Southern Society, you are exceedingly kind to applaud before

you know what is coming, and I have no doubt that, as true southerners, you wish to encourage me in the difficult role which I am to act as understudy of the distinguished Member of Congress from Texas, the Honorable HATTON W. SUMNERS. And let me hasten to assure you that I genuinely need that applause.

Whatever may be said in extenuation of my appearing here in the place and stead of the beloved chairman of the House Judiciary Committee, you must admit that I am not lacking in temerity, or I probably should say more bluntly, nerve, in attempting the impossible feat of doubling for my chief on the committee.

The toastmaster has been most courteous in his introduction, and aside from the explanation of Mr. SUMNERS' absence, I am flattered to think that he has used in introducing me some of the compliments that he intended for Representative SUMNERS. In fact, I was rather apprehensive that I might find myself in the position of the man who was sent to fill in at a dinner in a strange community and arrived just in time to take his seat for the address. The story is old, but I have just felt the sensation. The toastmaster rose and rather exuberantly read that, "Our speaker this evening is known across this broad land from the cold and barren peaks of Maine to the ever-normal utopia of California, and from the deep blue waters of the Great Lakes to the gorgeous hues of heavenly Florida" (I almost said "gorgeous hussies" accidentally, but I would not want to give Florida any advantage over California, or vice versa); "a man whose name is a household word at every American breakfast table, and is spoken affectionately by the children, and cherished in the hearts of the aged," and when he started to read the name of the original speaker he suddenly remembered that a substitution had been made, and in the excitement of the moment he turned to the new speaker and said, "What in the h—— did you say your name was?"

Perhaps, after all, it is better that I am unknown, but I am proud to tell you that I am a southerner, born in the far South, and never crossed the Mason and Dixon line until over 21 years of age.

Indeed, the two gentlemen whom you chose as your guests of honor this evening, Mr. JONES and Mr. SUMNERS, and I were all born in the Volunteer State of Tennessee—a truly southern State but intensely American in temperament and sentiment. Mr. SUMNERS has requested that I express his very deep regret that a cold contracted several days ago put it beyond his power to leave Washington. He had looked forward to this evening and would be here if it were within the bounds of reason. I know whereof I speak, because I have watched him with the eager hope that he might improve (thereby saving you from this visitation by me) and gratify his earnest wish to speak to you who have come to New York from our own Southland and who have preserved your loyalty and your affection for the old home.

But Mr. SUMNERS' loss is my gain, and I now express my own pleasure in being with you on this delightful occasion, made more delightful by the presence of the charming ladies who picture the South at its very best.

Fifty-two years have passed since this society was organized—more than one-third of the time since the American Constitution was adopted and the half century during which the most astonishing progress has been made in all of the geographical sections of America. I say geographical because the South admirably has become only a geographical section and not a political section.

The men who formed this society must have done so under the deep sense of obligation to keep alive the history and the sovereignty of the South. They must have been nurtured in the cradle of the Civil War and reared in the tragic era of reconstruction. They, like the ancestors of those who gather here this evening in that same spirit, must have suffered as everyone did in the great American war, but they must have believed fervently in the sentiments of their chieftain in the field when he said, "There is a true glory and a true honor—the glory of duty done, the honor of integrity of principle." The War between the States was over; they had sworn allegiance to a reunited country, and they wanted to go forward with it in peace.

1885! How singularly some of its events parallel the present year! The Democratic Party had overcome the Republican host, and Grover Cleveland occupied the White House. Perhaps that might account in a small way for the courage of the framers of this society to come out boldly with this organization. Regrettably, there was stagnation in business, and self-preservation might have been the actuating cause of the Southern Society's formation. But, after a recovery in the price of wheat, confidence returned to the country, and the railroads showed signs of activity, along with the iron trade.

The diplomatic annals of that year were filled with a dispute over the partition of the outlying regions of the earth, and China was engaged in a cruelly conducted, unofficial war, then with France. In that same year the Statue of Liberty was presented to the United States by that same Government of France. The growth of national feeling asserted itself afresh, and, happily, a reunion of the Blue and the Gray took place on the battlefield of Gettysburg.

Today, my friends, I believe that national feeling has grown to its full height. There may be a few secessionists scattered here and there, but I am sure that they are not in the South. Her people are deeply grateful for the glorious privilege of sovereignty in an indivisible Union of self-governing citizens. We have our internal contentions, and sometimes emulations, as to who can best govern and best achieve, but the South is American.

Quite naturally we feel at liberty this evening to speak well of ourselves as southerners, and I admit that we are more forgiving and more tolerant than those of our fellow citizens who have dwelled in northern latitudes. I am quite certain that we forgave the North for succeeding in the Civil War before they forgave us for failing in it. And today we are more tolerant and forgiving than ever; we can afford to be. Men from the Southern States again occupy high places in the councils of the Nation. A very dominating deer hunter from the Lone Star State of Texas is Vice President of the United States and is popular everywhere. The outstanding Secretary of State, whose light shines brilliantly over the world, is not only a southerner, he is a Tennessean. The Secretary of the Navy and the Secretary of Commerce are southerners, as are two members of the Supreme Court, and the South is proud to claim as one of her great men your guest of honor this evening, Mr. Jesse H. Jones. Twenty-five of the forty-four standing committees of the House of Representatives are presided over by Congressmen from the Southern States, and of 18 of the 33 standing committees of the Senate the chairmen are from south of the Mason and Dixon line.

The South has fostered and sustained one principle of the American Government that may be disappearing from our national life. It is known as the principle of States' rights, a principle older than the Government itself, but so often departed from as to remain today only a form of protest by political minorities. I grew to manhood in the belief that the doctrine of States' rights was indigenous to the soil of the South and was the battle cry of the Democratic Party. I thought that the principle of a strong central government was the keystone and the arch of the Republican Party—a great national party, by the way, and a foeman worthy of the name. Today the shibboleth has changed owners, and those who, in the fervor of a just cause, often asserted that the rights of the States must and shall be preserved are now in the seats of the mighty; and, in order to remain there, seek the further strengthening of the National Government, and gather unto ourselves the greater problems of the people in the belief that they are National and no longer State responsibilities.

It may be essential that any administration having the responsibility of government must strive for additional powers and functions, partly from the pride of office and civic responsibility, and principally from the sense of high privilege to maintain its own political body in command. What true Democrat, what true Republican does not believe with all his heart that the salvation of the American Republic depends upon the dominance of his own political party? What real southerner would disown George Washington, John Marshall, Thomas Jefferson, and James Madison, and Andrew Jackson, who first said, "The Federal Union, it must and shall be preserved!"

The South has also done its part in aiding in preserving another institution which symbolizes our faith in popular government—the Supreme Court. Those familiar with the decisions of that tribunal following the Civil War know that the Supreme Court actually protected the inherent rights and liberties of the southern people against the punishment and deprivation that would have been visited upon them by an irate Congress, acting in the heat of passion. We hold that Court in grateful remembrance, and I entertain the feeling that your desire to honor Mr. SUMNERS this evening is partly in recognition of his recent and splendid contribution toward the payment of that debt of gratitude.

My friends, the fusion or confusion of political principles has dulled a great body of our best equipped citizens into the forgetfulness of one prime obligation of an American—the individual responsibility of each citizen to take a personal part in the government of our Nation. This is a nondelegable duty and is becoming more personal with the rise of democracy. We still live under a republican form of government, but the word "democracy" has increased in use so rapidly that we rarely hear the word "republic" mentioned. If ours is a democracy, how can anyone maintain his self-respect and his love of country and allow someone else to discharge his civic obligations?

Democracy means not only self-government, but also self-support, self-reliance, self-confidence, and self-discipline. Multitudes of American people must be educated politically, and who shall do it? Those who love our country, or themselves best?

The States still have their duties and their functions; the States of this Nation are still sovereign and of equal dignity. The glory and the greatness of the South are not only of the past. We who love best the strains of Dixie and who hail from a portion of the country that is still 80 percent Anglo-Saxon have a challenge to meet and a charge to keep. We have seen the milk of human kindness turned into the wormwood and the gall of hatred, and America must not attempt now to settle her common problems in bitterness. We must ever remember that the Americans of the North, the East, and the West are of the same blood that we are, they have the same language, they are of the same political principles, they have our love of liberty and our aspirations for their own success and for the success of the Nation; we must not forget that, as the American people so magnificently demonstrated 20 years ago, when a common enemy appeared, North and South and East and West all joined hands and hearts to work and serve and fight and die for America.

"We the people" are prone to justify our apathy by maintaining that the responsibility for the general welfare rests on the Executive, on the Congress, and on the courts, but you and I know that the ultimate safety of our democratic institutions does not reside

with any legislative body, executive officer, or judicial authority. It depends on the whole body of patriotic, ambitious, liberty-loving American people who want to understand and practice the ideals, principles, and customs of our governmental system, and who are alert and vigilant to hold fast to that which is good for us all. To quote Daniel Webster, "God grants liberty only to those who love it, and are always ready to guard and defend it."

Finally, may I not express a quizzical feeling which comes over me at this time? I wonder if, in this great city, a city which must be a friendly city because there are southern people in it, a city with its canyons and cliffs, its streams of strange faces, and sounds of strange voices and strange tongues, its myriads of lights, and its inescapable shadows, have you who have had the word "success" written over your names in capital letters in the greatest city in the world—have you ever been homesick for the Old South? At the close of a long day in the hurly-burly of metropolitan life, have you ever found yourself thirsting for a drink of water from the old spring on your father's farm? Have you ever yearned, like King David: "Oh, for a drink of water from the well in Bethlehem by the gate?"

You know the feeling. Surely you do, because the man who has never been homesick has never had a home. Once in a while I know you have wished that the coffee would taste as it did when your mother made it; you have wished that Christmas, and the circus, and things generally would produce in you once more the old thrills of delight. Well, just remember that along with the progressive spirit of today, the Old South is still there. The water and the coffee, Christmas, and the circus have not changed, except for the better. The songs of your childhood still come softly "o'er the lea" and "Ole Man River still keeps rolling" majestically to the sea. When you do feel these pangs of nostalgia, and the overwhelming power of sentiment, why not turn your steps homeward, and pay us a visit down South? The latchstring is ever on the outside, and the old-fashioned hospitality awaits you always.

Highway Safety

EXTENSION OF REMARKS
OF
HON. H. JERRY VOORHIS
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Tuesday, December 7, 1937

Mr. VOORHIS. Mr. Speaker, the problem of traffic deaths has, I believe, become so serious a menace in America that it merits the attention of the Congress of the United States. Like so many other problems, in this case it seems to me one of the best things we can do is to encourage constructive voluntary efforts on the part of citizens to meet it. For this reason, I ask permission to have printed in the RECORD with my remarks the following self-explanatory letter from one of my constituents, a former traffic policeman, who is making an outstanding contribution to the work of reducing traffic fatalities:

ALHAMBRA, CALIF., *November 26, 1937.*

Hon. JERRY VOORHIS, M. C.,
House of Representatives, Washington, D. C.

DEAR SIR: In answer to your request for data concerning the activities of the Cooperative Safety League of Alhambra, Calif., I am happy to explain our efforts toward making our highways safer ways.

Highway safety, as you know, is a problem embracing not only enforcement of traffic laws but also engineering and education of the motoring public.

The Cooperative Safety League has concentrated its efforts on the educational phase, and, in this respect, we have not only taken cognizance of the Chinese adage, "One picture is worth ten thousand words," but we have taken advantage of the literary principle of appealing to the emotions of our readers by writing the captions of our safety cartoons, Traffic Tragedies, in poetic language.

We find the reading public will, as a whole, read and absorb the message conveyed by a cartoon when they will not read statistics.

The use of poetry is exemplified in the respective speeches of Brutus and Mark Anthony, at Caesar's funeral, in Shakespeare's Julius Caesar. Shakespeare couched Brutus' speech in prose and Mark Anthony's speech in poetry for the obvious purpose of swaying the reader's sympathies in favor of Anthony. We, too, attempt to influence our readers in a similar manner through the rhythmic appeal of poetry to the emotions and the resultant thought that the tragedy might easily be the reader's own loved ones.

Such thought is stressed in the following poem which relates the story of a police officer who answered an ambulance call to find his own 5-year-old son had been killed by a speeding motorist. It is titled, "Jackie, the Son of a Hardboiled Cop."

"You think I'm a hardboiled copper
For writing a mere 'forty-three';*
Well, perhaps I'm thinking of Jackie
And all that the lad meant to me.

"How's that? Tell you all about it?
Well, stranger, the boy was my son.
God! What I'd give to hear 'Daddy'
Once more when the day's work is done.

"The driver was just in a hurry.
He didn't intend any harm,
But the sun and the stars quit shining
When I picked up my boy's lifeless form.

"Well, Mister, I'll tear up this ticket;
I don't want to 'pinch' anyone;
But I'd ride this motor through hell's fire
To protect another man's son.

"So the next time you feel like speeding
Or passing a boulevard stop,
Just pause and remember my Jackie—
The son of a hardboiled cop."

Hoping that our plan may prove of some value to other organizations engaged in a like work, I beg to remain,

Yours most respectfully,

ARTHUR C. RICH.

*In police parlance "forty-three" is an idiom expressing the rate of speed a motorist is traveling.

The Farmer and Free Enterprise

EXTENSION OF REMARKS
OF
HON. SAMUEL B. PETTENGILL
OF INDIANA
IN THE HOUSE OF REPRESENTATIVES
Tuesday, December 7, 1937

ARTICLE IN RURAL PROGRESS MAGAZINE

Mr. PETTENGILL. Mr. Speaker, the courtesy of the House enables me to reprint an article of mine, The Farmer and Free Enterprise, which was published in the October number of Rural Progress. In that form it reached every farm home in Ohio, Indiana, Illinois, Iowa, Wisconsin, Minnesota, and Michigan. The response which came from their subscribers has led the editors of Rural Progress to consent to its republication in the RECORD for a still wider group of readers.

As stated in the article, "There is a legitimate field for Government cooperation with agriculture." I merely point out the present drift toward compulsion and control. Certainly there is a point beyond which we cannot go without the farmer becoming the serf of the State. The article serves its purpose by pointing to the breakers ahead.

The article follows:

THE FARMER AND FREE ENTERPRISE

(By SAMUEL B. PETTENGILL, Member of Congress from Indiana)

Even when times are good, the wise storekeeper watches his credit risks, looks over his insurance policies, and keeps his weather eye peeled for forces that may affect adversely his earnings and his savings. A wise nation will do the same thing. Times are better with us now. No such permanent and drastic changes have been made in our lives and enterprises as have been made in some of the nations of Europe. Now is a good time, therefore, to take stock of the ideas and forces loose in the world which may affect profoundly the nature and future of our business, our industry, and our agriculture.

The world is now divided into two camps. In one camp are those who believe that the future can best be served by a system of free enterprise, with such controls by government as may be likened to those traffic rules which are necessary on crowded streets. In the other camp are those who believe that modern conditions require that the state shall become the supreme dictator of our lives and our enterprises.

Sooner or later all of us must make up our minds about these two camps. The way affairs are moving the world around, there will be no half-way house between these two camps. We shall have to be in one or the other. In which of these camps will the American farmer be most prosperous as a producer and happiest as a citizen? I want, if I can, to strike an honest balance sheet between these two camps as far as the farmer's interests are involved.

How far should agriculture submit its fate to government, to any government, whether conservative, liberal, or radical? Is there

a point to which it should go, but beyond which it should not go, in the matter of government control and direction? If so, can it stop at that point or will events force it to go the whole hog?

What is the "whole hog" to which events might force it? Recently Gen. Hermann Goering, director of Germany's new economic program, gave us a glimpse of the end of the trail. Stripped of its husks of noble words, the nubbin is this: This German farmer is to become the slave of the state. He will do as he is told, live as he is ordered, earn what is decreed by political authority. Berlin will be his boss.

General Goering has said, as reported by the agricultural attaché of our American Embassy in Berlin last April, that the goal of the national program is an increase in the gross production of foodstuffs "even if it involves a decrease in net returns" to the farmer. This means compulsion. It must mean compulsion. Men will not, either in Germany, or in America, work harder and longer to produce more and sell it for less unless they are made to.

Last March, General Goering issued a decree to the effect that the state will appoint a trustee to run the affairs of any German farmer who fails to meet the demands of the national program. If necessary, he suggested, the state will take absolute control of the land, order the owner to stop farming, and rent the land to another farmer. There are no exceptions. This decree applies to every German farmer.

Last June the German Government ordered a nation-wide redistribution of agricultural and, pooling large numbers of small farms into large single farming units, with the idea of making each individually operated farm meet the Government's standard of efficient production. Roland Freisler, State Secretary of the Ministry of Justice, admits that, under this policy, the ancient fact of land ownership can no longer mean what it has meant to the German farmer for generations. "Every German farmer," he said, "knows now that his relationship to the soil he tills is a working relationship, not merely a matter of title. * * * There is no longer any need or any room for an abstract right of ownership of land."

The program calls for official supervision or even replacement of "incompetent farmers" who fail to meet the state's demands. The goal is increased production at all costs. If the "incompetent" farmer stands in the state's way, neither he nor his farm has any rights the state is bound to respect. The state, in short, applies to the farm what is known as the "stretch-out" in industry.

While the State will remove from his farm a farmer who does not please it, the State will not permit farmers to leave farming of their own will. General Goering has said that the "flight from the land" will be treated as an "evasion of responsibility for the national welfare," or as desertion from the Army would be treated. This means, in blunt words, conscripted farm labor. It means the draft in peace as well as in war.

A "farm card" system is to be introduced so that the political authorities can have a "detailed picture of the operation and management of every individual farm." The hidden blackjack in this program is plain. Do as you are told. The German industrial worker, by the way, has a similar "card" which amounts to an employer's blacklist. So many demerits on your "card" and you know your fate.

Perhaps the circumstances of Germany's situation make all this a matter of harsh necessity. I pass no judgment on German policy for German circumstances. But policies and tendencies of this sort are world-wide. You can find them in Russia, in Japan, in Italy, in Mexico. You see them in the agricultural crisis law of 1933 in the Netherlands. We have seen foreshadowings of them in the United States. We remember the compulsory potato bill, the tobacco bill, and the cotton bill of 2 years ago. These three measures were enacted into law, not in Germany, not in Italy, not in Russia, but in America. They have been repealed. But will they return?

It is my earnest hope that we shall meet the very real problems of American agriculture through cooperation rather than compulsion, in freedom rather than serfdom, with the State as servant rather than master.

Leaving out of consideration for the moment all thought of the happiness that free men feel just because they are free, leaving out the fact that, through all history, wherever and whenever the State has taken complete control of a nation's economic life, it has sooner or later gone on to take equally complete control of the education and religion of the people and of all the instruments through which they have expressed themselves freely, let us look at the cold question of whether compulsion by the State is efficient either for the individual or for the Nation. Does compulsion by the State justify itself economically?

Three things limit and, in the end, destroy the efficiency of government when it undertakes to dictate in detail the whole economic life of a people:

First, the men who run governments are not all-wise or infallible. They are, in the main, men of just ordinarily ability. A man is no wiser and his motives no purer after he puts on an official badge than before. And a Federal badge instills no greater virtue than a State or county badge. They make mistakes. And when a mistake or miscalculation is made at Rome, Berlin, or Washington involving a whole people or a whole group of a people, how many more suffer than if the same mistake were made by the same man running his own farm or store?

Second, it is difficult for government officials to make their decisions on the merits and facts alone. Economic questions are likely to get political answers. If one expects a politically appointed Federal Reserve Board, let us say, or any other board under any administration—Republican or Democratic or Fascist or Communist—to clamp down on an expanding and dangerous business boom or enact a necessary tax program preceding or during a campaign, he should have his head examined. Economic questions, I repeat, are likely to get political answers. And in the battle of groups at Washington the group that happens to swing the greatest voting power at the moment is likely to dictate the answer. Witness the fate of agriculture for a half century as it was ground between high tariffs for purchases and free markets for sales when the manufacturer was "in the saddle" at Washington.

Third, when government is boss, fear falls like a blanket over the people. No one dares do anything he thinks a bureaucrat might frown upon. The brains of Russia are today going into retirement because of fear. Everybody waits for orders from above. No one ventures along new lines. With the dead hand of bureaucracy the revolution is strangling its own children. If in the factory a machine or assembly line breaks down, the foreman knows that he may be charged with deliberate sabotage, with Siberia or the firing squad as the penalty. After a Russian train wreck it is hard to tell whether more get killed in the wreck or after it. Sometime ago, before the present blood purges, 35 employees of the commissariat for agriculture, many of them experts in foods, were shot without trial. Their blunder was that they failed to guess right. Under such conditions the worker takes no chances. He plays safe. He makes no experiments. Engineers and inventors and executives refuse to go ahead until plans are approved by the "party" secretary, who probably knows little or nothing about the plan he approves. It is a grim game of passing the buck—to Moscow. The result is industrial chaos.

Free enterprise has not always distributed fairly the plenty it has created, but the totalitarian state, the state that pulls everything in to the center and runs the whole economic life of the Nation with an iron hand, has created no plenty to distribute. In terms of the purchasing power of a day's wages of butter, sausage, beef, or sugar, the workers of Russia, of Germany, and of Italy, where government rules the roost, receive but a fraction as much as the employed American worker received in the worst years of our depression.

If the whole history of the human race means anything, nations become prosperous as a result of being free.

Nothing such as I have described has taken place in America. And pray God that it never will. But we are talking of ideas and trends that are in the air the world around. We know that these influences are at work. Both Fascist-minded and Communist-minded forces are boring from within, especially in our great industrial centers. We hear of more "plans" for more "controls" of more parts of our economic life. We hear of plans for the political "allocation of credit" between capital investment and consumer goods. No new industry, we are told, is to get credit if it proposes to enter the field of an established industry which government considers "overbuilt." May we sometimes see an "overbuilt" industry. one which has political influence and is capable of contributing to the party war chest?

Who is wise enough to decide all these things? Suppose such a system had been in operation when many of the things that now make life livable were struggling to be born. Suppose the phonograph or piano industry, strongly entrenched in Washington, had been able to convince the Government that the industry was "overbuilt" and that the infant radio industry should be throttled. Suppose the wagon and streetcar had, in like manner, stopped the development of the automobile; that natural ice had blocked the refrigerator; that the musician's union had strangled the movietone; that whale oil had prevented kerosene; that natural gas had denied electricity the right to develop. All these are the result of the daring of free enterprise. None are the brain children of bureaucrats. Free men have moved on in search of most and best for least.

What does all this mean for agriculture?

Whatever may be the whole list of factors involved, the immediate cause of agriculture's difficulty has been the loss of markets. There can hardly be dispute of the fact that the loss of foreign markets, at least, has been due in large part to unwise governmental policies—tariffs, war, drastic restriction of immigration, and the like, over a good stretch of time. At any rate, if the disease is lost markets, the cure is new markets, and the long-range solution of our difficulties is finding these new markets for farm commodities, not restriction of our production.

Let the chemist search for new markets in his test tube, and the engineer in his laboratory. Let them be free to dream, to make mistakes without reprisals, to fail, and to succeed. If they can find someone to finance their discoveries or inventions, let no bureaucrat deny them their chance. Let them profit if they succeed. I say this because the future farm is destined, if we keep the track clear, to be a source of raw materials for industry as well as a supplier of food. A hundred pounds of cotton go into every automobile and its tires. Cotton is also used in building cement roads. Goldenrod and milkweed may supplant Brazil as a source of rubber. Slash pine as a source of cellulose and tung oil trees may cover the eroded lands of the South. Paints are being grown on the farm, also paper, synthetic lumber, fiber board, drainage pipes, dyes, perfumes, solvents, resin. Perhaps the greatest possibility is cheap industrial alcohol from vegetable wastes, sawdust, and so on, as a substitute for internal combustion fuels. That secret is still locked in the brain of the inventor and developer, but, if released, it will put millions of unproductive acres to work. The potential industrial markets

for farm products are as limitless as the desires and genius of man.

These new markets must be found. Only free men are apt to find them, to finance them, to take the chance of "losing their shirts" or "making their pile" in the development. Laboratories can do more than legislatures. If government were to spend the annual price of one battleship in aiding research for new uses for farm commodities, Thanksgiving Day might mean more when it rolls around.

I do not wish to be misunderstood. There is a legitimate field for Government cooperation with agriculture. Some Government "controls" may well be necessary. But in the long run, decade after decade, aside from correcting the lack of balance between agriculture and industry caused by manufacturers' tariffs, I am convinced that reasonable interest rates for farm financing, a drastic reduction of the cost of government, lower taxes, and the discovery and development of new markets for farm products will do more for the American farmer than the politicians will ever do.

There is danger in government attempting too much. It may issue promises and encourage hopes that cannot be fulfilled. If faith in government is thus destroyed by events beyond the control of even the best-intentioned public officials, what then? The great enemy of civilization is monopoly, whether industrial, financial, or political. Big government is no more lovely than big business. In essence they are the same.

Let's not put all our eggs or all our liberties in one basket. If we do our children may have neither liberty nor eggs.

Farm Legislation

EXTENSION OF REMARKS

OF

HON. MILTON A. ROMJUE

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 7, 1937

Mr. ROMJUE. Mr. Speaker and Members of the House of Representatives, President Roosevelt had foremost in mind, when he called this special session of Congress, the idea and purpose of attempting to render some additional assistance to agriculture or the farming interests of this country, believing by so doing that not only would the farmer be accorded a proper consideration by the Government but in the long run the entire business structure of our country would be benefited. No chain is stronger than its weakest link, and so the fabric and fiber of a good sound business throughout our country is weakened and nullified unless all legitimate business is given fair opportunity to fully reap its reward and profit, as a result of the exercise of good judgment and an appropriate amount of intelligence and energy.

A great deal has been said and written about "balancing the Budget," which presupposes an unbalanced one. The human mind runs generally to one point on this, due to a great mass of publicity given to the matter, which publicity, however, has very generally looked at the question almost solely from the question of dollars and cents rather than that of "dollars and sense." The real "budget" is that of human rights, and that in America has been so unbalanced, and so long unbalanced, that it has presented, and still presents, a real problem for solution, and fundamentally the purpose of the President and the majority of the Democratic Congress is to properly adjust and balance the budget of human rights as well as the Budget usually referred to.

Now, it undoubtedly is quite a big job to be President of the United States for many reasons, two of which readily occur to mind: First, the vast number and multiplicity of vexing and stupendous problems that the President and Congress have to handle and solve. Second, then there are so many "would-be Presidents" both in and out of Congress—and both in and out of business and both in and out of the requisite amount of "gray matter," that with the thousand and one panaceas it really does present a question after all. Then, too, Franklin Roosevelt is our President—and as such found the farmers of America floundering on their backs, ridden to death by debt and extremely low prices for the products of the farm. Legislation passed by Congress and signed by him during his first term has done a vast amount of good for the agricultural interests. One thing is certain, without a successful and profitable employment in agricultural pursuits in America means eventually a very general collapse.

Major pieces of legislation such as the agricultural bill cannot, of course, be entirely agreed upon by all the varied interests, but it does supplement helpful legislation already passed, and will, if not finally amended too much, be very helpful in assisting in the maintenance of a more equalized price of farm commodities and a more equable supply on the market, and this will be reflected in the livestock values and prices, and they will be impressed also with a more uniform price and market value, which will be in the long run better for both the producer and ultimate consumer.

Inauguration of the American Bellicourt Monument, Bellicourt (Aisne), and the Brookwood American Cemetery, Brookwood, Surrey, England

EXTENSION OF REMARKS

OF

HON. CHARLES A. EATON

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 7, 1937

ADDRESSES BY THE HONORABLE BRIG. GEN. J. B. P. CLAYTON HILL, D. S. M., FORMER REPRESENTATIVE FROM MARYLAND

Mr. EATON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

INAUGURATION OF THE AMERICAN BELLICOURT MONUMENT, BELLICOURT (AISNE), AUGUST 9, 1937

(Introductory address by the Honorable Brig. Gen. J. B. P. Clayton Hill, D. S. M., former Representative from Maryland in the Congress of the United States of America, member of the American Battle Monuments Commission.)

Just north of St. Quentin, in the region of the Somme, the American Twenty-seventh and Thirtieth Divisions, forming our Second Corps, went into the front line with the British Army to attack the formidable Hindenberg line. On this part of the front the Hindenberg line followed roughly along the St. Quentin Canal and made use of that obstacle as a primary feature of its defense system. For more than 3 miles the canal flows through a historic tunnel which the enemy converted into a huge underground shelter and storehouse. They dug comfortable bomb-proof rooms into the tunnel walls, and by means of numerous passageways maintained communication with their machine-gun nests and trenches above ground. Canal boats, tied up in the tunnel, afforded other living quarters and a fully protected magazine for supplies. It was one of their strongest places of defense, but on September 29, 1918, when the offensive was launched, the famous Hindenberg line cracked under the blow. Both American and British losses were severe. Other American units, the Thirty-third and Eightieth Divisions and the Sixth and Eleventh Engineers, also fought with the British in this part of France. The monument we dedicate today commemorates these several activities. It stands atop the ridge over the tunnel of the canal.

At this moment we are directly over the old subterranean water route, which was begun in 1769 and after several interruptions was completed in 1810, at the order of Napoleon.

The dedicatory address of this tribute of the United States of America to the troops that fought here will be made by the Honorable J. WALTER LAMBETH, a Representative of North Carolina in the Congress of the United States of America.

While at Harvard University in 1917, Representative LAMBETH enlisted as a private soldier, came to France in July 1918, and served through the rest of the war in the First Army Artillery at St. Mihiel and Meuse-Argonne. He rose to the rank of sergeant before the armistice.

The monument at Bellicourt memorializes the service of the Twenty-seventh and Thirtieth Divisions. The Thirtieth Division consisted of the National Guard of North Carolina, South Carolina, and Tennessee, called the "Old Hickory" Division in honor of Andrew Jackson. The Twenty-seventh Division was composed of the National Guard of New York.

While Mr. LAMBETH was not a member of the Thirtieth Division and did not serve in this sector, a company from his little town was a part of the One Hundred and Nineteenth Regiment, which captured Bellicourt from the Germans and suffered heavy casualties, among whom was a first cousin of Mr. LAMBETH.

Representative LAMBETH is a member of the Foreign Affairs Committee of the House of Representatives, appointed by Speaker

BANKHEAD as one of the three delegates to represent the House with Messrs. LISTER HILL, chairman of the Committee on Military Affairs, and Mr. EATON, a member of the Committee on Foreign Affairs of the House.

INAUGURATION OF THE BROOKWOOD AMERICAN CEMETERY, BROOKWOOD, SURREY, ENGLAND, AUGUST 15, 1937

(Address of the Honorable Brig. Gen. J. B. P. Clayton Hill, D. S. M., former Representative of Maryland in the Congress of the United States of America, member of the American Battle Monuments Commission)

On the 16th of June 1918 I stood on the bridge of the transport *Pastores* with my division commander, General Morton, while our transports fired at the periscopes of two enemy submarines and our destroyers dropped depth bombs. We had sailed the night before from Camp Steuart, Newport News, Va., and this small naval battle occurred off the Capes of Virginia. The Navy was credited with the destruction of one submarine.

On the 14th of December 1918 I stood on the troop-lined bridge de la Concorde in Paris and saluted President Wilson as he crossed for the peace conference. In one of the carriages behind President Wilson was Mr. Henry White, one of the peace delegates on behalf of the United States, former Ambassador to France for many years, Secretary of the American Legation in London, and one of the delegates to the Algeciras Conference in 1911, after the *Panther* went to Agadir. The war was over, and the eyes of the whole world searched eagerly for a peace that would be permanent.

England had not wanted war; France had not wanted war; Belgium had not wanted war; the United States had not wanted war. But war was forced upon them just as war was forced upon the inhabitants of New England by the Indians in the days of colonization.

His Majesty George V, in greeting General Pershing on his arrival in England on Saturday, June 9, 1917, at Buckingham Palace, said: "It has always been my dream that the two English-speaking nations should some day be united in a great cause, and today my dream is realized. Today we are fighting for the greatest cause for which peoples could fight. The Anglo-Saxon race must save civilization."

General Pershing had said on his arrival in England, Friday, June 8:

"Speaking for myself personally, the officers of my staff, and the members of my command, we are very glad indeed to be the standard bearers of our country in this great war for civilization. To land on British soil and to receive the welcome accorded us seems very significant and is deeply appreciated. We expect in course of time to be playing our part, and we hope it will be a very large part, on the western front."

Last Sunday the American Battle Monuments Commission, Ambassador Gibson presiding at the ceremony, in the presence of the official delegates of the United States of America, the Prime Minister, the Secretary of War, and other high Belgian officials, dedicated the American cemetery at Waereghem. Later in the day the American monument at Kemmel, near Ypres, in Belgium, was dedicated. Last Monday, August 9, we dedicated the American memorial at Bellicourt. As I presided at these last two ceremonies I recalled the words of His Majesty George V, and of General Pershing, and the words of President Wilson that the English-speaking people had been fighting side by side to make the world safe for Anglo-Saxon democracy.

When on April 16, 1918, General Pershing discussed with General Foch the organization of an American army, General Foch remarked that the enemy was very aggressive, and referred to his severe attack against the British on the Lys between Lens and Ypres, which began on April 9 and was still in progress on the 16th. General Pershing had written, "The German offensive on the Lys was another formidable attempt to break the British lines. The attack was made to the north and south of Armentières on a front of 24 miles by 27 German divisions."

It was during this April German offensive that Marshal Haig issued his order of April 11: "Three weeks ago today the enemy began his terrific attacks against us on a 50-mile front. His objects are to separate us from the French and to take the channel ports and destroy the British Army." Marshal Haig concluded the order with the following words: "There is no other course open to us but to fight it out. Every position must be held to the last man; there must be no retirement. With our backs to the wall, and believing in the justice of our cause, each one of us must fight on to the end. The safety of our homes and the freedom of mankind alike depend upon the conduct of each one of us at this critical moment."

When General Pershing decorated the chief of staff of the Fourth British Army, Maj. Gen. Archibald A. Montgomery, with our Distinguished Service Medal, General Pershing's citation of the now field marshal, Sir A. A. Montgomery-Massingberd, expresses what the Americans did, side by side with the British. General Pershing's citation was, "As chief of staff of the Fourth British Army he directed the operations of the Second American Army Corps with distinguished ability, displaying military attainments of the highest order. The officers and soldiers of the Twenty-seventh, Thirtieth, and Thirty-third United States Divisions are justly proud of having served with their English comrades against the common foe and of having shared with them in the successes which were due in no small degree to his capable direction."

Last Monday the American Battle Monuments Commission and the official delegates from the United States, headed by His Excellency Josephus Daniels, Ambassador to Mexico, Secretary of the Navy during the World War; Brig. Gen. Benedict Crowell, Assistant Secretary of War during the World War; Senator Duffy; Senator Russell; Senator Gibson; Representative Lister Hill; Representative Lambeth; and Representative Eaton visited the British cemetery at Bellicourt. I thought then of Brookwood, here in the sunshine of Surrey, our memorial in England to the cooperation of the English-speaking people for the preservation of civilization, and as I looked at the rows of graves of British soldiers in Bellicourt I prayed Almighty God that there would never again be war.

Last Sunday the Belgian Prime Minister, Mr. Van Zeeland, at the dedication of the chapel in the American Cemetery in Waereghem, said: "With heavy heart we have just trodden on thrice sacred ground, a bit of Belgian soil become, through sacrifice, a glorious extension of America."

This Brookwood, where we stand today, I like to think of as "a glorious extension of America."

These soldiers and sailors whose graves are here, died, using the words of the Belgian Prime Minister, "thinking that they were preserving from the same atrocious fate the youth of the generations to come. They fell, believing that their blood was given for peace on earth. They renounced all, that those who survived them might renounce the madness of hatred and of war."

Maryland was settled by the Calverts, from whom your Foreign Secretary, Mr. Eden, is descended. The Calverts originally came from Belgium to Yorkshire, and married Anglo-Saxons of Norman descent. I like to think of this Brookwood not only as a glorious extension of America, but as an extension of Belgium, France, and America in England for the peace of the world.

Maintaining Peace

EXTENSION OF REMARKS

OF

HON. JOHN L. McCLELLAN

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, December 6, 1937

Mr. McCLELLAN. Mr. Speaker, under leave to extend my remarks in the RECORD, I asked permission to include therein the following letter which I received from one of my constituents, a mother who is deeply concerned regarding America's remaining free from entanglements that would involve us in a foreign war, together with my reply thereto:

IVAN, ARK., *November 29, 1937.*

JOHN L. McCLELLAN,
United States Congressman, Washington, D. C.

DEAR CONGRESSMAN: I am just a little country mother of Dallas County, Ark., and in my simple way I want to beg of you to please support no measures that would involve our country in any foreign war. We want our country to stay at home and not get hooked in with any foreign countries that would demand American mothers to give their fairest and best. We ask that our sons might not be slaughtered on foreign battlefields. We haven't forgotten the World War, nor can we ever forget with all those graves across the sea and all those poor wrecked boys that marched away so healthy in mind and body and came back to live a life of misery the rest of their days.

And that's not all; we mothers feel that so many things have crept into our fair land from that war. Morals were lowered and things got started from the effect of it that have wrecked the very foundations of America. American womanhood has been lowered, homes are wrecked from the very things that crept here from that war; and we beg you as one of our dearest leaders to do all that is in your power to keep America tending to her own affairs.

There is plenty to do here—confidences to build up. Let us all cooperate together; "united we stand, divided we fall." Let us fortify our own shores, then if the war lords bring war to our shores we are willing to stand by the side of our sons and husbands and fathers and die for true democracy. We love our American Republic and all that it stands for, and our humble prayer is for the Stars and Stripes to wave forever. But to send our sons to be slaughtered on foreign battlefields, we say no—a thousand times no.

We do not wish to give one thing to satisfy foreign war lords, and American mothers are tired of giving their sons for their benefit.

So, dear Mr. McCLELLAN, our prayer is for you. May God bless you and guide you in making your decisions. The eyes of American mothers are upon you, and may you remember us little country mothers that love our sons so dearly and would die for them any day. We want them to greet them when twilight shadows fall and they return from their daily toil. We love to have the lamplight shining at the window for them. Could anyone think we would want to give them up to be slain for those foreign monarchs? No! Oh, no! It is too much to ask. So we do pray that God, our king, will hear our petition and guide and bless our leaders. We

beg to say that we do not admire all of our President's policies, and we don't want him to have too much power.

Tonight in my little cottage home I am praying God to bless you and America and the nations of the world.

Respectfully, from a little old-fashioned mother down in Dixie, near your home town.

MRS. PERCY GARRETT.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., December 7, 1937.

MRS. PERCY GARRETT,
Ivan, Ark.

DEAR MRS. GARRETT: Your letter of November 29, expressing the hope our Nation will remain at peace and counseling against the enactment of any law that might lead to entanglements and involve us in a foreign war is most persuasive. You have, in very simple language, impressively conveyed the sentiments entertained by millions of American mothers—and fathers—who are apprehensive lest their sons be taken from their firesides and peaceful vocations and marched away to battlefields in strange lands and their lives sacrificed for a cause possibly the righteousness of which can neither be justified nor defended.

I hold it to be the highest obligation and duty of the President of the United States, his Cabinet, and Members of the Congress to exercise the authority and power entrusted to them by virtue of their offices, to promote peace and preserve the democracy that insures to us the liberty, freedom, and happiness enjoyed under our system of government. And I am happy to say that, in my judgment and without exception, the President and every Member of his Cabinet and of the Senate and House of Representatives are sincerely motivated by a desire to attain these objectives.

We do not want a recurrence of the horrible experiences of 1917 and '18. We cannot police the world. Our wisdom must be applied to and our strength and resources reserved for the preservation and defense of our own country and not squandered in attempted settlement of quarrels among other peoples and between other countries. In this we hope our example will be observed and followed by other nations. If, however, they choose war in spite of its horrible consequences, we can only regret and pity them in their destructive folly.

Thus, we should be adequately prepared to defend our own borders and repel invasion from land, air, or sea. If this becomes necessary, we have millions of sons who are willing to die, if need be, to resist the attack in any attempted invasion by a foreign foe, but we have no soldiers to be sacrificed on foreign fields for the aggrandizement of war lords and their dictators.

I am glad you took time to write and give me the benefit of your views on this subject, and it is comforting to know I am remembered in your prayers while I humbly try to serve my people in Congress.

Sincerely yours,

JOHN L. MCCLELLAN, M. C.

Mr. Speaker, this dear mother has appealed to her Representative in Congress to protect and safeguard the young manhood of this Nation from being unnecessarily sacrificed on foreign battlefields in a quarrel not our own but between other peoples and other nations. The sentiments she has expressed are those entertained in the hearts and expressed in the prayers of millions of American mothers and fathers. I believe, without exception, that the opinion and purpose of every Member of the House of Representatives are in accord with her views and that we can give assurance that insofar as it is humanly and honorably possible to do so, we shall, with the aid of Almighty God, keep this Nation free from foreign entanglements and endeavor by precept and example to show other nations the way to permanent peace.

The Farm Bill

EXTENSION OF REMARKS
OF
HON. GEORGE H. MAHON
OF TEXAS
IN THE HOUSE OF REPRESENTATIVES

Monday, November 29 (legislative day of Thursday, November 25), 1937

Mr. MAHON of Texas. Mr. Speaker, in my previous discussions on the floor I have discussed several provisions of H. R. 8505, the House farm bill, which I considered very harmful to west Texas cotton producers. In some of those discussions I referred to certain correspondence which I have received, and which, upon unanimous consent, I now insert in the CONGRESSIONAL RECORD.

The correspondence referred to follows:

UNITED STATES DEPARTMENT OF AGRICULTURE,
AGRICULTURAL ADJUSTMENT ADMINISTRATION,
Morton, Tex., November 26, 1937.

Hon. GEORGE MAHON,
Member of Congress, Washington, D. C.

DEAR MR. MAHON: We feel that the Congressmen in Washington are interested in agriculture and an agricultural program, and are doing their best to perfect a program as near suitable as possible to every section of the Nation, and we are sending you the following information pertaining to Cochran County so that you may be acquainted with the peculiar situation we occupy relative to the production of cotton.

Year	Acres planted in cotton	Number farms in county	Farm population	Farm cultivated acres
1911			50	
1921		3	160	300
1928	4,000	220	1,100	20,000
1929	5,321	245	1,300	32,916
1930	6,200	285	1,500	40,000
1931	7,500	335	2,000	55,000
1932	9,000	360	2,150	60,000
1933	9,000	325	2,100	65,000
1934	18,000	600	3,300	95,000
1935	20,000	625	3,500	100,000
1936	35,000	625	3,600	120,000
1937	70,000	660	4,000	160,000

Acreage in county, 500,000; cultivated acres in 1937, 160,000; tillable acres, 425,000; tillable land in county suitable for growing crops and cotton, 265,000 acres.

Hundreds of farmers are coming to this county and other west Texas counties to buy homes and coming largely from the Cotton Belt; they anticipate growing cotton as their cash crop. They do not require a large cotton base or acreage but will need a fair acreage to be given a chance to live and pay for the land; and we hope that a method may be worked out by you, or the Department, to allow an equitable cotton acreage for these counties and that a first-year base eligible for soil-conservation payments on sod land will be allowed.

Your consideration of this information and your help is needed and will be appreciated.

Yours truly,

ROY HICKMAN, JR.,
County Agent.
W. E. ANGLEY,
Chairman of the Agricultural Conservation Committee.

WASHINGTON, D. C., *November 26, 1937.*

Judge R. C. HOPPING,
Lubbock, Tex.:

New farm bill to be considered by House beginning Monday provides uniform percentage acreage allotment on each cotton farm in county which has been in cotton cultivation for 5 years, but if a cotton farm has been in cultivation only 1, 2, 3, or 4 years such farm would receive allotment equivalent only to one-fifth, two-fifths, three-fifths, or four-fifths, respectively, of the acreage allotment it would otherwise receive had it been in cotton cultivation for full 5 years. This provision as to cotton farms recently put in cultivation would be disastrous to many of our people. Please confer with County Agent Jobson and other informed persons and give me immediately by air mail an analysis of the injury that would be done in South Plains by this provision. Of the new cotton farms in this area, approximately how many operated by speculative interests on big-scale basis? Compare this number to new cotton farm operated on normal basis. Many thanks.

GEORGE MAHON.

LUBBOCK, TEX., *November 27, 1937.*

Hon. GEORGE MAHON,
House of Representatives, Washington, D. C.

DEAR SIR: Replying to your telegram of the 26th to R. C. Hopping.

It is the opinion of representatives from several counties, whose names are signed below, that the new cotton program will seriously affect:

33⅓ percent of the land in cultivation, and 40 percent of the total farms in Hockley County.

25 percent of the land in cultivation, and 10 percent of the total farms in Lubbock County.

75 percent of the land in cultivation, and 60 percent of the total farms in Cochran County.

25 percent of the land in cultivation, and 10 percent of the total farms in Lynn County.

25 percent of the land in cultivation, and 15 percent of the total farms in Dawson County.

55 percent of the land in cultivation, and 50 percent of the total farms in Bailey County.

25 percent of the land in cultivation, and 5 percent of the total farms in Crosby County.

The number of farms operated on a speculative basis is extremely insignificant but their acreage is large compared to the normal farm.

It is the consensus of all those present that it would be very desirable to set aside an estimated percent of not less than 1 percent of the total base acreage devoted to cotton in the United States in a pool to be drawn against by those sections or areas that are having a great increase in farm population through new settlement of farms. This acreage should be allocated from Washington on the basis of land utilization and trend toward cotton production. All States had such a study in progress several years ago and Texas has their publication in print with a man from the Division of Farm Management at Washington as senior author.

Trusting this information will aid you in securing a fair program for west Texas, we remain,

Very respectfully yours,

R. C. HOPPING.
W. E. ANGLEY,
County Committeeman, Cochran County.
C. C. JOBSON,
County Agent, Lubbock County.
G. A. GRAHAM,
County Judge, Cochran County.
D. L. JONES,
Superintendent of State Experiment Station, Lubbock, Tex.
H. D. POOL,
Assistant County Agent, Hockley County.
ED L. MCCRUMMEN,
County Committeeman, Lubbock County.
ED HOFACKET,
Former County Committeeman, Hockley County.

For Texas—Yes, but How About Greater Texas?

EXTENSION OF REMARKS
OF
HON. JOHN R. MURDOCK
OF ARIZONA
IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 7, 1937

Mr. MURDOCK of Arizona. Mr. Speaker, several times during the progress of this debate I have heard the distinguished gentleman from Texas, chairman of the Agricultural Committee, say something like this, "Personally, I do not approve of the amendment, but if it were adopted, it would benefit my State more than the gentleman's own district." From this I got the idea that the chairman of the committee, and very rightfully so, was thinking of the effects of this pending legislation upon the country, as a whole, instead of its effects merely upon the great State of Texas. I commend this attitude and would not have it otherwise. On the other hand, I would not have the chairman of the committee disregard—I am sure he has not disregarded—its effects upon the great State of Texas.

It may be presumptuous in me to say this, but I believe I am within due bounds in calling the attention of the chairman of the Agriculture Committee and the floor leader of the House to the fact that this legislation, as thus far agreed upon, will work an injury, if not to the great State of Texas, at least to the greater Texas. I use the term "greater Texas" in its historical sense.

These gentlemen from the Lone Star State must remember, as every Texan does, that a hundred years ago Texas aspired to be much larger than it is today and, indeed, was very much larger in area. The founders of the Lone Star Republic aspired to stretch their borders to the Pacific. Had Texas done so, she would not only have included what is now the Panhandle of Texas but would have included the present States of New Mexico, Arizona, and Southern California. Although Texas did not retain possession of the eastern half of New Mexico, nor gain the area of Arizona, in another sense Texas has expanded toward the west almost to the sunset ocean.

In certain aspects present-day Arizona may be called an offspring of the State of Texas or, historically considered, she may be regarded as a part of greater Texas. Foremost in importance we may say that of the present population of Arizona more people have come into that State from Texas than have come from any other State in the Union. They are good citizens, too. Texas has also furnished Arizona two Governors; at least the present Governor of Arizona is a native of Texas. In industry Texas furnished Arizona the Longhorns, which were the first cattle on its ranges. Trail driving extended west out of Texas as well as toward the north. It is an outstanding historical fact that Texas was the most important point of origin of the vast cattle industry that filled the Great Plains and the Rocky Mountain area with long-horn cattle and all of the elements of bovine civilization which made the great West a generation ago.

At the present moment many of the men who are raising cotton in Arizona have come into our State from the State of Texas. Some have come there to make a new start in a new land under conditions quite different from those which they had in their original home in Texas. These are the cotton farmers, along with other newcomers, who are going to be hit hardest by the drastic reductive provisions of this bill.

As I see it, the present cotton section of this farm legislation aims to localize the production of cotton in the old cotton empire and prevent the cultivation of short-fiber cotton in any of the States which fringe the old cotton empire. If such is the intent and if such will be the effect of the bill, this measure sponsored largely by these legislative leaders from Texas, will work a hardship and heavy loss upon the former children of the Lone Star State.

Please do not misunderstand. Arizona is no suppliant! She asks nothing of anybody but simple justice. Arizona's people have come from almost every State of the Union. Her people have worked out a marvelous development throughout her colorful history. I merely wished to show in this partial picture that, if Texas is a part of the United States of America, so also is Arizona. May our legislative leaders in this instance not forget this historic fact.

Gold and Silver Legislation

EXTENSION OF REMARKS
OF
HON. KEY PITTMAN
OF NEVADA
IN THE SENATE OF THE UNITED STATES

Wednesday, December 8 (legislative day of Tuesday, November 16), 1937

LETTER FROM HON. KEY PITTMAN, OF NEVADA, TO EDWARD A. O'NEAL, PRESIDENT OF THE AMERICAN FARM BUREAU FEDERATION

Mr. PITTMAN. Mr. President, I ask unanimous consent to have published in the Appendix of the RECORD a letter that I have written to Mr. Edward A. O'Neal, president of the American Farm Bureau Federation, in reply to certain inquiries made by him relative to gold and silver legislation, and the administration of such laws.

There being no objection, the letter was ordered to be printed in the Appendix, as follows:

UNITED STATES SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D. C., December 8, 1937.

Mr. EDWARD A. O'NEAL,
President, American Farm Bureau Federation,
1116 Garland Building, Chicago, Ill.

MY DEAR MR. O'NEAL: I take pleasure in answering your inquiry relative to a synopsis of the speeches I have delivered recently on silver legislation and administration. The subject is divided into two parts, namely, legislation relative to the coinage of American silver, and legislation under the provisions of the Agricultural Adjustment Act of May 12, 1933, and the purchase of silver generally, including foreign silver, under the Silver Purchase Act of 1934.

The speeches delivered by me on the floor of the Senate on November 22 and December 6, 1937, dealt exclusively with the

law and the administration of the act in the coinage of American-produced silver. The speech that I delivered before the Mining Congress at Salt Lake City on the 7th day of September 1937 dealt with both laws and their administration.

The Coinage Act was originally enacted for the purpose of restoring the use of silver in our monetary system, and to give sufficient value to it to permit the mining of silver and metals generally associated with it in ore or rock, namely, gold, lead, zinc, and copper. These reasons, together with the so-called London Agreement, induced the President to issue his first proclamation providing for the coinage of American-produced silver on December 21, 1933. At first he took 50 percent of such American-produced silver as seigniorage, or as a compensation for coining the other half of the silver for the benefit of the producers. As the Government circulates silver in the form of dollars at a valuation of $1.29 an ounce (because there is approximately three-fourths of an ounce in a silver dollar), the producers' half of the silver was then valued at 64.64 cents an ounce.

Subsequently the President, by proclamation, reduced the seigniorage charge by the Government to 40 percent of the silver, which left the producers 60 percent. Sixty percent of $1.29 gave a value to the producers of the silver of 77.57 cents an ounce.

It will be noted that there is no question of purchase in this transaction. The Government simply takes a part of the silver as seigniorage for such services. This act was chiefly responsible for the opening up of many mines in 1934 and in subsequent years and the taking off the relief rolls and placing in gainful occupation of 400,000 miners, mill and smelter men, and those directly dependent upon the industry.

The miners have received $12,788,570 annually for 3½ years through such minting of their silver in excess of what would have been received had their silver been sold in the open markets of the world in competition with foreign silver. Even if this were considered as a subsidy or a bonus, it would only mean $30 apiece annually to the 400,000 mine, mill, and smelter men. This has been the cheapest and most satisfactory relief work ever conducted. The Government's part of this silver was 75,917,000 ounces, which, at a value of $1.29 an ounce, at which value it circulates as currency, the Government has made a profit of $83,160,860.

The last proclamation by the President authorizing the minting of American-produced silver expires on the 31st day of December 1937. I, together with other representatives and citizens of the mining States of the West, seek to have the President issue another proclamation extending such program until at least the 30th day of June 1939.

We are creditably advised that if this is not done the price of silver will immediately fall to 44¾ cents an ounce, and possibly to 25 cents an ounce, the price of silver in 1931 and 1932. We are also creditably advised that if this takes place, owing to the depreciated price of copper, lead, and zinc, with which silver is generally associated, that most of such mines in the United States will close down, with the same results that occurred in 1931 and 1932; that is, hundreds of thousands of men will be thrown out of employment and placed on relief rolls.

This is a matter of vast importance to agriculturists. In most of the Western States mining and stock raising are the chief industries. In Utah, for instance, it has been determined that 47 percent of the people depend upon mining for their livelihood. The percentage is even greater in the State of Nevada. If the mines close down, the farmer's local market is destroyed and he must seek markets in other States, which, under depressed conditions, are already oversupplied.

The taxes that are paid by operating mines on the metals that they produce must, from that time on, be borne by the land and the products of the farm.

There is an effort being made by those who do not know the mining industry to urge the President to continue the minting of American-produced silver, but to take a larger percentage of the silver as seigniorage. All mining men agree that to reduce the price of silver would result in the closing of mines. No chance should be taken with such an effect.

The Silver Purchase Act has resulted in the purchase by our Government until June 30, 1937, of 1,015,828,000 ounces of silver at a price of $589,773,000. The Government has issued silver certificates to the amount of $589,773,000, being the purchase price of such silver. In other words, it has paid for such silver with the silver certificates which it has placed in circulation. It has cost the Government no taxes, nor has it caused the Government to borrow any money. The Government, in addition thereto, has earned a profit on such silver of $720,645,120, because it may issue silver certificates against the balance of such silver over and above the purchase price to the value of $1.29 an ounce.

It is charged that this has been a dangerous inflation of our currency. It would seem to be the duty of our Government to expend its currency when credit is deflated and contracted. Ninety percent of our circulating media consists of checks and drafts. Only 10 percent consists of currency. The last report that I have from the Treasury Department shows that there was in circulation $6,555,101,269 of currency. The Treasury Department treats everything that is not in the Treasury as in circulation. As a matter of fact, the report of the Federal Reserve Board discloses that the banks are carrying 80-percent reserves as against deposits. Therefore, a large portion of the so-called currency in circulation is in reality not in circulation but is frozen in banks as currency reserves; that there has been an enormous deflation and contraction in credits is conclusively proven by the tremendous reserves that banks are carrying.

Through the Silver Purchase Act there has been added to the currency of the country $589,773,000, with the power of the Government to add to such currency circulation, through silver certificates, an additional $720,645,120.

Let it be remembered that today there are 1.72 ounces of silver in the possession of the Treasury of the United States for every silver certificate that has been issued under the Silver Purchase Act. There is more intrinsic security behind these silver certificates than behind any currency of the United States, because such silver certificates are redeemable in silver dollars, while other forms of currency are not redeemable in anything.

I consider these acts of as much importance to the agriculturists of this country and to labor as they are to the miners.

This is simply a synopsis of the arguments I have made in the three speeches referred to. You will find facts and figures in these speeches.

With best wishes, I am,

Sincerely,

KEY PITTMAN.

Disabled American Veterans of the World War

EXTENSION OF REMARKS

OF

HON. EDWIN C. JOHNSON

OF COLORADO

IN THE SENATE OF THE UNITED STATES

Wednesday, December 8 (legislative day of Tuesday, November 16), 1937

ADDRESS BY MAPLE T. HARL, NATIONAL COMMANDER, DISABLED AMERICAN VETERANS OF THE WORLD WAR, NOVEMBER 8, 1937

Mr. JOHNSON of Colorado. Mr. President, I ask unanimous consent to have printed in the RECORD a radio address delivered on November 8 by Mr. Maple T. Harl, national commander of the Disabled American Veterans of the World War.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Ladies and gentlemen, first I want to express the appreciation and gratitude of the Disabled American Veterans of the World War to the National Broadcasting Co. and to this station for having so graciously extended their facilities for this brief broadcast. I desire also to extend my greetings to those disabled in the World War, particularly those still hospitalized throughout the country.

When the armistice came November 11, 1918, America was no more prepared for peace than she was prepared for war when we entered the conflict April 6, 1917. The result was that when thousands of our wounded returned from overseas there was no adequate provision for their care. Indeed, it is literally true that a continuous stream of those victims was forced to pass through a department-store building in lower New York that had been hurriedly converted into a hospital because there was no other place available. As the lack of preparation to take care of these men became known throughout the country, groups of the disabled organized and finally met in national convention at Detroit. That meeting marked the inception of the Disabled American Veterans of the World War. From this small beginning, the organization has steadily increased in numbers, prestige, influence, and appeal. Last year marked one of the largest single gains in membership in any year since the order was founded. After observing the D. A. V. for a number of years, Congress finally honored the organization by granting it a special congressional charter—an honor never before or since extended to any similar association in the history of the Republic.

D. A. V. FOR WAR DISABLED

In order to understand the principles of the Disabled American Veterans, it is necessary to differentiate sharply between the men whose disabilities resulted from the war and those who have become disabled since the armistice. While entirely sympathetic with the latter group, the Disabled American Veterans has limited itself to the care of the former, or those with disabilities of war origin. The first Detroit convention charted this channel and through it has run the whole course of the efforts and achievements of the Disabled American Veterans. Hence, our membership is necessarily limited to those with battle injuries, service-connected disabilities, and handicaps caused by the war.

From the outset we felt that the American people realized that the Government owes a lasting obligation to the men disabled in the war and to their dependents. Our program has consisted of three major objectives. First, we feel that a man who is a physical or mental victim of the war is entitled to the best possible medical care, whether his disability is temporary or permanent. Having

provided a cure—so far as cure is possible—we believe that the man should be reasonably compensated for his loss. Replacement of an arm or leg or an active brain or a healthy lung is obviously impossible. The very derivation of the word "compensation" shows that it means substitution for a loss, but not necessarily in kind, while the derivation of the word "pension" indicates a set gratuity for past services. We contend that compensation payments should be most liberal. However, should the Government give proper treatment and then pay partial compensation for partial losses, the Government is still most remiss in its obligation if it does not do its full part in a systematic placement of the qualified disabled in employment. My contacts with these men have covered a period of nearly 20 years, and I say without reservation that their desire is to resume their place in civilian pursuits, meaning proper employment. While it may be that here or there you may find an individual veteran who is willing to attempt to live on compensation, investigation will disclose that he is a trivial minority of the 335,000 who are today rated disabled as the result of war service. Statistics show that the average veteran's family consists of four persons, and it would be the height of folly to attempt to contend in this day of high prices that a man who has honorably served his country in time of need, with no other resources, can support four people on about $22.50 per month, which is the average compensation paid these veterans exclusive of the permanently and totally disabled and the hospitalized cases.

LOOK TO PRIVATE INDUSTRY

While we are continuously criticizing in a constructive manner the Government's administration of this problem, we realize that the Government is sincere in its endeavors to solve same. Therefore, we feel it is to the private employer and industry that these men must look for gainful employment. A disabled veteran is not necessarily unemployable, but, unfortunately, many who are employable are unemployed through a combination of circumstances over which they have no control.

To meet this condition the Disabled American Veterans was the first national organization of the World War to establish an employment department as one of its major activities. As a result we have succeeded in the placement of many of these men, but hundreds still remain jobless. I am, therefore, most earnestly appealing to employers of men in large or small numbers to give preference to those qualified whose disabilities came from the war. Of course, this does not mean that employers are asked to employ all disabled veterans, for, as stated, we are appealing only for those who are qualified to fill the jobs at hand.

Because of their very nature, the laws, regulations, and rules of the Veterans' Administration constitute to many a technical puzzle. Many veterans, because of wartime service, were denied in their youth the usual privileges of education. Many of them cannot understand our language, while many others are so busily engaged in occupations that they cannot follow changing laws and changing regulations. To meet this situation the Disabled American Veterans has placed in most of the important offices of the Veterans' Administration throughout the land well-qualified rehabilitation officers, who without charge act as free attorneys for the veterans and their dependents and also keep all informed on each development that may personally affect them. The Disabled American Veterans is, furthermore, the only national organization that publishes a semimonthly newspaper devoted exclusively to the cause of these men, containing information of vital importance to them.

COMMENDED BY PRESIDENTS

We take pardonable pride in the fact that successive Presidents, including Calvin Coolidge and Franklin D. Roosevelt, have commended our work and that our efforts have met with many testimonials of appreciation from the head of the Government agency ministering to the disabled. The Disabled American Veterans recognize no political, religious, or racial discriminations. The sole test is: Did you serve your country honorably in the World War and is your disability of war origin? We consider our membership roll a roll of honor, and contained on it are the names of those descended from practically every race throughout the world. Our leadership has rested with Republicans and Democrats, with Jews, Catholics, and Protestants, while in a number of places we have chapters composed exclusively of colored veterans.

The only departure we make from stressing legislation for the direct care of the wartime disabled is in the matter of combating subversive movements and advocating proper preparedness, together with a lasting program for peace. Recognizing the right of each individual to be his own sole guide on matters of politics and religion, we feel that such "isms" as communism, nazi-ism, and fascism have no place within our borders, as their purposes are destructive to American institutions, and we concede our loyalty to but two "isms", Americanism and patriotism. We are now doing our part to curb the activities of those agents of the other "isms" which are detrimental to our institutions.

ADEQUATE DEFENSE

We feel that adequate national defense no more brings on war than life insurance speeds death. With war and the talk of war terrorizing the whole world, America would be unfaithful to those who have lived and died for her if she permitted herself to become Chinafied by failing to defend her cherished rights.

With this brief outline of our history and our principles, I extend a hand of welcome to any man or woman who can meet the requirements for membership. If there is a chapter of the Disabled American Veterans functioning in your community, your place is in that chapter. But, because of the relatively few service-connected men in the smaller cities and towns, we have membership-at-large chapters; dues entitling membership include the regular delivery of our newspaper, which is recognized as the most outstanding of all veterans' publications. Should any veteran desire further information, it may be obtained by writing to national headquarters, Disabled American Veterans of the World War, Cincinnati, Ohio. Recommendation of our policies and objectives may be obtained from any Federal, State, or local official with whom we have had contact.

Because of the strict eligibility requirements for membership, it is obvious that the Disabled American Veterans cannot be the largest veterans' organization numerically. On the other hand, I submit that no existing association has a stronger claim on the public for support, and again suggest to veterans eligible to membership that they delay no longer in affiliating with an outfit that labors constantly to conserve their interests and one whose loyalty to God and country can never be questioned.

Thank you and good night.

A National Program for Wheat

EXTENSION OF REMARKS

OF

HON. WALTER M. PIERCE

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 8, 1937

RADIO ADDRESS OF HON. HENRY A. WALLACE, SECRETARY OF AGRICULTURE, BEFORE A WHEAT MEETING AT WICHITA, KANS., NOVEMBER 23, 1937

Mr. PIERCE. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

You and I have come here to Wichita to talk about wheat. This is the very heart of the Winter Wheat Belt, and one of the best places to talk about a national policy for wheat. Today we want to consider the elements of a sound long-time wheat policy.

Throughout the centuries wheat has meant bread and bread has meant life. Wheat production and wheat marketing stand out among the most dramatic phases of our national activity. Wheat is produced in 2,600 of the 3,000 counties in the United States. From the Atlantic to the Pacific, from the Canadian border to Texas, wheat fields ripple in the winds of early summer. While the crop is grown in widely scattered parts of the country, it is almost the all-in-all of large areas in the West. On the rolling uplands of the Columbia River Basin, on the broad prairies of the Dakotas and Montana, and on the sweeping plains of Kansas and the Southwest wheat fields are spread in vast expanse. These great producing areas of the West are the bread basket of the Nation.

The story of wheat extends to the wheat-milling centers, the Chicago wheat pit, the kitchens and dining rooms of our homes, and out over the world. It is a dramatic story all the way. In the United States the wheat industry is one of the main cogs in our economic machine. Go back and read the story of the Nation-wide depression of 1931 and 1932 and of the recovery that began in 1933. You will find plainly written there the story of the fall and rise of wheat prices and wheat income. The latest news about the production and price of wheat headlines the market pages. It is scanned carefully by businessmen, investors, and farmers. Today, when American businessmen are wondering about the future, they are asking themselves, What about wheat in the years just ahead? Wheat is a barometer of business.

It is so everywhere. Each month wheat is being harvested somewhere in the world. Wheat is the commodity most widely produced and consumed. One might say that wheat, more than any other commodity, binds the economic system of our world together.

Nevertheless the wheat industry has had many ups and downs. From the early days of the colonies to the settling of this vast western country, the fortunes of the wheat industry were mostly up. New and adapted varieties were brought in from far countries, railroads for transporting the wheat were built. Reapers, binders, and combines were introduced, one after the other, to make the American wheat grower the envy of the world. But for all the tremendous volume of wheat that we grew, there was a market—either in this country or overseas. We were in debt to Europe for much of the capital that had built the railroads and developed the mills and the mines. The wheat sold to Europe helped to pay that debt.

After the grain areas of Canada and Argentina had been opened up our exports fell from around 200,000,000 bushels in the 1890's to less than 100,000,000 bushels by 1910.

Then came the World War. Bread was the first need of all the armies. Our slogan was "Food will win the war." Wheat growing expanded beyond anything this country had yet seen. Section after section of prairie sod, that had been in grass since long before the days of Coronado, was broken for wheat.

But after the war things were different. We had changed from a debtor to a creditor Nation. Europe had acquired a war fear that drove her peoples to raise much of their own wheat. Our growers were left with an overexpanded plant, which could be used to the full only while American loans kept a prop under foreign buying. I well remember how in Kansas in the early summer of 1920, when wheat was $2.50 a bushel, a movement was started to hold for $3. And you perhaps remember even more vividly that the farm price by August 1923 had fallen to 86 cents.

For 10 years the problem of wheat bedeviled growers and men in public life. Producers first tried to solve it by cooperative marketing through farmers' elevators, terminal sales agencies, and wheat pools.

Many important benefits came from cooperative marketing, but farmers decided the problem was too big to be solved without Government help. They worked out the McNary-Haugen plan, which received its first big push from western wheat growers, and its first draft was designed to help wheat more than any other crop. This plan was to make the tariff effective on wheat by segregating exports from the domestically consumed portion of the crop. After the McNary-Haugen bill had twice met with Presidential veto wheat farmers had to be content with the Farm Board, set up under the Agricultural Marketing Act of 1929. You remember how the Farm Board's attempts to support prices of wheat failed as production and supplies mounted year by year, how the price of wheat in 1932 fell to the lowest level since the time of Queen Elizabeth. Wheat producers were almost completely out of the market for industrial goods. Thousands of wheat growers lost their farms. Some people said that we would have to forget about the world market for our wheat. They said that enough wheat producers would have to be starved out to shrink the industry back to a domestic basis.

This heartless doctrine was rejected by the overwhelming mass of farmers. They did not believe, and I do not believe, there is the slightest excuse in this day of social progress to subject any great group of our people to such barbarism. Yet the same heartless doctrine is being advocated today by some who would deny to farmers the same chance they accord to other groups to shield themselves against the worst effects of competition unrestrained. The Nation rejected that doctrine 5 years ago, and the Nation will reject it now.

Out of the suffering of the depression years the Agricultural Adjustment Act of 1933 was born. I do not need to recall to you the programs under that act affecting wheat—the county associations and committees of wheat producers, the processing tax on wheat, and the benefit payments made to those growers taking part in the acreage adjustment program. I do not need to recall how the wheat program in the United States was linked up with the world wheat agreement, signed by 9 producing and 17 consuming countries. These measures gave promise for the first time since the war of dealing with the chronic problem of the wheat surplus.

But about the time that they were adopted the wheat picture changed once more. During the 15 years ending in 1932 the production of wheat in the United States had fallen below 800,000,000 bushels only three times. It had gone above 900,000,000 bushels four times. But, beginning with 1933, there were 4 successive years of short crops. Drought and rust did their work. If the yields and abandonment on the planted acreage had been normal, these four crops would have averaged 889,000,000 bushels. Actually they averaged 582,000,000 bushels, or 300,000,000 bushels less each year than we might have expected from the acreage planted. For the first time since 1837 and for the second time since the signing of the Constitution, the United States became a net importer of wheat. World wheat supplies gradually grew smaller and world prices improved. With small supplies in this country Chicago prices rose above Liverpool. Devaluation of the dollar also played a part. As a result of all these things the price of No. 2 hard winter wheat at Chicago advanced from an average of 47 cents in November 1932 to $1.46 in April 1937.

With Nature, temporarily at least, doing away with the surplus, the situation of wheat producers was much different. Instead of having a lot of wheat to sell at a low price, farmers in the drought and rust areas had little or no wheat to sell and could not take advantage of the greatly improved price.

Also, with the advent of drought, wheat farmers in the Great Plains found they had a terrible new problem to contend with—dust storms. Suddenly there was crying need not only to stabilize the production of wheat and incomes of growers but to stabilize the soil itself. There was need to keep it from blowing away across the Mississippi River and on to the Atlantic Ocean. The mistake of overplowing the plains country had brought a disastrous result.

The short crops and scant supplies of wheat prevented wheat producers from feeling the full effects of the Hoosac Mills decision of the Supreme Court when it came in January 1936. And the Soil Conservation and Domestic Allotment Act, quickly passed by Congress to replace the broken parts of the old Triple A, helped wheat farmers to adopt farming methods that would hold their soil in place.

The season of 1937 was the first in 5 years with wheat weather even moderately favorable. Wheat yields per acre came up to somewhere near average. That yield on a record breaking acreage brought a big crop of wheat—nearly 900,000,000 bushels. The big crop started to market at high prices because of unusual situations outside of the United States. From January to April of this year the farm price of wheat was above $1.20 a bushel, or slightly above parity.

But no sooner had you reached this point than you began to find yourselves slipping down again. This year's big crop was 250,000,000 bushels more than we need for domestic consumption. That put American growers back on the export market. The Chicago December future, which had been quoted at $1.31 last July 16, was down to 84 cents on November 8.

Now, as you wheat growers look ahead, you are wondering what is going to happen to you. During the next few years which end of the seesaw of weather and price are you going to find yourselves on?

In 1932, judging by the experience of the preceding 100 years, no one would have dreamed that there would be four short wheat crops in a row, averaging less than 600,000,000 bushels. The four short crops in a row did happen and therefore some day might happen again. But since the present year has brought us back nearly to the 900,000,000-bushel level, we have strong reasen to think that perhaps the surplus-wheat problem of the twenties and early thirties will return in full force.

As I have said, the ups and downs of the wheat industry have been dramatic. But they have been painful for the growers of wheat. They have been painful, too, for the millers and handlers of wheat, for the businessmen and workers depending on wheat growers' purchasing power, and for the consumers buying wheat flour and bread.

This variable character of the wheat industry can be put down as No. 1 in listing the main aspects of the wheat problem.

There are others.

No. 2 is the fact that human stomachs don't change in size. When people have more money to spend most of them buy less wheat rather than more. They spend a bigger part of their money for livestock products, fruits, and vegetables. This is why economists say the demand for wheat is inelastic. For some years the per capita consumption of wheat has been slowly decreasing, as people's food habits have changed, though at the same time the increase in the population has partly offset the decline in per capita consumption. The point I am making is that we cannot assume that, no matter how much wheat is grown, it will all get eaten by the American people if the price is only low enough. Experience has shown that, instead, an excess supply simply piles up and demoralizes the price. That low price for wheat doesn't help either the producer or the middleman or the consumer of bread. Actually it harms them all.

Factor No. 3 in the wheat problem is that present export markets will not take all the surplus wheat our farmers can produce in years of ordinary weather.

Our export markets dwindled after 1929 as our foreign loans ceased. Only one thing could have saved our export trade, once we had stopped lending other countries the money to buy our wheat, and that was a change to a more liberal tariff policy. But instead of lower tariffs to encourage world trade, we were given higher tariffs that strangled world trade. The Smoot-Hawley Tariff Act of 1930 was the worst blow ever struck at the wheat farmers of the United States.

During the last 4 years, of course, weather has reduced our supply available for export. This year, with an exportable surplus on hand and with the Canadian and Argentine crops heavily damaged, we are again shipping wheat abroad. From the first of July up to November 6, we have exported about 22,000,000 bushels. At this rate exports for the year would total about 60,000,000 bushels. But it is possible that exports from this year's crop may total as much as 100,000,000 bushels.

Remember that wheat exports this year are based on shortage in Canada and Argentina and on increased world demand resulting from the race to prepare for war. These conditions are abnormal and cannot be expected to continue long. If the United States is to have a dependable foreign outlet for wheat, this outlet must be assured through a revival of international trade that flows both ways. A start in this direction has been made through the reciprocal trade agreement program. If that program can be expanded, a part of our former markets abroad may be regained.

No. 4 in the list of things we must think about is the need to avoid soil destruction. If growers fail to balance up the wheat acres with acres of cover crops, and fail to follow proper conservation practices, the soil will be permanently damaged.

No. 5 is the fact that considerable areas now planted to wheat are really submarginal, and should be retired from cultivation altogether. The Government has already acquired some of this submarginal wheat land, but much still is being used.

No. 6 is the fact that five different kinds of wheat are grown in different areas of the United States. These are hard red winter wheat, grown in Kansas, Nebraska, Texas, Oklahoma, and Colorado; hard red spring wheat and durum wheat grown in the Dakotas, Minnesota, and Montana; white wheat, grown chiefly in the Pacific Northwest; and soft red winter wheat, grown throughout the areas east of the hard-wheat belts. The regions producing these five kinds of wheat have some problems in common, but there are important differences between them which must be recognized in mapping out a national policy for wheat.

No. 7 on the list of things we must face is the great expansion in wheat acreage that has taken place. In 1937 the farmers seeded 81,000,000 acres, whereas with average yields only about 60,000,000 acres would be needed to fill our domestic requirements and present export outlets. The prospect now is that, including the wheat already in the ground, the acreage is to be seeded to wheat for harvest in 1938 will be as great as it was in 1937. With average yields this would mean a crop of close to a billion bushels, or 350,000,000 bushels more than enough to fill our domestic needs.

The agricultural conservation program of the last 2 years has included wheat among the list of 15 soil-depleting crops from which acreage might be diverted for payment. But no special base or goal has been included for wheat, and none is included in the 1938 program.

The current wheat acreage—the largest in the history of the country—seems to be a response to the favorable wheat price. Further recession in the price might be expected to cause the wheat acreage to shrink somewhat. But experience during the depression showed that even 30-cent wheat did not squeeze out very many of the marginal producers. Lacking other opportunities, they kept on producing wheat, and the wheat situation steadily got worse. There is no reason to believe that if those conditions were repeated in the future anything different would happen.

The important point is that wheat acreage is at a level that with ordinary weather will give us crops far above what we need for use at home and what we have been selling abroad.

That completes my brief summary of the wheat problem. We have seen how the problems of soil depletion and submarginal land farming are linked to wheat, how wheat production varies although the demand is uniform, and how our export markets have dwindled while acreage has grown. Now, what should be our aims in working out a future policy for wheat? I think everyone will agree that our main objectives ought to be, first, to conserve the soil; second, to maintain growers' income; and, third, to assure adequate supplies for consumers.

It is easy to agree on those fundamental aims. But there may be difference of opinion as to the path to be followed to reach them.

As with cotton, there are two schools of thought about wheat. They stand at opposite extremes. One school of thought would lay emphasis on price, regardless of how small production would have to be to get that price. People holding this view would say good-bye to exports and definitely aim to produce only enough wheat for the domestic market. Following such a course would involve severe acreage adjustment and perhaps high loans. Drastic marketing quotas universally applied in the main wheat-growing areas would be necessary year after year.

Another school of thought, at the opposite extreme, would encourage unlimited production of wheat, through an export bounty or through unconditional payments to producers.

On a purely theoretical basis a plausible case for either one of these extreme courses might be made. Going to an extreme nationalistic basis might, on paper, seem to yield as much gross income for wheat as could be realized in any other way. So far, the wheat growers have not shown any inclination to do this. Regardless of the theoretical advantages of reducing wheat production to domestic needs, the wheat growers this year by planting 80,000,000 acres to wheat have in actual fact put their industry on an export basis with a vengeance.

I recognize that hard red spring wheat usually is nearly all milled in this country. But if wheat went on a domestic basis, farmers in that region would be affected too. The two hard-wheat regions are closely related. Hard winter wheat is the kind that is usually exported, it is true. But the export of hard winter wheat affects the price of spring wheat as well. The producers of hard spring wheat cannot expand their production without increasing the pressure from all the western wheat regions for larger outlets abroad. Wheat is wheat, and the fortunes of the different groups of wheat farmers rise and fall together. No region can hope to share in the benefits of any wheat program without sharing its burdens, too.

The control that would be needed to cut acreage from 80,000,000 down to 55,000,000 acres or less would be far more rigid than anything wheat producers have ever thought about. Unless wheat growers should drastically change their whole point of view, I doubt if such control as that could be made to work.

The case for the subsidy of unlimited production is also superficially plausible. But with world trade conditions what they are, if American wheat were dumped on the world market, other countries would simply raise trade barriers to the point where we could not scale them. It is true that in 1933 the Triple A made an exception of Northwest Pacific wheat and used an export subsidy to take care of the very large part of that wheat that needed export markets. But if put into general use for all wheats, the export subsidy plan would prove in the end to be a severe handicap to our efforts to reopen this country's foreign markets for wheat. Supplies in this country would pile up, and prices would collapse. Under such circumstances prices might even go lower than they did in 1932.

I do not believe that the majority of wheat producers want to choose either one of these extremes. As they think things though I believe they will choose a middle course somewhat similar to the one I have already recommended for the Nation's other great export crop—cotton.

The middle-course program I have in mind for wheat would consist of six main parts:

First, planning for that share in the world wheat market which will bring wheat farmers their maximum prosperity.

Second, the setting of acreage goals in line with needs of the soil and of the market here and abroad.

Third, protection against drought through an ever-normal granary, with reserve supplies of wheat stored on the farm or in elevators.

Fourth, crop insurance.

Fifth, retirement of submarginal land.

Sixth, price-adjustment payments, to be financed from tariff-equalizing taxes.

Let me discuss each of these briefly.

As to the first point—keeping our share of the world trade in wheat—I would like to remind all farmers once more that if the producers of the great export crops, especially wheat and cotton, lose their remaining markets abroad, agriculture will have to prepare itself for a degree of control and adjustment far greater than farmers have thought about thus far.

As this country prepares to ask for its share of the world wheat trade, so it is willing to share with other countries the burden of any necessary adjustment of production. The United States alone cannot and should not bear the entire burden of readjusting world wheat production to world wheat demands. When the Triple A wheat program was first started all the other important wheat-producing and wheat-consuming countries agreed to work with us, through the world wheat agreement, to adjust world acreage and exports to the needs of the market.

The succession of disastrously short crops after 1932 made such action unnecessary for the time being. While the principal wheat nations have continued to talk over the wheat situation from time to time at meetings of the International Wheat Advisory Committee, the action phases of the agreement were not continued. Now we seem to be moving into a period when, with normal weather and yields, world wheat supplies may again become excessive. Should such conditions develop, other wheat-growing nations will, I believe, again recognize the need for concerted action to deal with the problem. Meanwhile, with our present acreage and normal weather, the United States will very definitely be a substantial exporter of wheat.

The second part of the program, acreage goals for wheat, could be carried out under the present Soil Conservation Act, but additional legislation is needed to make them fully effective.

The goals probably should be varied in the different wheat regions, according to the needs of the soil and of the market. Fairness would require that amounts paid to farmers would vary according to the extent of the sacrifice involved.

We should, if possible, continue the provisions included in the 1938 conservation program for assistance to farmers of the Great Plains in diverting wheat acres to uses which prevent the soil from blowing.

Any adjustments in wheat acreage beyond the needs of soil conservation should not be construed as an effort to control the world price of wheat. The United States production of wheat is only one-fourth of that of the world, and naturally we cannot hope to control the world price. But since the price of wheat in the United States is responsive not only to the world market but to conditions at home, it is important to guard against the piling up of supplies so great as to cause a price collapse. Hence the provision for wheat-acreage goals.

The third part of the program would be the creation of an ever-normal granary for at least the hard wheats. Such a granary would not be needed for the white wheat of the Northwest, of which there is practically always an exportable surplus, or for the soft red winter wheat, which is always available in plentiful quantities.

But a granary for the hard wheats of the Great Plains would be very useful. The hard red wheats are in demand by the mills of this and foreign countries for mixing with the soft red wheat. But the hard red wheats are raised in areas where the weather is most uncertain and the crop is subject to damage from drought and rust. For this reason the supplies and prices of these wheats fluctuate widely. In years of short crops our customers abroad have had to turn elsewhere.

From every point of view it would seem to be wise national policy, therefore, to plan on having an average carry-over of these wheats, perhaps twice as great as the 90,000,000-bushel carry-over of these wheats that we have averaged over the last 3 years.

One possible way of building up the ever-normal granary for wheat would be through commodity loans, as I have recommended for corn. But a serious drawback to reliance on this method of building up the granary would be the fact that any loan above the market price might interfere with the free flow of wheat into export. Furthermore, loans made on one or two kinds of wheat would naturally result in demands for loans on other wheat, and the total effect of wheat loans at high rates might easily be disastrous.

For wheat, as for cotton, we want to be able to offer stop-loss loans, which would not seriously interfere with exports but which would prevent utter demoralization of the market.

Probably a sounder and better way to build up the granary would be through the proposed plan for crop insurance, which I am suggesting as the fourth part of a wheat program. Such a plan is embodied in the Pope bill which passed the Senate last spring and is now pending before the House. Under this plan farmers taking out the insurance would pay their premiums and collect their indemnities in wheat or its cash equivalent. Whenever a farmer's yield fell below some specified percentage of his normal yield—say 75 percent—he would be paid an amount of wheat or its cash equivalent that would equal the difference between his actual yield and the 75 percent.

Since the wheat representing the total of premiums paid in would be stored, it would be kept off the market in years of good crops and would be made available in the form of indemnities in years when crops were short.

If enough farmers took part to make such a crop-insurance plan work satisfactorily, it would be enormously useful to the wheat

farmers themselves. But it would be of great value also to the millers of wheat and their employees and to the consuming public. It would keep a more uniform supply available for export. It would help to level off some of the peaks and valleys in wheat supplies and prices resulting from weather changes from year to year. Like the proposed ever-normal granary for corn, it would help to stabilize the Nation's business.

The fifth part of the wheat plan would be to continue and expand the present program of retiring submarginal land, especially in the Great Plains area. Lands that nature intended never to be plowed should be taken out of wheat and returned to grass. Families that have been engaged in a bitter struggle to earn a living from such land ought to be, and are being, assisted to find a better opportunity. This program is bound to move slowly, but it will yield big dividends in human values.

The sixth part of the program, the price-adjustment payments, would be needed to offset the effects of price declines which are already felt and help wheat farmers to share in the progressive rise of the American standard of living. Where would these funds come from? Over a period of years, neither wheat farmers nor cotton farmers could depend upon subsidies from the General Treasury—subsidies which might be cut off any time Congress failed to appropriate the money. Therefore it would seem that with both cotton and wheat, the sensible thing would be to let the commodities themselves bear the load in the form of tariff-equalizing taxes levied at the point of first processing. As under the old Triple A, these taxes would be levied only on that portion of the commodity consumed in the United States, while the portion of the crop going into export would be sold at the world price.

Any such tax would, of course, have to be surrounded with consumer safeguards. We would want to be sure that the sum of the market price for wheat plus the tax would not cause any greater portion of the consumer's dollar to be paid out for wheat than was the case before the war. As long as safeguards like this are in force, consumers would have nothing to fear from such a tariff-equalizing tax.

To a consumer, what difference does it make whether he buys his bread on the basis of wheat in the market place or on the basis of 80 cents a bushel plus 20 cents tax? And right here I would like to call attention to the fact that, with wheat at $1 a bushel, the cost of the amount of wheat needed for a pound loaf of bread is less than 2 cents. A 20-cent tax means only a third of a cent on the consumer's loaf of bread. And yet to the wheat grower, receiving a corresponding amount may make the difference between bankruptcy and at least a minimum chance to make a living. Which would the consumer choose—to pay a third of a cent more on a loaf of bread and a few cents more on shirts and sheets, or to run the risk of the loss of employment and property values that eventually might flow out again from unstable farm income and farm purchasing power?

As I have recommended for cotton, the price-adjustment payments might well be made on an allotted production goal and should be conditioned upon participation in the conservation program.

If payments were large enough, the incentive for cooperation in the program would be very strong. Marketing quotas for wheat probably would not be necessary unless through a series of years of good weather, supplies piled up to an unmanageable level. But in such an emergency the use of quotas might prove very useful.

This six-part plan for wheat, if carried into effect, would not take the wheat growers of the Nation to some golden Eldorado. Even with its help I believe their future is not too rosy. But at least it would help them make an orderly retreat to an acreage in line with the needs of available markets.

Lacking such a plan, the only thing I can see ahead for the wheat industry, in case we have a series of years of ordinary weather, is a disorderly retreat through the harsh application of "natural economic law." This would mean that thousands of farmers would have to be starved off from their farms. It would mean hundreds of farming communities would be ruined. It would mean another cycle of closed country banks, diminished farm buying, and loss of jobs for city workers. The Nation cannot afford to ask the wheat farmers, wheat consumers, and industries dependent on wheat to pay such a price.

Now, as I see it, the key to the plan I have outlined would be the tariff-equalizing tax to provide the needed revenue. President Roosevelt, in his message to Congress a week ago, emphasized the need for a balanced Budget, and insisted that any expenditures for the farm program over those provided in the regular Budget should be balanced by an equal amount of new tax income. In other words, the farm program should be self-financing so far as possible. I am confident that the farmers appreciate the necessity of keeping the Nation's money affairs well ordered.

But let no one think that such a tax can be enacted into law without a fight. The tax would be ultimately paid by consumers, but some of the big processors from whom it would be collected will do all they can to block it. Already they are organizing.

I have here a yellow circular and a pink handbill put out by the Millers' National Federation of Chicago. Both urge millers to arouse consumers against the tax. The circular says: "Processing taxes can be stopped cold if the various interests adversely affected will do their part. By this we mean arousing consumers to the fact that they will carry the burden of any processing taxes levied and then for consumers to protest to Washington. Petitions are of absolutely no value in carrying this sentiment to Washington and the time and energy they require should be spent usefully. Practically the only thing that will count are individual letters from consumers, and these letters in great numbers."

The Millers' Federation states that it is prepared to supply members with "dodgers" in any quantity, the only condition being that these "dodgers" be put to use immediately.

Now, what are the facts? A year ago consumers were paying farmers $1.06 for each bushel of wheat that was milled. Today the farm price of wheat averages about 80 cents. If a processing tax of, say, 20 cents a bushel were added, the combined cost of wheat and tax would be $1 a bushel, or 6 cents less than the farm price of a year ago. These facts are completely missing from both the handbill and the circular.

It is a splendid thing for flour millers like all other free and independent citizens to express their convictions. But as a matter of fact, the legitimate interests of flour millers are promoted by stability of price for both farmers and consumers. It is high time for the processors to join together with the farmers and the consumers in fighting for stability instead of following the short-sighted policy of fighting against the best interests of all three groups.

I hope the millers, along with all other businessmen, will come to see that a long-range farm plan that will keep agriculture on an even keel will help them to stay on an even keel, too.

The all-weather wheat program here proposed is designed above everything else to serve the interests of wheat producers and wheat consumers. To my mind, the ups and downs of wheat lie very close to current problems which are giving the whole Nation concern. How can the people hope to make a successful attack upon the business cycle unless they have a chance to iron out the extreme swings in prices of basic farm commodities?

As I said a few days ago at Indianapolis, if we can stabilize farm prices and farm income, we will go a long way toward giving the Nation the economic balance wheel that it so greatly needs.

From the standpoint of the vital interests of the consumer, the wheat program must not be considered by itself. It should be considered along with the ever-normal-granary plan to build up storage reserves of corn, and sound plans for the cotton growers, dairy and livestock producers, and other farmers. These plans are interdependent, and the success of any one would contribute to the success of the others. An essential purpose of these plans must be to iron out extreme fluctuations in farm price and in farm income. If that purpose can be accomplished, it will have benefits for the consumer which will far offset any disadvantages. It will launch an attack on the cycles of boom and collapse that again and again threaten our civilization. It will help make our American system work.

But there are those who want no attempt like this made. Every farmer knows that a few powerful financial interests are and always have been opposed to any real farm program. These interests are active now. They want to go back to the do-nothing farm policy of the twenties.

Opponents of the tariff-equalizing tax have already claimed that it is unconstitutional. But, as President Roosevelt pointed out last week in his message to Congress, "the courts themselves are coming to have increasing regard for the true nature of the Constitution as a broad charter of democratic government which can function under the conditions of today." Since the Triple A decision of the Supreme Court nearly 2 years ago, acts of Congress to improve labor relations and assure workers' security have been upheld.

"In these later decisions," the President said, "the powers of the Federal Government to regulate commerce between the States and to tax and to spend for the general welfare have been clearly recognized."

The President expressed his confidence that Congress can "constitutionally write an adequate farm act that will be well within the broad meaning and purpose of the Constitution."

And he said: "I hope and believe that the Supreme Court will not again deny to farmers the protection which it now accords to others."

I agree with President Roosevelt. Farmers and those who would serve the farmers' welfare should go ahead and work out plans that are, first of all, equitable and sound. In the long run public opinion will prevail, and it will support good laws, not half-baked measures written with one eye on the processors and the other eye on what the courts did before they saw the light.

From the standpoint of the farmer the battle that is now opening is really the old battle of "equality for agriculture." I do not know how long it will last. But I do know that if farmers cannot win back to "equal justice under law," then the future of our Nation is indeed dark.

This is the real issue: Is agriculture to have a fair chance or is it to become once more the Nation's forgotten industry? Temporarily, perhaps, the Nation can get along with farmers like serfs or peons supplying cheap food and cheap fiber for cheaply paid labor in the cities. But such a policy never has led and in the end never will lead to anything except disaster.

To adopt such a policy now would be to invite another smash-up.

I am not a defeatist. I do not believe that such a smash-up is inevitable. I am confident that the more far-sighted men and women of this Nation will prevail and that agriculture, along with labor and business, will get fair play.

But there is no question in my mind that farmers face a crisis. Either the gains of the last few years will be consolidated as enduring progress or else agriculture will go down hill.

Farmers will not attain to "equal justice under law" unless they fight for it.

There is only one way to win, and that is to keep an unbroken front in the fight. The wheat farmers of the West can never get a good wheat program, backed by the tax needed to make it a success, unless and until they have the wholehearted support of the southern cotton farmers. The cotton farmers can never get the kind of cotton program they want without the loyal help of the wheat farmers. And if the new farm bill should fail to give the protection of income that is so vital to farmers of the West and South, then the increased pressure upon available funds will surely weaken the program for the corn farmers, the dairy farmers, and other producers. So today, with renewed earnestness, I urge the wheat growers, cotton growers, corn growers, dairy farmers, tobacco farmers, rice growers, and all the other great producing groups to forget their minor differences and to unite in a solid farm front.

From the standpoint of both consumer and farmer, the stake in this fight neither begins nor ends with the farm. All of society stands to lose if the farm program fails, and to gain if it succeeds. The grain gambler alone profits when wheat prices soar and crash, and then soar and crash again. No one profits when the wheat farmers and consumers are made the victims of scarcity due to drought. No one profits when a tremendous surplus wrecks wheat prices. It is true that shocks like these fall upon the farmer first. But ultimately they hurt everyone. The housewife wants a steady supply of food at fair prices. The businessman, the manufacturer, the city worker depend on farm buying power for trade, for customers, for employment. Their interests and the farmers' interests are really one. The farmer must never forget his duty to the consumer, just as the consumer must always remember his debt to the farmer. The life of our democracy depends upon the unity of the groups in service of the general welfare. That unity and that service must be the foundation for the farm program of the future.

Milk and Cream Tests

EXTENSION OF REMARKS
OF
HON. JOHN LUECKE
OF MICHIGAN
IN THE HOUSE OF REPRESENTATIVES
Wednesday, December 8, 1937

LETTER FROM HON. JOHN LUECKE, OF MICHIGAN, TO W. A. AYRES, CHAIRMAN OF THE FEDERAL TRADE COMMISSION

Mr. LUECKE of Michigan. Mr. Speaker, under leave to extend my remarks in the RECORD, I include therein the following letter which I have written to the Honorable W. A. Ayres, Chairman of the Federal Trade Commission, Washington. The letter deals with the irregularities of milk tests which have come to my notice, and I am asking the Commission to look into the matter:

HOUSE OF REPRESENTATIVES,
Washington, D. C., December 8, 1937.

Hon. W. A. AYRES,
Chairman, Federal Trade Commission,
Washington, D. C.

MY DEAR MR. AYRES: During the recess of Congress, while I was back in my district, I had complaints made to me by farmers who were shipping milk to condenseries and cheese plants within the State and elsewhere. They complained to me that the tests they received did not compare favorably with the tests made by the county milk-testing associations.

Another complaint was that certain milk-processing plants in order to get their milk would, from all appearances, at the beginning give the farmer a high test and then after they had delivered their milk to these places for a short time the test would begin to drop.

I was also informed that the milk and cream test varied with the price of butterfat; that when the price of butterfat went up the tests went down.

Upon learning of these complaints I immediately got in touch with the State authorities and they sent inspectors into the district. The inspectors after finishing their work reported that they had discovered irregularities.

I should very much like to have the Federal Trade Commission concern itself in regard to milk and cream tests. I do not know whether or not the Commission has ever made inquiry into this matter, but I earnestly request that it seriously consider doing so.

I was also told that fly-by-night operators come into the State from adjoining States, transact business for various periods of time, and then depart suddenly, leaving the farmer to get his money in any way he can. I do not know whether or not there is any truth in that statement, but since it seemed to be quite common knowledge there must have been some reason for it, and I think the Commission should look into that also.

We are now concerning ourselves in Congress with an agricultural bill. That bill deals merely with certain commodities and in no way affects the dairy farmers. If the irregularities which I have pointed out in the foregoing sentences were done away with, I feel quite certain in saying that we would have rendered the milk producers of the Nation a great service.

I am calling this to your attention because of the knowledge I have concerning it, and I believe it is my duty to make an effort at having the Commission look into this phase of the dairy industry.

Yours very sincerely,

JOHN LUECKE,
Member of Congress.

Aircraft and the Merchant Marine

EXTENSION OF REMARKS
OF
HON. JOHN M. O'CONNELL
OF RHODE ISLAND
IN THE HOUSE OF REPRESENTATIVES
Wednesday, December 8, 1937

Mr. O'CONNELL of Rhode Island. Mr. Speaker, one cannot read the report submitted to Congress by the Honorable Joseph P. Kennedy, Chairman, Merchant Marine Commission, entitled "Aircraft and the Merchant Marine" without being impressed by the clever manner in which the subject of overseas air service is analyzed to favor flying boats.

American design, construction, and overseas operation of heavier-than-air craft have demonstrated an efficiency which warrant the expectation of further improvement being made to enable seaplanes to cross the Atlantic in nonstop flight with a reasonable pay load, but the 125-ton flying boats of "future design" are at present too visionary to be compared with 300-ton dirigibles which may be constructed now, when we need such craft to aid the expansion of our merchant-marine service.

The construction and successful commercial overseas operations of German Zeppelins have demonstrated the efficiency and value of lighter-than-air craft. Germany has also developed heavier-than-air craft, which with improvement should serve equally as well as our heavier-than-air craft, and will use both heavier-than-air and lighter-than-air craft with its merchant marine. The United States in supplying our helium gas to Germany aids in establishing German competition with our own merchant marine. The authorization to sell 17,900,000 cubic feet of helium gas to Germany for one 7,000,000-cubic-foot dirigible is a full supply for two such dirigibles for several years.

The Maritime Commission in its report does not present this fact to Congress, and further, the Commission indicates it favors the German-constructed dirigibles with which to establish an American overseas lighter-than-air aid to our merchant marine. To employ tax funds for constructing dirigibles in Germany and levy additional taxes for supplying relief to those who could be employed for constructing dirigibles in the United States we do not believe is a desirable method for expanding our own merchant marine.

It may not have been the intent of the Commission to favor German-constructed dirigibles, but the Commission's report refers to German construction and omits the consideration of American-constructed Zeppelin-type airships and of dirigibles of American design, which are approved by many leading American structural and aeronautical engineers.

The Commission may not appreciate the importance of the frame upon which the dirigible must rely for its strength, safety, and the term of its useful life, as well as for its efficiency, in commercial or military service. The Commission may not understand that of the two principles of engineering that are best adapted to the construction of dirigible frames,

those of the arch-frame bridge and of the suspension bridge, the suspension-bridge principles are superior.

The aeronautical adviser to the Commission attended the hearings on dirigible airships, on H. R. 2252, before the House Interstate and Foreign Commerce Committee, June 8, 1937. At these hearings a report on the relative merits of the Zeppelin frame and the American suspension-bridge type frame was submitted and discussed by Dr. David B. Steinman, of Robinson & Steinman, structural engineering consultants.

This report by Messrs. Robinson and Steinman was prepared for a client, and the work was accepted because it was within the type of engineering in which they specialized; they had no financial interest except to receive payment for their services.

Both Dr. Robinson and Dr. Steinman are accepted in world engineering circles as leaders in bridge design and construction of all types. To them a dirigible frame is just an adaptation of bridge construction principles, of the arch frame or the suspension bridges. Their record as designers or consultants on the design, engineers on the construction or advisers on the construction of about 50 percent of the great bridges in the United States and of many great bridges in foreign countries should indicate the value of their opinion.

The United States Maritime Commission is expected to be unbiased in its decisions and to be interested in all American improvements which may aid in establishing a first-class merchant marine for our Nation. The funds provided by Congress for the Commission's use are intended to benefit both industry and commerce of our Nation.

In Appendix No. 1 of Aircraft and the Merchant Marine, the American Zeppelin Transport, Inc., is credited with supplying the data on dirigibles. This company represents the German company and, it is understood, may employ either German-constructed dirigibles or dirigibles of the Zeppelin type constructed by the Goodyear-Zeppelin Corporation.

It has been stated the German-constructed *Hindenburg* cost approximately $2,500,000 in Germany, thus the cost of two 9,000,000 cubic feet dirigibles estimated at $7,200,000 and of two 10,000,000 cubic feet dirigibles estimated to cost $8,000,000 is in line with the increased cost of the larger sizes constructed in Germany.

These figures, contained in the Commission's report, may not apply to the same size dirigibles if constructed in the United States, for Mr. Litchfield, of the Goodyear Co., is reported to have stated in an interview published by the New York Times in 1936 that "To construct the *Hindenburg* in the United States may cost two and one-half times the cost of the $2,500,000 *Hindenburg* constructed in Germany.

The higher cost of constructing zeppelin-frame dirigibles in the United States is further indicated by an offer of the Goodyear Zeppelin Corporation to construct two 7,000,000 cubic feet dirigibles for the United States Government at a price of $10,750,000. This offer was submitted by Mr. Mitchell, Assistant Secretary of the Department of Commerce, to the Federal Aviation Commission in 1934, with the statement the Goodyear Zeppelin Corporation would be willing to lease the two airships and operate them in commercial service for 5 years, paying the Government the sum of $1 per year.

The Maritime Commission recommends that Congress place dirigibles upon the same basis as merchant marine vessels, under the 1936 Merchant Marine Act. Also recommends that responsibility for the economic development of overseas aircraft be lodged in the Maritime Commission and that Congress authorize the Commission to make loans of 75 percent of said aircrafts' cost.

Should Congress approve these recommendations, the Goodyear Zeppelin Corporation could submit a proposal to build two 10,000,000 cubic feet zeppelin frame dirigibles at $20,000,000 and the Commission could allot for such construction a cash subsidy of $10,000,000 on a cost differential basis and loan another $10,000,000 at low interest, or the Commission could make one loan of $15,000,000.

We do not think the Commission may approve a proposal of this kind, but its approval may be legal if its recommendations are approved by Congress. The sum of $20,000,000 would cover the cost of probably six 10,000,000 cubic feet dirigibles constructed in Germany, or of the same number of 10,000,000 cubic feet dirigibles, of the suspension bridge frame constructed in the United States.

It may be said the suspension bridge frame dirigibles have not been constructed nor have demonstrated flight. No large dirigibles have been constructed in the United States unless the Government supplied the full amount of their cost and flight demonstration. These dirigibles were destroyed as the result of structural weakness, in their design or construction.

A preeminent feature of the suspension bridge dirigible frame is its flexibility through which local stresses are automatically distributed to avoid fracture of any of the structural materials, and at the same time may provide the necessary rigidity required for sustained high speed and concentrated loads. Airships' frames of this type may be constructed of high-grade steel and have a useful life exceeding 20 years, as in the suspension bridge.

Messrs. Robinson and Steinman, in the preparation of their report submitted a complete design of a 6,500,000 cubic feet dirigible under the specifications by the Bureau of Aeronautics of the Navy Department, for the construction of the *Akron* and *Macon*. This report was available for study by the Maritime Commission, if it desired to examine same.

The report enumerated the advantages of the suspension bridge type frame as follows: Increase in pay load, more efficient use of material, greater inherent strength, decreased maintenance cost, increased length of life, ease of construction, simplicity, accuracy and definitness of calculation. The report included performance charts, (1) fuel consumption at speeds ranging from 40 miles per hour to 110 miles per hour, in winds ranging from 20 miles per hour "following winds," to 50 miles per hour "head winds," (2) speed-range chart of approximately 4,000 miles at 100 miles per hour to 20,000 miles at 40 miles per hour, and (3) speed-power chart showing 400 horsepower at 40 miles per hour, to 7,000 horsepower at 110 miles per hour.

The Robinson and Steinman report was supported before the House Commerce Committee by a report by the Guggenheim School of Aeronautics, New York University; by an endorsement of the Connecticut State Society of Professional Engineers, as a result of its independent study; by Dr. Max Munk, science consultant on aeronautics, and for many years was technical adviser to the National Advisory Committee for Aeronautics; and by other engineers who appeared before the Commerce Committee.

The Maritime Commission should be interested in this construction of American dirigibles, which may improve upon the German dirigibles and be constructed in the United States at no higher cost than Zeppelin dirigibles constructed in Germany, and in dirigibles capable of crossing the Atlantic to England in 36 hours, thus effecting three or possibly four crossings per week, transporting pay loads of 100 tons at a cost of approximately 20 cents per pound.

The cost of operating such dirigibles is conservatively estimated to not exceed $40,000 per crossing, or only 20 cents per pound, with a full load. The charges include administration and communications, fuel and oil, helium gas, crew, engine maintenance and replacement, terminal charges, contingencies, insurance, dirigible maintenance and depreciation, liquidation of construction cost, interest, and traffic solicitation and handling, all carefully estimated on a conservative basis.

In conclusion, I desire to state I am in full accord with the Commission in its opinion that both heavier-than-air and lighter-than-air craft may serve effectively with our merchant marine, with benefit to each. My criticisms intend no reflection on the Commission or its aeronautical adviser and are submitted as constructive information, which I feel the Maritime Commission should receive.

Wage and Hour Bill

EXTENSION OF REMARKS
OF
HON. HAMILTON FISH
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Wednesday, December 8, 1937

LETTER FROM WILLIAM GREEN, PRESIDENT OF THE AMERICAN FEDERATION OF LABOR, ON WAGE AND HOUR BILL; ALSO THE PROPOSED BILL

Mr. FISH. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following letter from William Green, president of the American Federation of Labor, on the wage and hour bill, together with a proposed bill supported by the American Federation of Labor:

AMERICAN FEDERATION OF LABOR,
Washington, D. C., December 7, 1937.

Hon. HAMILTON FISH, Jr.,
House Office Building, Washington, D. C.

DEAR SIR: I am herewith transmitting to you a copy of a wage and hour bill drafted and approved by the executive council of the American Federation of Labor. Your support of this measure is most earnestly requested by the American Federation of Labor.

This wage and hour bill embodies within it the recommendations submitted by President Roosevelt dealing with the principle of minimum-wage and maximum-hour legislation. Its provisions are clear-cut. It establishes a bottom for wages and a top for hours. It requires no administrative board or machinery to make it effective. Furthermore, it provides for quick punishment for any violation.

The American Federation of Labor is opposed to a complex system of Federal wage and hour regulation and its administration by a new Federal board. Our opposition to the creation of a minimum-wage board is based very largely upon the extremely disappointing and disillusioning experiences which labor has had with the National Labor Relations Board. The substitution of a Federal administrator with advisory boards or district wage boards under him would constitute but a very slight difference between that and a minimum-wage board.

The rates proposed in the American Federation of Labor wage and hour bill are not oppressive against any industry in any section of the country. No decent employer could object to paying workers $16 a week for 40 hours of labor. We believe that enlightened employers will hail such an advance in the sweated industries.

I ask you in behalf of the American Federation of Labor to support this wage and hour bill herein submitted as a substitute for pending hour and wage legislation.

Very sincerely yours,

WM. GREEN,
President, American Federation of Labor.

A bill to provide for the establishment of minimum labor standards in employments in and affecting interstate commerce, and for other purposes.

Be it enacted, etc.—

SECTION 1. (a) As used in this act unless the context otherwise requires—

(1) "Person" includes an individual, partnership, association, corporation, business trust, receiver, trustee, trustee in bankruptcy, or liquidating or reorganizing agent.

(2) "Interstate commerce" means trade, commerce, transportation, transmission, or communication among the several States, or into, or from any State to any place outside thereof.

(3) "State" means any State of the United States or the District of Columbia or any Territory or possession of the United States.

(4) "Occupation" means an occupation, industry, trade, or business, or branch thereof or class of work or craft therein in which persons are gainfully employed.

(5) "Employer" includes any person acting directly or indirectly in the interest of an employer in relation to an employee but shall not include the United States or any State or political subdivision thereof, or any labor organization (other than when acting as an employer), or anyone acting in the capacity of officer or agent of such labor organization.

(6) "Employee" includes any individual employed or suffered or permitted to work by an employer, but shall not include any person employed in a bona fide executive, administrative, professional, or local retailing capacity as outside salesmen nor shall "employees" include any person employed as a seaman, or any railroad employee subject to the provisions of the Hours of Service Act (U. S. C., title 45, ch. 3); or any employee of any common carrier by motor vehicle subject to the qualifications and maximum hours of service provisions of the Motor Carrier Act, 1935 (U. S. C., title 49, ch. 8): *Provided, however*, That the wage provisions of this act shall apply; or any air transport employee subject to the provisions of title II of the Railway Labor Act, approved April 10, 1936, or any person employed in the taking of fish, sea foods, or sponges; or any person employed in agriculture. As used in this act, the term "agriculture" includes farming in all its branches, and among other things includes the cultivation and tillage of the soil, dairying, forestry, horticulture, market-gardening, and the cultivation and growing of fruits, vegetables, nuts, nursery products, ferns, flowers, bulbs, livestock, bees, and poultry, and further includes the definition contained in subdivision (g) of section 15 of the Agricultural Marketing Act, approved June 15, 1929, as amended, or any other agricultural or horticultural commodity, and any practices performed by a farmer or on a farm as an incident to such farming operations, including delivery to market. Independent contractors and their employees engaged in transporting farm products from farm to market are not persons employed in agriculture. The term "person employed in agriculture" as used in this act, insofar as it shall refer to fresh fruits or vegetables, shall include persons employed within the area of production engaged in preparing, packing, or storing such fresh fruits or vegetables in their raw or natural state. *Provided, however*, that nothing in this section shall exclude from the operation of section II of this act persons employed in forestry or in the taking of fish, sea food, or sponges, or in the tapping or chipping of pine trees for crude gum or the collection or handling of gum spirits of turpentine or gum rosin.

(7) "Emergency work" means any work necessary for the protection or preservation of life or health, for the prevention of damage to property, or for maintenance or repair of property or equipment, or made necessary in the due course and conduct of production and to avoid undue disruption of business.

SEC. 2. It shall be unlawful to employ any person in any employment affecting interstate or foreign commerce at a wage less than 40 cents an hour, or at work in excess of 8 hours per day or more than 40 hours in any one week, or to employ any person under the age of 16 years for hire: *Provided*, That in case of emergency the provisions of this act shall not apply during the period of such emergency: *Provided*, Such employer affected file with the State labor commissioner or other proper State official designated by law a sworn statement as to the necessity for such action: *Provided further*, That such employer shall pay to his workers during such emergency wages of not less than time and one-half for work in excess of 8 hours per day or 40 hours in any one week.

SEC. 3. Any person in any State or Territory or possession of the United States or the District of Columbia guilty of violations of any of the provisions of this act shall be deemed guilty of a misdemeanor, and upon conviction shall be fined not less than $100 for each offense. The employment of each employee at a wage less than that fixed in this act, or for hours longer than those fixed in this act, unless excepted as provided in section 3, shall constitute a separate offense.

SEC. 4. The district courts of the United States and possessions shall have jurisdiction of the violations of this act. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation or any element thereof occurred. The Attorney General of the United States may petition in district court having jurisdiction to issue, upon proper showing, a permanent injunction prohibiting further violations of this act by any defendant in any criminal proceeding. Any district court in the district wherein the defendant is an inhabitant or transacts business or where the violation of the act occurred has jurisdiction of said suits in equity. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Act as amended (U. S. C. title 28, secs. 225 and 347, and D. C. Act, title 13, sec. 26). It shall be the duty of each United States District Attorney to whom satisfactory evidence of any violation of this act has been presented, to cause appropriate proceedings to be commenced and prosecuted in the proper court in the United States for the enforcement of the foregoing penalties or any of them.

SEC. 5. It shall be unlawful for any person to transport, offer to transport, or offer for transport, in interstate commerce, any goods in the production or processing of which any person so employed for longer hours per week or for less wages per hour or under the age of 16 for hire as provided in section 2 hereof when applicable.

SEC. 6. It shall be unlawful for any person to transport, offer to transport, or offer for transport, in interstate commerce, any goods in the production or processing of which convict, prison, forced, or indentured labor has entered.

SEC. 7. The provisions of this act shall not supersede any State law or municipal ordinance establishing a minimum wage higher than the wage established by this act, or maximum hours shorter than those established by this act.

SEC. 8. Any employer under a collective-bargaining contract with the union of his employees affiliated with a recognized, bona fide national labor organization providing for higher minimum wages and shorter maximum hours shall be exempted from the provisions of this act as to the employees covered by such agreement and insofar as the agreement covers hours and wages.

SEC. 9. All laws or parts of laws in conflict herewith are hereby repealed. Should any provision of this act be held unconstitutional by the Supreme Court of the United States, the other provisions shall not be affected by such decision.

SEC. 10. This act shall become effective 90 days after the enactment thereof.

Alexander Hamilton—Tariffs, Bounties, and Deficits

EXTENSION OF REMARKS

OF

HON. EDWARD A. KENNEY

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, December 3, 1937

Mr. KENNEY. Mr. Speaker, it is keenly disappointing when, after much thought and long study and a feeling that you are right, the House of Representatives, having a contrary view, enacts legislation.

Such was my experience in 1934 upon the adoption of the securities exchange bill. As the only Member of the House to offer an amendment to reduce the margin requirement, I stood like Horatius at the bridge, warding off more attacks, but less effectively. My amendment was to reduce the margin requirement to 40 percent. In the course of the debate on the bill, among other things, I said:

> If Congress is to set a standard, let us set a standard that will be lived up to. We pass too many laws that are not lived up to and obeyed. I should like to see a standard below which we would never go, when it comes to the margin requirement.

And then I added:

> I predict right now that if this margin requirement is left in the bill it will only be a short time by necessity, if you are going to maintain a liquid market, when the Federal Reserve Board will lower the margin, and then the standard set by Congress will be exploited.

Recently the Federal Reserve Board did lower the margin requirement and lowered the margin to 40 percent, as proposed by my amendment.

The feeling that I was right still persists in view of the action of the Federal Reserve Board and the flow of events.

Again, to my chagrin, Congress deviated from my views when it passed the Revenue Act of 1936, imposing the undistributed surplus profit tax upon the business of the country. I voted against the bill and spoke against it during debate, hoping to avoid this tax which I felt would, as I said, in some degree clamp down and crack down on the backbone of the country's ordinary business, placing a burden upon business and the Nation.

In the light of the hue and cry for the repeal of this tax now, the sense that I was right upon that proposition still lingers with me.

And, Mr. Speaker, events convince me—as the arguments and remarks during debate on the pending farm bill convince me—that I am still right on my lottery bill.

The old query, "Where are we going to get the money?" looms up again even while the farm bill is being debated in the Congress.

The question assumes that there is bound to be a deficit—an unbalanced Budget—if we look to ordinary sources alone for revenue.

Why not, in the circumstances, turn to the philosophy of Alexander Hamilton, who because of his financial genius was chosen as the first Secretary of the Treasury of the United States, and still stands as a mountain peak among the financiers of the country's history?

The present farm bill is based upon the philosophy of Hamilton. The able chairman of the Agricultural Committee [Mr. JONES] so stated in opening the debate on the bill. Throughout the consideration of the bill it has been apparent that the distinguished gentleman from Texas in meeting all opposition has had uppermost in his mind the philosophy and theory of Hamilton, to wit, that manufacturers have an advantage over agriculture in the home market by reason of tariffs, and the bounties to agriculture are sometimes not only the best but the only proper expedient of equalizing the advantages of these two interests. Indeed, the chairman of the committee once quoted Hamilton to that effect, reading from his report on manufactures submitted by him as Secretary of the Treasury on December 5, 1791, wherein he advocated for the first time in the new country the principle of protection.

Yes, Mr. Speaker, Alexander Hamilton realized that politically free, as we are today, this country was confronted with the task, as we are today, of fighting for our economic independence. To that end Hamilton proposed a protective tariff for industry and a bounty for the farmers. But he did not stop there. He gave thought to deficits. He, too, asked himself, "Where are we going to get the money?"

Inasmuch as I had occasion to refer to the matter of deficits and Hamilton's philosophy when the Committee of the Whole House on the state of the Union had under consideration the Revenue Act of 1936, I include by leave of the House my remarks made April 23, 1936, which follow:

Mr. KENNEY. Mr. Chairman, our rehabilitation expenses have been staggering in their proportions. They were brought about, not by choice but through crucial necessity. I have heard the gentleman from Pennsylvania say many times, "Stop spending money," just as he has today. Then I have heard him ask for more money for flood relief in his region. I have heard other gentlemen on the other side say, "We can reduce expenditures by so many millions here and so many millions there," but not one of them tells us what to discontinue or what to stop. On the other hand, they have asked for an increase of expenditures for their emergencies. Again the gentleman from Pennsylvania [Mr. RICH] asks repeatedly, "Where are we going to get the money?" This tax bill is his answer. Of course, he does not like the answer. Nor do I. However, we have something to be thankful for. We find missing in this bill the processing taxes that were heralded. I have no quarrel with the windfall tax, because no one should unjustly enrich himself. But I do not favor the corporate surplus income tax because it is unnecessary.

Mr. Chairman, I hesitate to approve of the Government extending a heavy hand—a heavy tax hand—upon the business of the country. When the Government goes to business for its revenues, it ought to extend its hand lightly and not heavily, because when the Government intervenes in business inordinately it becomes a burden upon business and the country generally.

The gentleman from Pennsylvania in the course of his remarks said he believes in the principle that the man who makes the most should pay the most. That is not refuted; but the principle has been superseded by the practice during late years of the men who make the most paying the least or nothing at all. So the Congress undertook by a tax bill that is still young to cure that situation and to make all pay more—individuals, corporations, everyone.

You say the tax revenue from this bill is not enough. New exigencies arose, and now we have brought in here again another tax bill, this bill designed primarily to reach corporate surpluses. Even while it is in the making it is said this bill will not be sufficient to raise the amount of money that it is intended to raise; that next year we may expect another tax bill.

Oh, how long will this Congress continue to reach out and tap—and when you tap you sap the economic resources of this country. None of us want to dry up the resources, the bulwarks of our institutions. Neither do we wish to discourage employment. Better for business to employ our people than have our Government do it. Business can do it more satisfactorily and to better advantage. What effect the bill will have on employment is uncertain. But if we are to have the bill, then we ought to make it attractive for business to absorb the unemployed. To this end I would propose an amendment to section 23 of the bill granting an exemption from the taxes to be imposed of such corporate surplus income as should be the equivalent of all money paid out to new employees engaged on and after the date of the passage of the bill, with a limitation that the exemption not exceed 20 percent of the current pay roll and that the production of the plant be not increased over 5 percent.

If the House will harken to me, Mr. Chairman, the membership cannot help but feel with me that this tax bill is not at all necessary. The object of it is to raise approximately $1,000,000,000. It is for the Committee on Ways and Means and this House to say how we shall raise it. We can raise the money without resort to taxation. We can get the money from contributions—voluntary contributions—from all the people without hardship on anyone. We can strike out the enacting clause of this bill abandoning this corporation surplus income-tax measure and take up and pass my bill for a national lottery, which will give us the billion we seek.

With triple loads of National, State, and local taxes bearing down on our people, why do we not consider the efficacy of the

lottery? Why do we not go back to the period before we had any tax system of our own?

Take, for instance, the time when we were engaged in the great Revolutionary War. When money was scarce and hard to get and insufficient to carry on the war, George Washington fostered the lottery as a means to the end that we might become a free and independent people. He prevailed when the Continental Congress, in November 1776, adopted its historic resolution providing that the funds for the next campaign should be raised by lottery to be drawn in the city of Philadelphia.

When the war was won Alexander Hamilton, the first Secretary of the Treasury, proclaimed that having won our political independence we should forthwith establish our economic independence. As his contribution he proposed that we instruct our people in useful manufactures and pass effective legislation in their aid. His objectives were to supply the domestic market by means of a protective tariff and to follow through with a bid for world trade. Interesting important men of that time he selected the northern part of my State as the center of industry of our country, causing to be incorporated under the laws of the State of New Jersey the Society for Useful Manufactures, a corporation which is still in existence, proposing for it the power to conduct a lottery to raise not over $100,000 in any one year. Hamilton, in referring to his plan, said the lottery would give a ready command of money—and there is no question about that from our present-day experiences—and would make up for first unproductive efforts—deficits.

Our experts now are engaged to provide against deficits, and if we ponder sufficiently we shall find that the aristocrat of all deficiency measures, all emergency measures, has been and still is the lottery; for the lottery, when conducted by the Government, is nothing more nor less than a voluntary contribution on the part of the great body of the people ready and willing to make a gift to their Government in an emergency, and the emergency of a huge national debt and annual outlay is still with us. A national lottery in this country will make unnecessary any harm that may come from the enactment of this bill, and no tax bill can be passed which will not work hardship on some.

Of course it might not be amiss to tax great surpluses that make our business houses gigantic banks, but the process will in some degree clamp down and crack down on the backbone of the country's ordinary business, placing a burden upon business and the Nation.

Let me now remind this Congress, Mr. Chairman, that when the First Congress was called into session it had no meeting place. In the public dilemma the city of New York hospitably invited the Members to meet in the metropolis. So that they might have suitable arrangements and accommodations, the city improved and remodeled the city hall. As a result the city was faced with a deficit of £13,000, a huge amount of money in those days, and far beyond its power to pay. It could not be raised from ordinary sources, so the city went to the State legislature and secured permission for the operation of a lottery, which it conducted, and from its proceeds quickly paid its bill.

Again, when it was undertaken to construct the first buildings in the District of Columbia, this Congress gave the city of Washington the power to conduct a lottery for the purpose. That was in 1795. Washington was President and John Adams was Secretary of State. When the buildings were dedicated in 1800, John Adams, then President, praised in glowing terms the virtues of the citizens of the country who by their lottery participation had made possible the nucleus of this great Capital.

O Mr. Chairman, do you know that at the present time our people are participating in lotteries more than ever before in the history of the Nation. Between three and six billion dollars a year flow into channels that do not come within our economic realm, and if we are going to tap and harness any funds to meet our expenses, let us go beyond the economic sources, already strained, and harness and garner the moneys that are being lost to our country, our Government, and legitimate business, and make them serve our economic purposes.

Our lottery moneys are now going into the hands of racketeers and organized criminals at home or are finding their way to foreign countries. Billions are involved—billions. Let us reflect, too, on the fact that every form of government in the world has in operation a lottery conducted by or under the auspices of the Government for worthy and needed purposes.

Yet we are standing idly by failing to take cognizance of the large, huge amounts of money that are passing from us when they are so necessary for the welfare of our own people.

The people of this country are ready and willing, as in all crises, to contribute small amounts of money which will aggregate a billion net to the Government for the purpose of surging forward on the road of sound economic recovery.

Business has gone ahead. It is ready to make further strides. We must not load it down with excessive taxation. Let us rather lighten the load. We have made great progress. Business is cooperating more and more every day. This cooperation is slowly but surely lifting the load of the Government. Let us give business another hand; let us reach out for the huge treasure of lottery moneys to help with the burden; let us recommit this bill and vote the national lottery bill, and thus raise the revenue sought by this bill, bringing into the economic realm the billions of dollars lost to us yearly to be employed for the economic use and welfare of our people. [Applause.]

Farm Relief

EXTENSION OF REMARKS
OF
HON. R. T. BUCKLER
OF MINNESOTA
IN THE HOUSE OF REPRESENTATIVES
Tuesday, December 7, 1937

RESOLUTION ADOPTED BY THE BOARD OF DIRECTORS OF THE HENNING FARMERS CREAMERY ASSOCIATION

Mr. BUCKLER of Minnesota. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following resolution adopted by the board of directors of the Henning Farmers Creamery Association at a regular meeting held in Henning, Minn., November 23, 1937:

Resolution adopted by the board of directors of the Henning Farmers Creamery Association at a regular meeting held in Henning, Minn., November 23, 1937

Whereas the deflation of the farmer began after the World War; and

Whereas all fixed prices on farm products were withdrawn; and

Whereas the same conditions have prevailed up to the present administration; and

Whereas the administration has enacted certain and various set-ups to aid and relieve the deplorable situation of the farmer; and

Whereas farm products and their prices are manipulated, not by the law of supply and demand, but by monopolists—national and international—to such an extent as to cause ruinous low prices for farm commodities; and

Whereas the farmer is forced to market the products of the farm regardless of prices at this season of the year to meet taxes, interest, and other obligations of the year; and

Whereas the present market price of farm products is far below the cost of production; and

Whereas under such conditions the farmer is deprived of the necessities and upkeep of farm requirements; and

Whereas the decline in the market price of farm products is not reflected in the retail price of the finished product to the consumer; and

Whereas industry is not forced to compete with prices set in world markets for that portion consumed domestically; and there being no valid or possible reason why the American farmer be forced to compete with prices set in world markets for that portion consumed domestically: Therefore be it

Resolved, That the board of directors and patrons of the Henning Farmers Creamery Association, of Henning, Otter Tail County, State of Minnesota, do hereby petition the Congress of the United States to enact immediately such program as endorsed at the Minnesota Farm Conference, October 4, 1937, at St. Paul, Minn.; namely, basic price of farm commodities, surplus pool, ever-normal granary, crop insurance, soil conservation, cut-in-price spread, farm tenancy, refinancing of farm debts at very low interest rates, aid to catastrophe victims, aid to cooperative movement, and cooperation between the farmer and the laborer; and be it further

Resolved, That copies of these resolutions be sent to the President of the United States, our Members of Congress, and to the Secretary of Agriculture, Henry A. Wallace.

Agrarian Justice

EXTENSION OF REMARKS
OF
HON. USHER L. BURDICK
OF NORTH DAKOTA
IN THE HOUSE OF REPRESENTATIVES
Tuesday, December 7, 1937

COPY OF AN ADDRESS BY THOMAS PAINE IN 1796 ON THE FARM QUESTION

Mr. BURDICK. Mr. Speaker, under leave granted to me on the 7th day of December to extend my remarks, including therein a speech made by Thomas Paine in 1796 on the farm question, I desire to say that this great thinker of the days of the American Revolution, over 140 years ago, understood

the farm question and the old-age pension questions so thoroughly then that his speech might well be made today in this House, and every word uttered in it would apply to the question which today we are trying to answer.

This speech, if made today, would also take first place over any utterance which has been made in this long debate in this House. It was for this reason that I asked permission to have the speech reproduced at this time for the benefit of the membership and the country at large. Here follows the speech:

BY THOMAS PAINE, AUTHOR OF COMMON SENSE, RIGHTS OF MAN, AGE OF REASON, ETC.

(Agrarian justice opposed to agrarian law and to agrarian monopoly, being a plan for meliorating the condition of man by creating in every nation a national fund to pay to every person, when arrived at the age of 21 years, the sum of £15, to enable him or her to begin the world. And also £10 per annum during life to every person now living at the age of 50 years, and to all others when they shall arrive at that age, to enable them to live in old age without wretchedness and go decently out of the world.)

PREFACE

The following little piece was written in the winter of 1795–96, and as I had not determined whether to publish it during the present war, or to wait until the commencement of a peace, it has lain by me, without alteration or addition, from the time it was written.

What has determined me to publish it now is a sermon preached by Watson, bishop of Landaff. Some of my readers will recollect that this bishop wrote a book entitled "An Apology for the Bible" in answer to my second part of the Age of Reason. I procured a copy of this book, and he may depend upon hearing from me on that subject.

At the end of the bishop's book is a list of the works he has written, among which is the sermon alluded to. It is entitled "The Wisdom and Goodness of God in Having Made Both Rich and Poor; With an Appendix, Containing Reflections on the Present State of England and France."

The error contained in the title of this sermon determined me to publish my agrarian justice. It is wrong to say that God made rich and poor; He made only male and female; and He gave them the earth for their inheritance.

* * * * * * *

Instead of preaching to encourage one part of mankind in insolence.

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* * * It would be better that priests employed their time to render the general condition of man less miserable than it is. Practical religion consists in doing good; and the only way of serving God is that of endeavoring to make his creation happy. All preaching that has not this for its object is nonsense and hypocrisy.

THOMAS PAINE.

AGRARIAN JUSTICE OPPOSED TO AGRARIAN MONOPOLY—BEING A PLAN FOR MELIORATING THE CONDITION OF MAN, ETC.

To preserve the benefits of what is called civilized life, and to remedy, at the same time, the evil it has produced, ought to be considered as one of the first objects of reformed legislation.

Whether that state is proudly, perhaps erroneously, called civilization, has most promoted or most injured the general happiness of man, is a question that may be strongly contested. On one side the spectator is dazzled by splendid appearances; on the other, he is shocked by extremes of wretchedness; both of which he has erected. The most affluent and the most miserable of the human race are to be found in the countries that are called civilized.

To understand what the state of society ought to be, it is necessary to have some idea of the natural and primitive state of man; such as it is at this day among the Indians of North America. There is not, in that state, any of those spectacles of human misery which proverty and want present to our eyes, in all the towns and streets of Europe. Poverty, therefore, is a thing created by that which is called civilized life. It exists not in the natural state. On the other hand, the natural state is without those advantages which flow from agriculture, arts, science, and manufactures.

The life of an Indian is a continual holiday compared with the poor of Europe; and, on the other hand, it appears to be abject when compared to the rich. Civilization, therefore, or that which is so called, has operated two ways, to make one part of society more affluent and the other part more wretched than would have been the lot of either in a natural state.

It is always possible to go from the natural to the civilized state, but it is never possible to go from the civilized to the natural state. The reason is that man, in a natural state, subsisting by hunting, requires 10 times the quantity of land to range over to procure himself sustenance than would support him in a civilized state, where the earth in cultivated. When, therefore, a country becomes populous by the additional aids of cultivation, arts, and science, there is a necessity of preserving things in that state, because without it there cannot be sustenance for more, perhaps, than a tenth part of its inhabitants. The thing, therefore, now to be done is to remedy the evils and preserve the benefits that have arisen to society by passing from the natural to that which is called the civilized state.

Taking then the matter up on this ground, the first principle of civilization ought to have been, and ought still to be, that the condition of every person born into the world, after a state of civilization commences, ought not to be worse than if he had been born before that period. But the fact is that the condition of millions in every country in Europe is far worse than if they had been born before civilization began or had been born among the Indians of North America of the present day. I will show how this fact has happened.

It is a position not to be controverted that the earth, in its natural uncultivated state, was, and ever would have continued to be, the common property of the human race. In that state every man would have been born to property. He would have been a joint life proprietor with the rest in the property of the soil and in all its natural productions, vegetable and animal.

But the earth, in its natural state, as before said, is capable of supporting but a small number of inhabitants compared with what it is capable of doing in a cultivated state. And as it is impossible to separate the improvement made by cultivation from the earth itself, upon which that improvement is made, the idea of landed property arose from that inseparable connection; but it is nevertheless true that it is the value of the improvement only, and not the earth itself, that is individual property. Every proprietor, therefore, of cultivated land owes to the community a ground rent—for I know no better term to express the idea by—for the land which he holds, and it is from this ground rent that the fund proposed in this plan is to issue.

It is deducible, as well from the nature of the thing as from all the histories transmitted to us, that the idea of landed property commenced with cultivation, and that there was no such thing as landed property before that time. It could not exist in the first state of man, that of hunters. It did not exist in the second state, that of shepherds. Neither Abraham, Isaac, Jacob, nor Job, so far as the history of the Bible may be credited in probable things, were owners of land. Their property consisted, as is always enumerated, in flocks and herds, and they traveled with them from place to place. The frequent contentions at that time about the use of a well in the dry country of Arabia, where those people lived, show also there was no landed property. It was not admitted that land could be located as property.

There could be no such thing as landed property originally. Man did not make the earth, and, though he had a natural right to occupy it, he had no right to locate his property in perpetuity or any part of it; neither did the Creator of the earth open a land office, from whence the first title deeds should issue. From whence, then, arose the idea of landed property? I answer as before, that when cultivation began, the idea of landed property began with it, from the impossibility of separating the improvement made by cultivation from the earth itself, upon which this improvement was made. The value of the improvement so far exceeded the value of the natural earth at that time as to absorb it, till in the end the common right of all became confounded into the cultivated right of the individual. But they are, nevertheless, distinct species of rights and will continue to be so as long as the earth endures.

It is only by tracing things to their origin that we can gain rightful ideas of them, and it is by gaining such ideas that we discover the boundary that divides right from wrong, and which teaches every man to know his own. I have entitled this tract agrarian justice, to distinguish it from agrarian law. Nothing could be more unjust than agrarian law in a country improved by cultivation, for though every man, as an inhabitant of the earth, is a joint proprietor of it in its natural state, it does not follow that he is a joint proprietor of cultivated earth. The additional value made by cultivation, after the system was admitted, became the property of those who did it, or who inherited it from them, or who purchased it. It had originally an owner. Whilst, therefore, I advocate the right, and interest myself in the hard case of all those who have been thrown out of their natural inheritance by the introduction of the system of landed property, I equally defend the right of the possessor to the part which is his.

Cultivation is, at least, one of the greatest natural improvements ever made by human invention. It has given to created earth a tenfold value. But the landed monopoly, that began with it, has produced the greatest evil. It has dispossessed more than half the inhabitants of every nation of their natural inheritance, without providing for them, as ought to have been done, as an indemnification for that loss, and has thereby created a species of poverty and wretchedness that did not exist before.

In advocating the case of the persons thus dispossessed, it is a right and not a charity that I am pleading for. But it is that kind of right, which, being neglected at first, could not be brought forward afterwards, till heaven had opened the way by a revolution in the system of government. Let us then do honor to revolutions by justice and give currency to their principles by blessings.

Having thus in a few words opened the merits of the case, I proceed to the plan I have to propose which is:

To create a National Fund, out of which there shall be paid to every person, when arrived at the age of 21 years, the sum of £15 as a compensation in part for the loss of his or her natural inheritance by the introduction of the system of landed property.

And also—

The sum of £10 per annum, during life, to every person now living, of the age of 50 years, and to all others as they shall arrive at that age.

MEANS BY WHICH THIS FUND IS TO BE CREATED

I have already established the principle, namely, that the earth, in its natural uncultivated state, was, and ever would have continued to be, the common property of the human race—that in that state, every person would have been born to property—and that the system of landed property, by its inseparable connection with cultivation, and with what is called civilized life, has absorbed the property of all those whom it dispossessed, without providing, as ought to have been done, an indemnification for that loss.

The fault, however, is not in the present possessors. No complaint is intended, or ought to be alleged against them, unless they adopt the crime of opposing justice. The fault is in the system, and it has stolen imperceptibly upon the world, aided afterward by the Agrarian law of the sword. But the fault can be made to reform itself by successive generations, without diminishing or deranging the property of any of the present possessors, and yet the operation of the fund can commence, and be in full activity, the first year of its establishment, or soon after, as I shall show.

It is proposed that the payments as already stated, be made to every person, rich or poor. It is best to make it so, to prevent invidious distinctions. It is also right it should be so, because it is in lieu of the natural inheritance, which, as a right, belongs to every man, over and above the property he may have created or inherited from those who did. Such persons as do not choose to receive it, can throw it into the common fund.

Taking it then for granted, that no person ought to be in a worse condition when born under what is called a state of civilization than he would have been had he been born in a state of nature and that civilization ought to have made and ought still to make provision for that purpose it can only be done by subtracting from property a portion equal in value to the natural inheritance it has absorbed.

Various methods may be proposed for this purpose but that which appears to be the best not only because it will operate without deranging any present possessors or without interfering with the collection of taxes or emprunts necessary for the purpose of government and the revolution but because it will be the least troublesome and the most effectual and also because the subtraction will be made at a time that best admits it which is at the moment that property is passing by the death of one person to the possession of another. In this case the bequeather gives nothing; the receiver pays nothing. The only matter to him is that the monopoly of natural inheritance to which there never was a right begins to cease in his person. A generous man would not wish it to continue and a just man will rejoice to see it abolished.

My state of health prevents my making sufficient inquiries with respect to the doctrine of probabilities, whereon to found calculations with such degrees of certainty as they are capable of. What, therefore, I offer on this head is more the result of observation and reflection than of received information; but I believe it will be found to agree sufficiently enough with fact.

In the first place, taking 21 years as the epoch of maturity, all the property of a nation, real and personal, is always in the possession of persons above that age. It is then necessary to know, as a datum of calculation, the average of years which persons above that age will live. I take this average to be about 30 years; for though many persons will live 40, 50, or 60 years after the age of 21 years, others will die much sooner, and some in every year of that time.

Taking, then, 30 years as the average of time it will give without any material variation one way or other the average of time in which the whole property or capital of a nation or a sum equal thereto will have passed through one entire revolution in descent, that is, will have gone by deaths to new possessors, for though, in many instances, some parts of this capital will remain 40, 50, or 60 years in the possession of one person, other parts will have revolved two or three times before that 30 years expire, which will bring it to that average; for were one-half the capital of a nation to revolve twice in 30 years, it would produce the same fund as if the whole revolved once.

Taking, then, 30 years as the average of time in which the whole capital of a nation, or a sum equal thereto, will revolve once, the thirtieth part thereof will be the sum that will revolve every year, that is, will go by deaths to new possessors; and this last sum being thus known, and the ratio percent to be subtracted from it being determined, will give the annual amount of income of the proposed fund, to be applied as already mentioned.

In looking over the discourse of the English Minister Pitt in his opening of what is called in England, the budget (the scheme of finance for the year 1796), I find an estimate of the national capital of that country. As this estimate of a national capital is prepared ready to my hand, I take it as a datum to act upon. When a calculation is made upon the known capital of any nation, combined with its population, it will serve as a scale for any other nation, in proportion as its capital and population be more or less. I am the more disposed to take this estimate of Mr. Pitt, for the purpose of showing to that Minister, upon his own calculation, how much better money may be employed, than in wasting it, as he has done, on the wild project of setting up Bourbon kings. What, in the name of Heaven, are Bourbon kings to the people of England? It is better that the people have bread.

Mr. Pitt states the national capital of England, real and personal, to be 1,300,000,000 sterling, which is about one-fourth part of the national capital of France, including Belgia. The event of the last harvest in each country proves that the soil of France is more productive than that of England, and that it can better support 24 or 25 millions of inhabitants than that of England can 7, or 7½.

The thirtieth part of this capital of £1,300,000,000 is £43,333,333, which is the part that will revolve every year by deaths in that country to new possessors; and the sum that will annually revolve in France in the proportion of 4 to 1, will be about £173,000,000. From this sum of £43,333,333 annually revolving, is to be substracted the value of the natural inheritance absorbed in it, which perhaps, in fair justice, cannot be taken at less, and ought not to be taken for more, than a tenth part.

It will always happen that of the property thus revolving by deaths every year part will descend in a direct line to sons and daughters, and the other part collaterally, and the proportion will be found to be about 3 to 1; that is, about £30,000,000 of the sum will descend to direct heirs and the remaining sum of £13,333,333 to more distant relations, and part to strangers.

Considering then that man is always related to society, that relationship will become comparatively greater in proportion as the next of kin is more distant. It is therefore consistent with civilization to say that where there are no direct heirs society shall be heir to a part over and above the tenth part due to society. If this additional part be from 5 to 10 or 12 percent in proportion as the next of kin be nearer or more remote, so as to average with the escheats that may fall, which ought always to go to society and not to the Government, in addition, of 10 percent more, the produce from the annual sum of £43,333,333 will be—

From £30,000,000 at 10 percent	£3,000,000
From £13,333,333 at 10 percent with the addition of 10 percent more	2,666,666
£43,333,333	5,666,666

Having thus arrived at the annual amount of the proposed fund, I come, in the next place, to speak of the population proportioned to this fund, and to compare it with uses to which the fund is to be applied.

The population (I mean that of England) does not exceed seven millions and a half, and the number of persons above the age of 50 will in that case be about 400,000. There would not, however, be more than that number that would accept the proposed 10 pounds sterling per annum, though they would be entitled to it. I have no idea it would be accepted by many persons who had a yearly income of two or three hundred pounds sterling. But as we often see instances of rich people falling into sudden poverty, even at the age of 60, they would always have the right of drawing all the arrears due to them. Four millions, therefore, of the above annual sum of £5,666,666 will be required for 400,000 aged persons, at 10 pounds sterling each.

I come now to speak of the persons annually arriving at 21 years of age. If all the persons who died were above the age of 21 years, the number of persons annually arriving at that age must be equal to the annual number of deaths to keep the population stationary. But the greater part die under the age of 21, and, therefore, the number of persons annually arriving at 21 will be less than half the number of deaths. The whole number of deaths upon a population of seven millions and a half will be about 220,000 annually. The number arriving at 21 years of age will be about 100,000. The whole number of these will not receive the proposed £15, for the reasons already mentioned, though, as in the former case, they would be entitled to it. Admitting, then, that a tenth part declined receiving it, the amount would stand thus:

Fund annually		£5,666,666
To 400,000 aged persons at £10 each	£4,000,000	
To 90,000 persons of 21 years, £15 each	1,350,000	
		5,350,000
Remains		316,666

There are in every country a number of blind and lame persons, totally incapable of earning a livelihood. But as it will always happen that the greater number of blind persons will be among those who are above the age of 50 years, they will be provided for in that class. The remaining sum of £316,666 will provide for the lame and blind under that age, at the same rate of £10 annually for each person.

Having now gone through all the necessary calculations and stated the particulars of the plan I shall conclude with some observations.

It is not charity but a right, not bounty but justice, that I am pleading for. The present state of what is called civilization is * * *. It is the reverse of what it ought to be, and * * *. The contrast of affluence and wretchedness continually meeting and offending the eye is like dead and living bodies chained together. Though I care as little about riches as any man, I am a friend to riches because they are capable of good. I care not how affluent some may be, provided that none be miserable in consequence of it. But it is impossible to enjoy affluence with the felicity it is capable of being enjoyed whilst so much misery is mingled in the scene. The fight of the misery and the unpleasant sensations it suggests, which, though they may be suffocated cannot be extinguished, are a greater drawback upon the felicity of affluence than the proposed 10 percent upon property is worth. He

that would not give the one to get rid of the other has no charity, even for himself.

There are in every country some magnificent charities established by individuals. It is, however, but little that any individual can do when the whole extent of the misery to be relieved be considered. He may satisfy his conscience, but not his heart. He may give all that he has and that all will relieve but little. It is only by organizing civilization upon such principles as to act like a system of pullies that the whole weight of misery can be removed.

The plan here proposed will reach the whole. It will immediately relieve and take out of view three classes of wretchedness—the blind, the lame, and the aged poor—and it will furnish the rising generation with means to prevent their becoming poor; and it will do this without deranging or interfering with any national measures. To show that this will be the case it is sufficient to observe that the operation and effect of the plan will in all cases be the same—as if every individual were voluntary to make his will and dispose of his property in the manner here proposed.

But it is justice and not charity that is the principle of the plan. In all great cases it is necessary to have a principle more universally active than charity; and with respect to justice, it ought not to be left to the choice of detached individuals whether they will do justice or not. Considering then the plan on the ground of justice, it ought to be the act of the whole, growing spontaneously out of the principles of the revolution, and the reputation of it to be national and not individual.

A plan upon this principle would benefit the revolution by the energy that springs from the consciousness of justice. It would multiply also the national resources, for property, like vegetation, increases by offsets. When a young couple begin the world, the difference is exceedingly great whether they begin with nothing or with 15 pounds apiece. With this aid they could buy a cow and implements to cultivate a few acres of land; and, instead of becoming burdens upon society, which is always the case where children are produced faster than they can be fed, would be put in the way of becoming useful and profitable citizens. The national domains also would sell the better if pecuniary aids were provided to cultivate them in small lots.

It is the practice of what has unjustly obtained the name of civilization (and the practice merits not to be called either charity or policy) to make some provision for persons becoming poor and wretched, only at the time they become so. Would it not, even as a matter of economy, be far better to devise means to prevent their becoming poor? This can best be done by making every person, when arrived at the age of 21 years, an inheritor of something to begin with. The rugged face of society, checkered with the extremes of affluence and of want, proves that some extraordinary violence has been committed upon it and calls upon justice for redress. The great mass of the poor in all countries are become an hereditary race, and it is next to impossible for them to get out of that state of themselves. It ought also to be observed that this mass increases in all countries that are called civilized. More persons fall annually into it than get out of it.

Though in a plan, in which justice and humanity are the foundation principles, interest ought not to be admitted into the calculation, yet it is always of advantage to the establishment of any plan to show that it is beneficial as a matter of interest. The success of any proposed plan submitted to the public consideration must finally depend on the numbers interested in supporting it, united with the justice of its principles.

The plan here proposed will benefit all without injuring any. It will consolidate the interest of the Republic with that of the individual. To the numerous class dispossessed of their natural inheritance by the system of landed property it will be an act of national justice. To persons dying possessed of moderate fortunes it will operate as a tontine to their children, more beneficial than the sum of money paid into the fund, and it will give to the accumulation of riches a degree of security that none of the governments of Europe, now tottering on their foundations, can give.

I do not suppose that more than 1 family in 10, in any of the countries of Europe, has, when the head of the family dies, a clear property left of 500 pounds sterling. To all such the plan is advantageous. That property would pay 50 pounds into the fund, and if there were only two children under age they would receive 15 pounds each—30 pounds—on coming of age, and be entitled to 10 pounds a year after 50. It is from the overgrown acquisition of property that the fund will support itself; and I know that the possessors of such property in England, though they would eventually be benefited by the protection of nine-tenths of it, will exclaim against the plan. But, without entering into any inquiry how they came by that property, let them recollect that they have been the advocates of this war, and that Mr. Pitt has already laid on more new taxes to be raised annually upon the people of England, and that for supporting the despotism of Austria and the Bourbons against the liberties of France they would annually pay all the sums proposed in this plan.

I have made the calculations, stated in this plan, upon what is called personal, as well as upon landed property. The reason for making it upon land is already explained; and the reason for taking personal property into the calculation, is equally well founded, though on a different principle. Land, as before said, is the free gift of the Creator in common to the human race. Personal property is the effect of society; and it is as impossible for an individual to acquire personal property without the aid of society as it is for him to make land originally. Separate an individual from society, and give him an island or a continent to possess, and he cannot acquire personal property. He cannot become rich. So inseparably are the means connected with the end in all cases that where the former do not exist the latter cannot be obtained. All accumulation, therefore, of personal property, beyond what a man's own hands produce, is derived to him by living in society; and he owes, on every principle of justice, of gratitude, and of civilization, a part of that accumulation back again to society from whence the whole came. This is putting the matter on a general principle, and perhaps it is best to do so; for if we examine the case minutely it will be found that the accumulation of personal property is, in many instances, the effect of paying too little for the labor that produced it; the consequence of which is that the working hand perishes in old age, and the employer abounds in affluence. It is, perhaps, impossible to proportion exactly the price of labor to the profits it produces; and it will also be said, as an apology for injustice, that were a workman to receive an increase of wages daily he would not save it against old age, nor be much the better for it in the interim. Make, then, society the treasurer, to guard it for him in a common fund, for it is no reason, that because he might not make a good use of it for himself, that another shall take it.

The state of civilization that has prevailed throughout Europe is as unjust in its principle as it is horrid in its effects; and it is the consciousness of this, and the apprehension that such a state cannot continue, when once investigation begins in any country, that makes the possessors of property dread every idea of a revolution. It is the hazard and not the principles of a revolution that retards their progress. This being the case, it is necessary as well for the protection of property, as for the sake of justice and humanity, to form a system, that whilst it preserves one part of society from wretchedness, shall secure the other from depredation.

The superstitious awe, the enslaving reverence, that formerly surrounded affluence is passing away in all countries, and leaving the possessor of property to the convulsion of accidents. When wealth and splendor, instead of fascinating the multitude, excite emotions of disgust; when, instead of drawing forth admiration, it is beheld as an insult upon wretchedness, when the ostentatious appearance it makes serves to call the right of it in question, the case of property becomes critical, and it is only in a system of justice that the possessor can contemplate security.

To remove the danger, it is necessary to remove the antipathies, and this can only be done by making property productive of a national blessing, extending to every individual. When the riches of one man above another shall increase the national fund in the same proportion, when it shall be seen that the prosperity of that fund depends on the prosperity of individuals, when the more riches a man acquires, the better it shall be for the general mass, it is then that antipathies will cease and property be placed on the permanent basis of national interest and protection.

I have no property in France to become subject to the plan I propose. What I have, which is not much, is in the United States of America. But I will pay £100 sterling toward this fund in France the instant it shall be established; and I will pay the same sum in England, whenever a similar establishment shall take place in that country.

A revolution in the state of civilization is the necessary companion of revolutions in the system of government. If a revolution in any country be from bad to good, or from good to bad, the state of what is called civilization in that country must be made conformable thereto to give that revolution effect. Despotic government supports itself by abject civilization, in which debasement of the human mind and wretchedness in the mass of the people are the chief criterions. Such governments consider man merely as an animal; that the exercise of intellectual faculty is not his privilege; that he has nothing to do with the laws but to obey them;[1] and they politically depend more upon breaking the spirit of the people by poverty than they fear enraging it by desperation.

It is a revolution in the state of civilization that will give perfection to the revolution of France. Already the conviction that government, by representation, is the true system of government, is spreading itself fast in the world. The reasonableness of it makes itself felt even by its opposers. But when a system of civilization, growing out of that system of government, shall be so organized, that not a man or woman born in the republic but shall inherit some means of beginning the world, and see before them the certainty of escaping the miseries that under other governments accompany old age, the revolution of France will have an advocate and an ally in the heart of all nations.

An army of principles will penetrate where an army of soldiers cannot. It will succeed where diplomatic management will fail. It is neither the Rhine, the channel, nor the ocean that can arrest its progress. It will march on the horizon of the world, and it will conquer.

THOMAS PAINE.

Means for carrying the proposed plan into execution, and to render it at the same time conducive to the public interest.

I

Each canton shall elect, in its primary assemblies, three persons as commissioners for that canton, who shall take cognizance and keep a register of all matters happening in that canton conformable to the charter that shall be established by law for carrying this plan into execution.

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[1] An expression of Horsley, an English bishop, in the English Parliament.

II

The law shall fix the manner in which the property of deceased persons shall be ascertained.

III

When the amount of the property of any deceased person shall be ascertained, the principal heir to that property, or the eldest of the coheirs, if of lawful age, or if under age, the person authorized by the will of the deceased to represent him, or them, shall give bond to the commissioners of the canton, to pay the said tenth part thereof within the space of 1 year, in four equal quarterly payments, or sooner, at the choice of the payers. One-half of the whole property shall remain as security until the bond is paid off.

IV

The bond shall be registered in the office of the commissioners of the canton, and the original bonds shall be deposited in the national bank of Paris. The bank shall publish every quarter of a year the amount of the bonds in possession, and also the bonds that shall have been paid off, or what parts thereof, since the last quarterly publication.

V

The national bank shall issue bank notes upon the security of the bonds in its possession. The notes so issued, shall be applied to pay the pensions of aged persons, and the compensations to persons arriving at 21 years of age. It is both reasonable and generous to suppose, that persons not under immediate necessity, will suspend their right of drawing on the fund, until it acquire, as it will do, a greater degree of ability. In this case, it is proposed that an honorary register to be kept in each canton, of the names of the persons thus suspending that right, at least during the present war.

VI

As the inheritors of property must always take up their bonds in four quarterly payments, or sooner if they choose, there will always be numeraire arriving at the bank after the expiration of the first quarter, to exchange for the bank notes that shall be brought in.

VII

The bank notes being thus got into circulation, upon the best of all possible security, that of actual property, to more than four times the amount of the bonds upon which the notes are issued, and with numeraire continually arriving at the bank to exchange or pay them off whenever they shall be presented for that purpose, they will acquire a permanent value in all parts of the republic. They can therefore be received in payments of taxes or emprunts, equal to numeraire, because the Government can always receive numeraire for them at the bank.

VIII

It will be necessary that the payments of the 10 percent be made in numeraire for the first year, from the establishment of the plan. But after the expiration of the first year, the inheritors of property may pay the 10 perceut either in bank notes issued upon the fund, or in numeraire. If the payments be in numeraire, it will lie as a deposit at the bank, to be exchanged for a quantity of notes equal to that amount; and if in notes issued upon the fund, it will cause a demand upon the fund equal thereto; and thus the operation of the plan will create means to carry itself into execution.

Agriculture, Business, Labor, and Government

EXTENSION OF REMARKS

OF

HON. CLYDE L. HERRING

OF IOWA

IN THE SENATE OF THE UNITED STATES

Thursday, December 9 (legislative day of Tuesday, November 16), 1937

RADIO ADDRESS BY HON. HENRY A. WALLACE, SECRETARY OF AGRICULTURE

Mr. HERRING. Mr. President, I ask unanimous consent to have published in the RECORD a radio address delivered on the 6th instant by Hon. Henry A. Wallace, Secretary of Agriculture, relative to the mutual problems of agriculture, business, and labor, and the way in which Government can help all three.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Tonight I want to talk about the mutual problems of agriculture, business, and labor, and the way in which Government can help all three. I especially want to talk about the interest of these three groups in constructive steps to counteract the business recession that has set in.

Farmers of the United States, in this closing month of 1937, realize their dependence on other groups and other nations more than ever before. They have harvested this year 200,000,000 bushels more wheat than our own people can possibly consume in the year 1938. Furthermore, they have harvested at least 400,000,000 bushels more corn and 10,000,000 bales more cotton than can possibly be consumed in the United States in the next 12 months. Along with the surplus farm production has come a severe decline in farm prices. While that decline has brought pleasure to a few consumers, it has brought fear to many laborers, farmers, and businessmen. Laborers fear the loss of employment, because they remember the great farm abundance of 1932 and how that abundance turned out to be a waste because of the way in which it destroyed farm purchasing power and added to unemployment in the cities. In like manner, farmers are seriously disturbed when they see thousands of men thrown out of work by the steel mills and the automobile factories, because they know these men lacking the right to work will buy less farm products. They know that factory pay rolls and farm income go up and down together. Businessmen, seeing their volume shrink with lower farm income and farm prices, know this falling off in volume also means a shrinkage in profits.

I have before me a chart which shows year by year for over 20 years the extremely close relationship between the exchange value of farm prices and the profits of the great corporations. The figures prove beyond question that when labor and capital are working together effectively, agriculture also benefits and when farm production and prices are in balance with city production and prices, capital and labor share in the benefit. A balanced situation is good for all.

Farmers want to know why it is that capital is in hiding and unemployment is increasing. In a nation such as ours, courageous capital is absolutely vital to a satisfactory farm income and to the general welfare. Both farmers and laboring men want to know, therefore, why it is that capital has become so timid.

Farmers know that no matter how desperately they may strive with governmental help to adjust production to demand, they cannot create farm prosperity if business and labor conditions are bad. Only half the farm problem is on the land. The other half is in the towns and cities, and overseas where rival nations are trying to destroy each other and to avoid buying anything from outside their own borders. Therefore, I say the farm problem is also a labor problem, a business problem, and an international problem.

As we look into this overshadowing economic problem which affects all groups, we need to face certain background facts. First we need to realize the degree to which the world has changed since the Great War. The fright and cost of that war caused every nation in the world to strive desperately to import as little as possible and export as much as possible. For 15 years every nation has tried to develop economic independence so that in case another war should come it would not suffer as in the last one. The world-wide desire has in some ways affected the United States more than any other nation. The United States more than any other nation was changed suddenly by the war from a debtor to a creditor nation. Most of the other great exporting, raw-material nations were better able than the United States to maintain normal markets for their products, because their debtor positions made it easier for them to sell in world markets. Nevertheless, even these nations have found the post-war situation very trying. In one way or another, all of them have been affected by the methods employed by the great importing nations to cut down imports through the use of goods quotas, exchange quotas, increased tariff barriers, and positive embargoes. Furthermore, some nations have increased the international confusion by using unfair practices in world trade. Much as we hate to do so, we are forced to admit that a state of economic warfare exists, and therefore the old rules of the game do not work as they did 25 years ago. Secretary Hull's trade agreements are designed to bring economic peace, but it will take prolonged cooperative international effort before world-trade relations are even partially normal.

Fully as imporant as the international situation is the need for reckoning with the way in which new machines and new methods especially during the past 15 years have affected the varous regions and classes in such a widely differing way. The problem is to replace the old-fashioned automatic economic adjustments with modern adjustments which will permit the rapidly increasing output per worker, both on farms and in factories, to be matched by corresponding increases in the real income of those workers, with the least shock, confusion, or conflict.

But even more important than the effect of technology are the actions of highly organized groups equipped with great bargaining power which has been entrusted to them by the Government. Among these are corporations, labor unions, and farm organizations. These great groups all too often try to increase their profits, wages, or prices without regard for the general welfare; all too often they overplay their hand and bring about either shortage or an unbalanced abundance, which is equally destructive.

Actually, of course, there cannot be any lasting prosperity for corporations, labor unions, or farmers unless there is increased balanced abundance which can be moved into consumption at prices low enough to be fair to consumers and high enough to keep the increased balanced abundance coming. The contribution the farmer can make to a continuing balanced abundance at fair prices is the ever-normal granary. Can labor and business make a similar contribution which will restore prosperity and prevent

peaks of overproduction and valleys of underproduction? Business is not handicapped with heat, drought, and insect pests in the same way as agriculture. But business is faced with the problem of steel mills operating at 85 percent of capacity one year and only 35 percent another year. Labor is faced with the problem of great variations in employment. To what extent are the policies of business and labor responsible for the extraordinary swings up and down in production and employment in the cities? These problems are made by man and not by weather.

The three background factors I have been discussing—the change in our relations with foreign countries, the increased use of machinery and modern methods, and the growth of corporations, labor unions, and farm organizations—these three uncoordinated factors have an intimate relationship with the lack of business stability from which this country, along with the rest of the world, has suffered since the World War.

Men of good will should be able to counsel with each other to eliminate much of the severity of these man-made economic storms. This does not necessarily mean more government in business but it may mean that businessmen, laboring men, and farmers will counsel together to find out how to use government coordination at key points to increase our physical wealth and to eliminate the violence of those business ups and downs which have been acting so strangely since the Great War came to an end.

Doing this job of keeping business rising steadily should not be labeled with some terrifying name such as communism, fascism, collectivism, or totalitarianism. Doing this job simply means making democracy efficient.

Our various leaders, as they talk informally together, might well consider this problem of recovery as a problem of how best to build an efficient democracy in the kind of world which has grown up in the last 15 years. The essence of democracy is tolerance and belief in the sacredness of the individual. We abhor violence and bloodshed. But democracy, if it is to survive, cannot be anarchy. It must have a will of its own and it must be able to act. Otherwise, foreign nations which know exactly what they want may be able to project their conflicting ideas into a peaceful and decent democracy with tragic results. An inefficient democracy afflicted with many squabbling factions can easily play into the hands of those nations which stand for ideals that are very different from ours.

In nations which are young, with population growing and free land to be had, democracy may be mostly license. It may be license to exploit natural resources and to grab profits without regard to the welfare of others. But when a nation grows up, if democracy is not to become anarchy, then license must give way to law and order. To keep business traffic moving smoothly, businessmen, laboring men, and farmers, with the aid of government find they have to set up a system of red and green lights. Democracy does not mean crashing the light by any single group. Neither does democracy mean that one group of people can determine just where the lights are to be placed without regard to the rights of other groups and of all the groups.

Service of the general welfare by means of democracy depends on certain principles of decency and tolerance, which ought to be observed by both the majority and the minority in their public discussions. In this respect we have something to learn from the way in which the British have handled their exceedingly difficult problems since 1931. While differences between the groups are probably as great in England as anywhere else, they have maintained tolerance and free speech and all the essentials of democracy, while at the same time they seem to have been able to achieve an increasingly efficient coordination. Their businessmen, faced with taxes gerater than ours, have apparently gone to work on behalf of the general welfare. Their labor, after the disastrous general strike of 11 years ago, has thought increasingly in terms of the general welfare. Labor, industry, and government together have beeen concerned with the position of agriculture in England. They have assented to a much more extensive government activity on behalf of agriculture than anything our own Government has done. Because the British situation in some respects is more difficult than our own, these various groups are being led to think about the problem of coordinated policy in the interest of all. The British Government, for example, recently instructed a committee to examine the iron and steel industry to find how it might be coordinated best to serve the general welfare. In making its report the committee, among other things, advocated that the Government should set up a body which might pronounce a judgment on issues of public interest, "so that there may be a full and fair trial of the possibility of combining individual responsibility and initiative with coordinated and cooperative action and full recognition of the overriding importance of the national interests."

We here in the United States can, if we will, demonstrate our ability to bring about a coordinated drive against the business recession which began in the late summer and is now afflicting businessmen, laboring men, and farmers equally.

Farmers, laboring men, and small-business men, are awake today in the United States in a way they have never been before. They desire a world of greater security and abundance. President Roosevelt knows the thoughts and feelings of these people. He also has a friendly understanding of the problems of the larger-business men. He sees clearly a fact which perhaps some of them have missed—that business confidence and business prosperity cannot be built on any other foundation than abundance and security for the rank and file of the people. He sees clearly, too, that to build this basis for confidence, the Nation needs the cooperation of business and professional men as well as of laboring men and of farmers.

We cannot stop the recession if each group attacks the prices and returns of the others. If farmers block the efforts of labor to maintain fair wages, they themselves will be the losers when the workers have less money to spend for farm products. If workers carry on strikes against fair prices for food, then they will be the losers when farmers have less money to spend for industrial products. If business is to strive above all to pay smaller taxes and to keep wages and farm prices down, then business will lose the market for the things it has to sell. No; we found out in 1932 that recovery does not lie along that road. Let us not take that road today. There are practical ways to end this present recession.

While some businessmen may not agree, I believe it is vital for Congress at an early date to pass legislation protecting the prices and incomes of farmers and the pay envelopes and working conditions of labor. A practical ever-normal-granary act for agriculture will not only guard consumers against the extreme hazards of shortage resulting from droughts and pests, but it will give the small businessmen of the Middle West and South confidence in the stability of income of farmers. In like manner a well-drawn wage and hour law will be a defense against a continued downward business spiral.

But, in addition to these measures, others are essential. Farmers and laboring men must realize the vital importance of capital to the general welfare. Today we are witnessing a refusal of capital to invest similar to that of several years ago. It may be that hazards to investment, real and imaginary, are so great that capital either will not or cannot come out of hiding and take the risks inherent in all investment. But if our system is to endure, business must take the Government's word that Government wishes it well and business must assume those responsibilities of leadership which business claims. Otherwise Government will be forced to step into the breach.

As far as taxation is concerned Congress is considering what changes need to be made. I believe that the basic thought behind the undistributed profits tax is sound and that large industrial corporations should not be permitted to be turned into investment trusts merely to enable their owners to escape just taxation. However, small corporations in debt and the large corporations desiring to expand might be given more latitude and it might even be well if the large corporations could spend part of their incomes on plant expansion without being unduly cramped by heavy taxation on money used in such expansion. It is important for businessmen, farmers, and laboring men to realize that change in the taxation structure this year and Budget-balancing activities this year may not by themselves cure the present business recession. In fact, whenever Government spending is cut suddenly at a time when private business is not expanding, there is danger of a downward spiral for business. The same result can come whenever private credit and spending are suddenly cut off without provision for Government credit and spending to take its place. Today, when private capital is so timid, plans to encourage it to go to work again will be well worth while. It is a good thing for Government spending to be tapered off when business is on the upgrade, and for Government to shift onto private capital the burden of doing all those things which private capital can do better than Government. In the meantime, for the sake of us all, Government money may have to carry the precious human burden which private capital at the moment cannot or will not carry.

The President last week in his message to Congress on housing dealt with one of the most important single items having to do with recovery. We need at least 500,000 new houses a year. During the last 5 years we have produced an average of only about a hundred and fifty thousand. In the first 4 months of this year we produced houses at a lively rate, but then building costs shot up so fast that it became apparent that the ultimate consumer of houses would have to pay too high a percentage of his income for rent or payments on his home. Here in the building of houses is a splendid opportunity for labor and capital, cooperating, to serve the consumer in a way that will give the consumer the utmost satisfaction while at the same time labor is given steady employment and capital obtains reasonable profits. To do this requires planning and coordination of exactly the sort that is a challenge to modern efficient democracy. In my opinion, the President's housing message to Congress last week was a stirring challenge to the courage and intelligence of the American people. If we start building houses in a sensible way year after year, an enormous volume of freight will be created for the railroads. The public utilities will be stimulated. The steel mills will be producing fully twice their present output. The farmers will have good customers in the cities, and the automobile factories will have a market for production fully equal to that of last year. It is important, of course, in housing as in everything else to observe the fundamental principles of balance and coordination so as to avoid the danger of several years of overproduction of houses followed by several years of dull times.

There is no lack of private funds to finance the building of houses. The banks are strong and full of money, and the Federal Reserve System is in position to see that there is a superabundance of cheap credit insofar as that will help. Yes; we have the power to pull out of this present recession with great speed, but the Government cannot do the job by itself. Labor, agriculture, and industry must all think more definitely about functioning in a coordinated way. Each of the three groups may have to give up some of its pet ideas and substitute for them ideas which make possible cooperation and the service of the

general welfare. If this is done, the industrial production of the United States within 3 years can be at least 40 percent greater than it is today. Such a volume of production is a moderate goal that should not be outside the realm of practical attainment. If by taking thought, we can maintain a volume of industrial production this great, year after year, the result will be greater profits for capital, greater real wages for labor, and a greater purchasing power for farm products. The National Budget can be balanced and the public debt reduced.

In brief, there are certain practical policies and measures that are called for and with which thoughtful businessmen, laborers, and farmers can agree. These are:

First. Revival of housing as outlined by the President.

Second. Revision of taxation policy to cure injustice but to maintain revenue.

Third. Maintenance of farm purchasing power and protection of the consumer by enacting a workable form of the ever-normal granary into law.

Fourth. Maintenance of the purchasing power of labor and, therefore, protection of markets for farm and industrial products by a sensible labor program.

Fifth. Assurance of an abundant supply of cheap credit and capital through a healthy securities market, to encourage increased output and employment.

Sixth. Provision of Government capital in case of need to carry the burden until such time as the use of private capital takes its place.

Seventh. Continuance of our careful, thoughtful approach to the revival of world peace and world trade by means of Secretary Hull's trade-agreement program.

Through steps such as these seven, agriculture, labor, business, and government may cooperate in a common-sense way to resume the recovery march.

Reserve Officers' Annual Dinner

EXTENSION OF REMARKS

OF

HON. SHERMAN MINTON

OF INDIANA

IN THE SENATE OF THE UNITED STATES

Thursday, December 9 (legislative day of Tuesday, November 16), 1937

ADDRESS BY HON. LOUIS JOHNSON BEFORE THE INDIANA DEPARTMENT OF THE RESERVE OFFICERS' ASSOCIATION, INDIANAPOLIS, IND., DECEMBER 4, 1937

Mr. MINTON. Mr. President, I ask unanimous consent to have inserted in the Appendix of the RECORD an address delivered by Hon. Louis Johnson, Assistant Secretary of War, at the annual dinner of the Indiana Department of the Reserve Officers' Association, held at Indianapolis, Ind., on December 4, 1937.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Fellow Reserve officers, it is fitting that my first remarks as a member of the War Department to a group of Reserve officers should be made here in Indianapolis. It was here, 20 years ago, at Fort Benjamin Harrison, that I received my first training for my duties and responsibilities as a Reserve officer. Here I got my first commission. From here, as a captain of infantry in the Officers' Reserve Corps of the Army of the United States, I left to command my first company.

I am very happy to see among you tonight many old friends who, during those trying training-camp days in the fall of 1917, shared my difficulties, my struggles, my hopes, and my aspirations, and I rejoice that so many of you have continued your interest and your activity in the Reserve.

In the intervening years we have gone a long way. On April 6, 1917, the Reserve Corps consisted of less than 3,000 officers, scattered throughout the country, with no sense of solidarity, with little or no training, and without the experience for the job that a major war demands. Today we are almost 100,000 strong, with a fine esprit de corps, with a community of interests and responsibilities, and with an influence in public affairs far beyond our numbers. We foster a definite and constructive program of national defense. We are acquiring the training and the experience that should enable us in case of emergency to take our place in line.

We are the minutemen of today. To us the Army offers neither a career, an avocation, nor a hobby, but simply an opportunity to perform a sacred patriotic duty. To qualify for membership in the Officers' Reserve Corps and remain eligible for active duty requires work, perseverance, and application. These we freely give at the cost of time and of money. We are in the Reserve neither for riches nor for gain. The pay for the 2 weeks' active-duty training to which most of us aspire hardly takes care of the cost of our uniforms and of our equipment. We enjoy our field exercises, take pride in our achievements in the classroom and in correspondence courses, and derive great pleasure out of our happy associations with each other on this and other social occasions.

Primarily, however, we have been attracted to the Officers' Reserve Corps because we realize that the wars of today are not won by professional soldiers, but by civilians who are called from their plows, their spindles, and their desks to defend their country, and we consider it our duty as citizens to be prepared for any contingency. We, who have been more fortunate in our opportunities and in our education, and have the training and the intelligence to appreciate the privileges of American life, are happy to add to our responsibility as useful citizens the duty of service in time of war.

That our peacetime training has justified itself, events of the last 4 or 5 years offer convincing proof. Since 1933, approximately 30,000 Reserve officers have been called upon to administer the camps of the Civilian Conservation Corps, and, with very few exceptions, they have performed their duties in a most commendable manner. Nothing, perhaps, so clearly demonstrates their efficiency, their capability, and their character as the fact that only 12 officers among the 30,000 called in the last 5 years have been tried by general court martial. I doubt whether such a record for discipline, honor, and efficiency can be matched in any corps, regular or Reserve, of any country in any period of its history.

More than a year ago another call was made upon us. Congress appropriated funds for the training of 1,000 young Reserve officers under the Thomason Act. We furnished the quota and again we proved that the Reserve includes a reservoir of young men of character, education, and training. At the end of the year there was room, under the provisions of the Thomason Act, for but 50 of them in the permanent establishment, but many times that number demonstrated their fitness. The Regular Army officers and enlisted men who served beside them gave them unstinted praise for their energy, their willingness, their discipline, their leadership, and their gentlemanly qualities.

During the last two summers Reserve officers were called upon to take part in field maneuvers, and the umpires appeared unanimous in their opinion that the Reserve system had justified itself. Regular Army officers, experienced in war and trained in peace, frankly were astounded at the way Reserve officers took over and performed their assigned duties.

You and I may well be proud of the Officers' Reserve Corps. The tree that was planted in 1920, providing for a civilian component of Reserve officers, is bearing fruit.

There is still much to be done, however, and I trust that Congress, now awake to the needs of national defense and to the importance of the Officers' Reserve Corps, will go a long way toward helping us realize the program that we in the War Department have set up.

Next summer we want to give 14 days' training to 30,000 Reserve officers. Last year but 25,000 were able, by the limited appropriations, to take advantage of such an opportunity.

We want to send 300 Reserve officers for more extended courses to our service schools to enable them to keep abreast of the growing developments in the art and science of war and of military organization. Upon their return to their home communities, these men should prove of inestimable value in the training and education of their fellow Reserve officers whose business or profession makes it impossible for them to take such extended courses of study away from home.

We want to bring into active duty 650 Air Corps Reserve officers to augment our splendid corps of regular fliers.

We want to increase R. O. T. C. facilities in our colleges and universities so that we may be able to count upon an annual increment of capable second lieutenants for the Officers' Reserve Corps. We have set as our goal a corps of 120,000 trained Reserve officers, and you and I must strive to achieve the desired objective.

Those of us whose Reserve activities date back more than 20 years, are not growing any younger. The duty and the responsibility for the growth, strength, and development of the Officers' Reserve Corps must soon pass to younger hands. We must look to the coming generations of college men with R. O. T. C. training to build a permanent structure of national defense upon the democratic foundations which we of the World War have laid.

Of those of us who served as officers during the World War, time is taking its toll. The ranks of the former enlisted men also grow thinner. I admit I was pleasantly surprised when I saw wave upon wave of World War veterans march by the reviewing stand at the American Legion Convention in New York, still erect in carriage, still lithe in body, and still firm in step. Not yet are we to be counted out, but we must be practical enough to realize that a year from now, 2 years from now, and certainly 10 years from now, the parade of marching veterans will present a far less encouraging sight.

Our reserve program must provide, therefore, not only for the procurement of officers but also of enlisted men. In an emergency, trained soldiers of previous military service are indispensable for key positions in the ranks. Every year, thousands of experienced Regular Army privates and noncommissioned officers are returning to civil life. We should encourage these men to retain their interest in the military service and we should find a place for them in an organized reserve. At present, we have enrolled 3,000 of them in the enlisted Reserve. We need a body of 150,000 of them.

So far, I have talked to you principally in terms of personnel. The raising, organizing, and training of manpower are the first requisites of an effective army. There are other considerations,

however, of equal importance. Without arms, without clothing, and without equipment, men are of little or of no military value.

The World War and the experiences of the last 20 years have proved conclusively that manpower can be raised and trained much more rapidly than it can be equipped.

The present War Department mobilization plan recognizes this fact and proposes to have mobilization keep pace with equipment. It provides initially for only a small protective force of about 300,000 which will be augmented gradually until it reaches 1,000,000 men at the end of 3 months.

Obviously, the small initial protective force must be fully equipped with the most modern weapons. Ample supplies of the munitions of war must be available to maintain it.

With the beginning of parade-ground drills and field maneuvers, to say nothing of actual combat, shoes wear out, buttons fall off, tools break, and other incidents of fair wear and tear of the service occur.

Due to careful planning, we have enough of the ordinary supplies to take care of our soldiers for a period of 6 months. The same cannot be said, however, of weapons and equipment developed since the World War, such as airplanes, antiaircraft and long-range guns, gas masks, and other more modern and essential accouterments of an efficient military machine.

We know that very little can be expected from industry in the production of noncommercial military articles during the early months of an emergency. Stocks of the critical items, which, due to their technical and noncommercial nature, cannot be produced by industry in the time and the quantity to meet these early needs, must be procured in advance during peacetime. The existence of such war reserves at the outbreak of hostilities may mean the difference between success and failure.

Our efforts must be directed to build up in time of peace a war reserve of raw and fabricated war materials sufficient to take care of our Army in all its needs until industry, mobilized for war purposes, can convert plowshares into swords and pruning hooks into spears.

To equip and supply our first defense troops with first-class modern munitions we would have to spend several hundreds of millions of dollars. The amount is staggering, and only in a grave emergency would the American people acquiesce in appropriations of such great magnitude.

We must take a sensible attitude toward appropriations for national defense. The needs of the Army and Navy must fit into a well-rounded National Budget, which takes into consideration all of the activities of the United States Government. Within the War Department itself neither the Regular Army nor the National Guard nor the Organized Reserves can satisfy its needs fully without jeopardizing the program of the other components.

In our enthusiasm for the element nearest our own hearts we must not lose sight of the fact that it is the national defense team that commands our loyalty and our fullest support. I assure you that the program of the War Department has considered all of its three components. Our Budget takes into account the needs and the interests of each element and strives to develop a well-balanced team of national defense. I urge you to familiarize yourself with the War Department program and to give it your full sympathy and undivided support.

I have referred to our components of national defense as members of a well-balanced team. I hope and pray, however, that this team will never be called upon to schedule any games nor to meet an opponent on the field of battle. We in the War Department of 1937 still adhere to the program of preparedness that the Father of his Country laid down in 1783. We still strive to administer our duties in the spirit of the peace establishment that he had intended.

Redealing the New Deal

EXTENSION OF REMARKS

OF

HON. SHERMAN MINTON

OF INDIANA

IN THE SENATE OF THE UNITED STATES

Thursday, December 9 (legislative day of Tuesday, November 16), 1937

EDITORIAL FROM THE WASHINGTON TIMES, DECEMBER 8, 1937

Mr. MINTON. Mr. President, I ask unanimous consent to have inserted in the Appendix of the RECORD an editorial which appeared in the Washington Times of December 8, entitled "Redealing the New Deal."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Times, December 8, 1937]

REDEALING THE NEW DEAL

Our ears detect, without strain, a new note in the written and spoken utterances of various "old deal" commentators on the New Deal.

The new note is to this effect: That President Roosevelt has now seen the error of his ways; that he is beating a disguised retreat to the extreme right while trying to kid his liberal and radical supporters into believing he is still a little left of center; that it won't be long now until the New Deal is just a memory and the Nation shall have returned to rugged individualism.

These old deal commentators' only adverse criticism of this supposed new tack of the President's is that he isn't going fast enough to the extreme right. Hence they are volunteering all kinds of advice as to how he could and should speed the retreat.

Read and tune in on this advice as much as we may, we can't get any specific ideas out of it. It is all put in general terms. Would we be too fresh if we should inquire just what features of the New Deal these old dealers want the President to persuade Congress to repeal?

Should this wittily christened—

"RETREAT FROM MOSCOW"—REPEAL THE C. C. C.?

include repeal of the C. C. C.? C. C. C. stands for Civilian Conservation Corps, and it has proved itself one of the finest single undertakings in our Government's history.

Approximately 2,000,000 young men have passed through the C. C. C. since its inception in 1933. Of these young men, most have been saved from hobo jungles or prep schools of crime or the manifold other corrosions of joblessness, all have been given a spell of excellent outdoor living and solid food, and many have left the C. C. C. for good civilian jobs. Incidentally they have paid their board and keep by starting in this country a real system of coordinated soil and forest conservation and flood prevention.

Would the old dealers want the C. C. C. repealed?

HOW ABOUT S. E. C., F. D. I. C.?

How about the S. E. C. (Securities and Exchange Commission) and the F. D. I. C. (supervising Federal bank-deposit insurance)? These are two New Deal measures. Between them they have kept the 1937 slump up to now from degenerating into a far-flung bank-failure and market-crash slump, as well as a business taper-off.

There are old dealers who admit that the S. E. C. is a good idea, and well carried out in the main, and plenty of these old dealers harbor in Wall Street. Would even the other old dealers want the S. E. C. abolished and Federal bank-deposit insurance abandoned?

REPEAL THE WAGNER ACT?

The Wagner Labor Relations Act is a New Deal measure to give labor a better show than it has had in deciding what it will work for and under what conditions. This law is faulty as now written, and should be revised, we think, so as to take some starch out of some rugged and ambitious labor leaders as well as out of some capitalists. But would the old dealers repeal it—at the risk of killing the chance that the present war between the A. F. of L. and the C. I. O. may some day be settled through the mechanisms of the Wagner Act?

REPEAL P. W. A., W. P. A., S. S. A.?

How about other New Deal items; relief, for instance, as administered by the P. W. A. and W. P. A.? We have these millions of unemployed, whom industry thus far hasn't absorbed. Are we simply to leave them to their fate by abolishing P. W. A. and W. P. A. on grounds of wastefulness and excessive cost? Or would it not be better for all of us to hammer on the sound proposition that relief should be administered as economically as possible while remaining adequate?

And how about Social Security? The Social Security Act aims to pension off aged workers and partially compensate workers thrown out of jobs by economic forces—two ways of cutting down relief expenditures. Most enlightened nations have been doing such things for years. Are the old dealers asking that the will be improved as experience indicates it should be—and we wish Congress would start borrowing against S. S. A. taxes now being levied, so as to include people now 65 or over and now in need of old-age pensions.

Just what do the old dealers want the New Deal to stop doing anyway? The most concrete suggestion yet made is to repeal some of the high-bracket taxes on rich men and corporations and substitute a general sales tax.

Agricultural Relief

EXTENSION OF REMARKS

OF

HON. ROBERT R. REYNOLDS

OF NORTH CAROLINA

IN THE SENATE OF THE UNITED STATES

Thursday, December 9 (legislative day of Tuesday, November 16), 1937

ADDRESS BY HON. ROBERT R. REYNOLDS, OF NORTH CAROLINA, SEPTEMBER 6, 1937

Mr. REYNOLDS. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD an ad-

dress on the subject of agricultural relief, delivered by me before the North Carolina Farm Bureau Federation at Raleigh, N. C., on September 8, 1937.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. Chairman, members of the North Carolina Farm Bureau Federation, and guests, I am deeply grateful for the opportunity to be here with you today. For a long time I have wanted to come home and discuss with you some of the many problems confronting agriculture. I need not tell you of my great interest in those problems. I need not say to you that I have consistently given my wholehearted support to every legislative proposal and every Federal program designed for the betterment of conditions for the farmer. These things you know.

In fact, the usual preliminaries of an address are not necessary. The status of agriculture cannot be improved nor can any of your problems be solved by speech making. You who have seen your crops destroyed by rain and drought, you who are forced to battle pests and insects, crop shortages and surpluses, not to mention Government red tape, have little time for preliminaries.

When the invitation was extended for me to be here with you, it was evidently felt that as a Member of the United States Senate—a position you helped to give me because you believed that I would measure up to the trust you imposed—I might bring you a timely message. It is my hope that you will not be disappointed. It is my desire to bring you a message of hope and a message of encouragement.

I wish that I might tell you that all is well on the farm. But you know different. I wish that I might say to you that a full solution of the farm problem is on the way. But again you would know different. Yet I can tell you in all sincerity that there is a keen desire on the part of the members of your national legislature to do everything that is humanly possible to improve the economic condition of rural America; that farm legislation will be given the right-of-way when Congress again convenes, and that we hope to draft a legislative program and write new laws that will bring maximum benefits to those who till the soil. We have already done enough for the theorists and the office-building farmers.

At the outset, let me say candidly that I am primarily concerned with the welfare of agriculture in North Carolina, but I realize full well that to help you there must be a broad national program, designed to raise the general level of the farmer. Congress can act only for the common good.

With your permission, and as I must necessarily in the time allotted to me discuss agriculture from a national viewpoint and in broad terms, I shall build my message around four main points. I hope to mention a few of the factors leading up to the present farm emergency. I would like to review some of the more recent gains in the direction of meeting this emergency. I shall deal briefly with legislative developments and with what is proposed in the way of new assistance to the farmer. I shall not use the word relief—it is not that—it is assistance from your Government to which you are richly entitled. In addition, I would also like to cite a few of the more significant trends that hold out new hope for our agrarian population.

First, however, let me say that your presence here indicates your faith in your State and National organization, which have done much to improve your economic welfare and represent accurately the needs on the farm. It has been my privilege to work with your State and National leaders. I have full confidence in them. I seek and I accept their counsel and advice on all matters pertaining to agriculture. I do so because I know that they represent you and your welfare.

Several days ago, it was my pleasure to look over a summary of the activities of your national organization—the American Farm Bureau Federation. While the accomplishments do not represent all that we want for the farmer, they show much progress in that direction. And even these gains would not have been possible if the farmers were not organized and represented by able spokesmen here in Raleigh and in Washington.

In leading up to present conditions let me look into the past for a moment. During the last hundred years the productivity of the average farm worker has been stepped up greatly and there is every reason to believe that this trend will continue. This has brought the need for many adjustments and with them social and economic changes. Improved machinery has not been entirely responsible for increased production. It has also come from improvement of plants and livestock; greater ability to meet the challenge of insects, pests, and disease; better knowledge of soils; more efficient farm management, and superior marketing technique.

From the days of the crude plow and hand tools, with cotton and corn planted by dropping seeds to be covered with a hoe as the home gardener operates today, through the eras of great mechanical inventions and plant improvements, farming has emerged to its present status. The farmer is no longer isolated. The automobile, the radio, the telephone, and newspapers have brought our rural population closer to centers of population, education, and entertainment. More farms have been electrified and more are being electrified as the Rural Electrification Administration proceeds with its fine program and as your power companies make it easier to secure electrical current on the farm. This latter development, has, in turn, brought to the farm new labor-saving devices, and a new degree of convenience and efficiency.

In fact, some economists contend that perhaps too much emphasis has been placed on production efficiency by farmers generally; that the gains have been passed along too rapidly due to intense competition, resulting in overcapitalization of land and limiting of the ability of the farmer to secure those things making for better living standards.

Supporting this contention, they point out that in 1787, the year the Constitution was drafted, surplus food produced by 19 farmers went to feed 1 city person. In recent years 19 people on farms have produced enough food for 56 nonfarm people, plus 10 living abroad. Here, indeed, is a striking example of the increased productivity of agriculture. During the twenties there was a great increase in farm efficiency, in terms of production. From 1922 to 1926 production increased 27 percent, with little change in crop acreage and a decrease in the number of agricultural workers.

Between 1930 and 1935 production on the farms declined more than 10 percent, due in part to unfavorable weather. Meanwhile, because of widespread unemployment in urban centers, around 2,000,000 more people were on farms than 5 years before, and perhaps an equal number remained on farms instead of migrating to cities where jobs were scarce. This, of course, served to reduce the per capita productivity in agriculture.

Another factor in increasing farm production since 1920 was increased mechanical power, releasing land formerly required for grazing. It is estimated that between 1918 and 1932 about 9,000,000 horses and mules were lost to the farms, releasing many millions of acres of crop and pasture lands for the production of saleable commodities.

In plain, everyday language, all this means that when the depression came productivity on the farms of the country was way beyond the ability of our people generally to buy and consume. To make matters worse, foreign markets were closed. As a result, great surpluses—the nightmare of things produced for which there was no demand at reasonable prices, the sickening spectacle of reduced, if not entirely wiped out, farm income—faced the farmers of the country. It was then that we saw the great parade of "Hoover buggies" on the highway of North Carolina, a procession I earnestly hope we shall never see again.

Farm prices over the country dropped. In 1932 the average price for tobacco was ten and a half cents a pound. Cotton brought only six and a half cents. Potatoes could be had at less than 40 cents per bushel. There were tottering prices for farm commodities and livestock all along the line.

In that eventful year, 1932, we witnessed a militant United States. An aroused and angered populace went to the polling places in greater numbers than ever before and swept the Hoover administration from office. Mr. Hoover, the man who once declared that it is not the business of the Government to help the farmer. To replace Mr. Hoover, who went up in the air while farm prices and farm income went down, the people sent to the White House Franklin D. Roosevelt. He has not failed you, men and women in agriculture. You evidenced your agreement to that when you returned him to office in 1936. I need not say more of events leading up to the present.

Here let me digress a moment. Unfortunately, while we can do much to improve marketing conditions; while we can improve the quality of plants and livestock; while we can control pests and insects, production control is most difficult. As a witness before the Senate Agriculture Committee once said, the trouble with production control is that "God Almighty controls production and He won't sign up." For the man who can develop a workable and equitable plan for production control, there awaits fame and fortune. But the farmers of the country must be brought to realize that in unity and cooperation lies the success of any farm program, whatever it may be.

I mentioned the gains we have made. What happened during the first term of the Roosevelt administration? I will give you facts. Farm cash income went upward 85 percent. Farm prices went up 75 percent. Forced sales of farms were cut in half. Farm real estate values climbed 16 percent. Here, in brief, is the story of agricultural progress made under the leadership of our beloved President from 1932 to 1936.

At the low point of $4,377,000,000 in 1932, cash income from farm production rose steadily until in 1936 it reached $8,100,000,000, including, of course, Government payments to the farmers. This total was 85 percent larger than in 1932, and about one-quarter short of the 1929 standard. Government payments accounted for around $400,000,000 or about 5 percent of the 1936 farm income.

In the first half of 1937 farm cash income, including Government payments and based on farm marketings, aggregated $3,833,000,000, or about 16 percent more than the corresponding figure for the first half of 1936. It is now estimated that the total 1937 cash income for agriculture will be in the vicinity of $9,000,000,000.

Cash incomes available for farm family living in 1936, after deductions for wages, operating expenses, taxes, and interest, increased even more rapidly during the 4-year span than did cash income as a whole. Cash income available for living from 1932 production was $1,473,000,000. From 1936 production it was $4,475,000,000. This was 204 percent above its 1932 depression low and within 8 percent of the 1929 level.

The tremendous gain in farm income during the 4 years was somewhat offset by an increase in prices of things farmers buy. Allowing for an increase of 16 percent in prices farmers pay for

commodities and services used in living and production, the purchasing power of cash income from farm production was still 60 percent greater in 1936 than in 1932.

I spoke of farm prices. What has been the trend generally? You know prices better than I. From an average price of ten and a half cents a pound in 1932, tobacco went upward to 27 cents on July 15, 1937. Cotton rose from six and a half cents a pound in the former year to 12.4 cents a pound on the latter date. There were corresponding gains in prices for all farm commodities and livestock.

It is my sincere opinion that the Democratic administration has done more for agriculture and for the farmers than any other administration in the history of the country, and done it under the most difficult circumstances we have ever faced. Not only has your Federal Government given emergency assistance, and is continuing to give it—the plan for the immediate pegging of cotton prices being a case in point—but it has strengthened the position of the Government to permanently aid the farmer. These benefits—better schools, better roads, better weather reports, better pest control, and better research into new uses for agricultural products—cannot, of course, be measured in terms of monetary value to the average farmer. It is always difficult to appreciate those things which benefit us only indirectly, but they do improve living standards in a way that cannot be reckoned in the family budget. They should be given proper appraisal in their relation to the general welfare of agriculture.

So much for mention of increased production leading up to the most acute stage of the farm emergency and the gains we have made in coming out of the hopelessness and despair of 1932. What can we do to safeguard our farmers against new emergencies and also preserve the gains we have made to date? I see no hands raised to offer the answer. But I can assure you that the Congress, with the help of your competent leadership, will do everything that is possible to find the proper answer.

As you are all aware, the collapse of the Agricultural Adjustment Act when the Supreme Court declared this law unconstitutional was a severe blow to agriculture. In its place, the Congress fashioned and drafted the present soil-conservation program. This measure, enacted into law early in 1936 and carrying an annual appropriation of $500,000,000 for the aid of farmers, has been extremely helpful. If we have gained nothing from it but a new appreciation on the part of rural America for care of the soil, and also a temporary easing of farm burdens, we will have more than fulfilled its objective.

It is the growing opinion in the Congress that agriculture cannot be raised to its proper level with one piece of legislation, however broad and important that piece of legislation may be. We must go further. The farmer should have adequate tariff protection to the end that he will not sell in an unprotected market and buy in a protected market. He must be given more equitable marketing facilities. His interest must be looked after in all legislation, whether it is drawn to directly affect industry or some other phase of our national life. Fortunately, members of Congress from metropolitan areas are rapidly coming around to agree that upon the status of agriculture is the basis of our whole national well-being. It was true a hundred years ago and it is true now.

Sometime ago I saw in a CONGRESSIONAL RECORD of a few decades ago what is said to be the only cartoons ever inserted in the daily chronicle of Congressional happenings. It was inserted in some way by the late Senator Tillman, of South Carolina, and it bore the title of "Tillman's Analogical Cow." In one cartoon, a large cow with its head in the West, was being fed agricultural products and Wall Street was successfully milking the cow. The other cartoon reversed the cow, and depicted an effort to feed it stocks and bonds, and the farmers in the West holding the milk bucket were getting no milk. To me those two cartoons carry a moral. It is that the prosperity of agriculture is the fundamental basis of the welfare of all our people—that the farm is the keystone in our national economic arch. Obviously, it will require time to secure more widespread appreciation of that fact. But it is much nearer than it has been and that in itself offers some hope for agriculture.

Unfortunately, almost every legislative proposal advanced for assistance to agriculture is based on some form of compulsory production control—and drastic compulsion is not the American way. Yet, something must be done to guard against unreasonable and heavy surpluses. So if some form of compulsion is found to be in the best interest of the farmer, it must be of a painless variety and of a character that the farmers themselves will agree to by a majority decision of those involved. Such an idea is incorporated in proposed legislation. I need not tell you that farm legislation was a highly controversial issue during the session of Congress just ended. Bills were introduced and hearings were held in both Houses. It was planned by leaders to put through the Agricultural Adjustment Act of 1937, introduced by my able colleague, Senator POPE, of Idaho.

However, as it was near the end of the session before this legislation was drafted and the general opinion prevailed that a measure of such importance should not be rushed through Congress, resolutions were passed authorizing the Senate and House Committees on Agriculture to study the problem and have legislation ready for the next session. Steps were also taken to see that the farm bill is given the legislative right-of-way, whether at a special session or the regular session in January. Meanwhile, the Senate committee will hold a series of regional hearings in an effort to obtain the views of farmers with regard to new legislation.

Until a bill is drafted and submitted to Congress, it would be difficult to present accurately any outline of what it will contain. But it now seems apparent that there will be a general farm program which will include: A provision for control of surpluses above granary or carry-over needs, for example, a safe ratio to domestic consumption, plus a salable export supply, plus a reasonable carry-over against the possibility of dearth incident to bad crop year; insurance against crop losses from droughts and other natural causes; continuance of the present soil-conservation program; price-pegging loans; research laboratories to find new uses for farm products; and perhaps a readjustment of freight rates on farm commodities.

At the risk of injecting an unfavorable note into my message I will tell you frankly that enactment of a new farm program will require your patience and your courage. You must be united under the leadership you choose. Only through well-organized and intelligent action can opposition be overcome. The cry of centralization and regimentation will come from many sources. But we know that in the final analysis it is only right and just for the Federal Government to step in where the State cannot do the job. I say that with no weakening of my strong belief in States' rights. But, as I have said many times before, we have become a Nation of interstate commerce. The earnings and the buying power of factory workers in New York and Michigan have a very definite effect on the price the farmers in North and South Carolina will get for their commodities. We need a new conception of interstate commerce. Our economic march cannot move ahead unless we face facts and not theories.

I would be the first to bitterly oppose to my last ounce of human energy any proposal to inflict compulsory legislation on the farmers of America when they did not want it. Likewise, I would be the first to support any sound proposal that is based on the needs of the farmer, written for the farmer, favored by the farmer, and for the best interests of agriculture. In that viewpoint I believe I reflect the attitude of a great cross-section of the National Legislature. It does not behoove giant trusts and corporations which have waxed rich from Government protection in the form of tariffs and liberalized trade restrictions to say that assistance of beneficial character to the farmer is not the American system.

Speaking of "regimentation and centralization", the familiar cry of all who oppose constructive legislation to help the masses, 2 years ago the Congress authorized the Federal Trade Commission to make an inquiry into agricultural income with particular regard for monopoly in the handling of farm products. An important report in connection with that investigation was submitted to Congress early this year.

Let me read to you a paragraph from that report: "In the study of the situation of the handlers, manufacturers, and processors of agricultural products the Commission has observed the existence in various industries of a high degree of monopolistic control which in some cases has been derived, in part at least, by methods contrary to the letter or spirit of the law. In some cases, no doubt, ineffective enforcement has been in part responsible. In other cases the law itself appears to require amendment." The Commission made specific recommendations with regard to the amendment of the Clayton Antitrust Act. Here is a need for improving the methods whereby the farmer markets his crops.

Earlier I expressed the thought that what is needed is not one piece of farm legislation but a general program. On that point the Federal Trade Commission reports: "The depression of agriculture has been a major economic problem ever since the war. The restoration of farming to a reasonable degree of prosperity, which will permit farmers to share in the growing wealth and income of the country, must be the result of different types of action directed at different parts of the program."

Some progress has been made through cooperative associations organized and directed by civic-spirited and patriotic men. It is gratifying to hear on many sides that as a general rule the true cooperative associations have been of great value to the producers of farm products by increasing the bargaining strength of producers and reducing the spread between producers' and consumers' prices. Every precaution must be used to see that cooperative associations are true cooperative associations and dedicated to the best interest of the farmer. I am confident that the North Carolina Farm Bureau Federation is representing the farmer adequately in that respect.

It has been aptly stated that the mechanization of the farm has tended to widen the gap in the general well-being between farmers who are in position to embrace these advantages and those who are unable to do so. The one-horse plow and the rake and hoe are not museum pieces. But the man with these cannot be expected to be the competitive equal of the farmer with a tractor and other mechanical inventions. Too rapid growth of the latter type farm operation will tend to center commercial production on fewer farms. In turn, this would swell the ranks of farmers removed from the commercial production of farm commodities. Unless opportunities are available for employment in cities through greatly increased industrial production, we will have an even more serious farm problem.

Some legislatures have already considered proposals to curb the growth of "corporation farms" and a program for assisting tenants and sharecroppers to buy land has been approved by Congress. Loans are to be made on a 3-percent amortization basis, but appropriations made by Congress are inadequate. However, it is anticipated that adequate funds in the future will make this measure an important one—giving a new lease on life for our many tenant farmers and sharecroppers.

New hope for agriculture may be offered through a broad program of research to find new uses for agricultural products. President Roosevelt has already indicated that he looks with favor on the establishment of a laboratory in the South, and the Government is now utilizing many existing agencies to do much to find new means of bringing income to the farmer. It is not beyond reasonable hope to believe that much of our idle land, some of it cultivated and removed from production, will one day be used to produce commodities for use in industry. In the past, Congress has too often failed to heed the demands of the farmer for protection against a flood of foreign oils and chemicals which could be produced from farm products. One reason for this has been that industry has been strong in opposing such proposals, due to the cheapness of the foreign product. Another is the hesitation to reopen tariff questions. But the strength of the farmer, through united and cooperative action with other farmers, is growing, and I hope will continue to grow.

In conclusion, let me express the hope that in my message to you I have brought a few random observations on the problem of agriculture which will at least convey to you my own interest, offer you some hope and encouragement, and strengthen your determination to work in harmony with the farm brotherhood for the raising of the general economic level of rural America.

It is recalled that nearly a hundred years ago a Member of the Senate warned the country that "Cotton is king!" I say that "Agriculture is king!" It was the farmers at Lexington who fired the shot heard around the world. It was the farmers at Kings Mountain who saved the day. Always it has been the farmer in the vanguard of building a real America. Do not lose faith. The radio has not replaced the porch of the village store as our country's great political forum. Modern inventions have changed the old farm and presented new conditions, but the undying and undefeated spirit of our rural population still lives and is winning more and more attention in Washington. With all the dark spots, the future for agriculture seems brighter than it has for many long years.

Industry's Outlook

EXTENSION OF REMARKS

OF

HON. JOHN G. TOWNSEND, JR.

OF DELAWARE

IN THE SENATE OF THE UNITED STATES

Thursday, December 9 (legislative day of Tuesday, November 16), 1937

ADDRESS BY LAMMOT DU PONT BEFORE THE NATIONAL ASSOCIATION OF MANUFACTURERS, DECEMBER 7, 1937

Mr. TOWNSEND. Mr. President, I ask unanimous consent to have printed in the RECORD an address entitled "Industry's Outlook," delivered on the 7th instant before the luncheon meeting of the National Association of Manufacturers at the Waldorf-Astoria Hotel, New York City, by Lammot du Pont, president of E. I. du Pont de Nemours & Co.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Amid the confusion and controversy that mark the economic thinking of today we stand in remarkable agreement on one point. American opinion seems unanimous that the chief hope for a lasting solution of our major social difficulties lies in the vigorous expansion of industry into new fields.

All sides are looking to industry and to industrial science to create millions of new jobs and end unemployment for all who can and will work.

Granting that the purchasing power of a part of our population is too low, it is industry alone that can produce the additional national income necessary to a measurable improvement of this condition.

Some parts of our agriculture are disorganized. In the past technological progress originating in and made available by industry has been the recourse of the American farmer in similar emergencies, so that here, too, industry and science are being hailed as agriculture's greatest hope.

We have gone far in 50 years, either directly through industry or indirectly through the funds that industry and those who have profited by it have provided in taxes, in grants to educational enterprise, scientific research, and other agencies working for the common good. This tremendous advance, from which the vast majority of us have gained, has tended to make us more acutely aware of the problems still facing us and of those among us who have gained little. Poverty, unemployment, and disease are no longer accepted by us as unavoidable world-old hazards of man's existence on earth. As a people we recognize a responsibility for their progressive reduction and, if possible, their eventual removal, an end once thought to be unattainable.

Let us remember that industry inspired this viewpoint by virtue of solid accomplishment that has raised us, nationally, to a plane from which, for the first time in history, we can see over the walls of precedent.

In this, the world's most intensely industrialized Nation, poverty and want, real though they are, have become lesser problems than in any comparable community, regardless of its form of government, its political leadership, or its economic pattern. We have in the United States less than 7 percent of the world's population and less than 6 percent of the world's land, and yet the annual domestic business done by, between, and among Americans represent almost 40 percent of the world's trade.

So far as America is concerned, poverty has become a relative term in the past 50 years. In many lands what we call poverty would be called well-being, what we define as well-being would be called riches. The most formidable social problem of the present dwindle into a mere fraction of the whole when we regard the enormity of what was undertaken by industry on this continent and the distance we have come toward our goal. The wonder today is not that we have problems still to solve but that we have so few of them.

It is not surprising, therefore, in this industrial age, in this industrially built Nation, that the bulk of responsibility for future social betterment should be placed on industry's shoulders. It belongs there. And industry accepts that responsibility. Even more, we welcome this responsibility with full confidence in our own and our Nation's capacity to discharge it successfully. All that we ask is the same fair opportunity to work that we believe should be given to the humblest citizen.

The difficulties confronting us are not of recent origin. Their roots sink through all the levels of civilization to the very beginning. It follows that they cannot suddenly be removed. New jobs, new wealth, farm prosperity cannot be picked like dreams and theories out of the air. They can be produced only through planned research, planned development, and by planned expansion of plant, sales, administrative, and other facilities, which means at every step the planned expenditure of capital months and years in advance of one penny of return. And this must be intelligent planning.

In my own company certain projects only now coming to fruition had their genesis as far back as 8 or 10 years ago. A new type of motor truck tire, recently placed on the market, was under test for 3 years before the tire manufacturers were satisfied its production was warranted, and prior to that research chemists worked even longer on the basic development that made the tire possible. So-called new industries such as air conditioning, rayon, plastics, radio, were 20 or more years in developing their present momentum. These instances are typical.

All forward-looking industrial activity is planned. It is based on what the planners believe will be the needs and conditions of 1, 5, 10, or even 20 years hence. Before a new factory is built or an old one is enlarged, before a pound of raw materials is ordered or a dollar is appropriated for wages, advertising and other expenses, industry must know with some reasonable degree of certainty the conditions that will prevail once the wheels begin turning. Even the smallest retail merchant, who buys in February for delivery in November, faces this identical problem of trying to gage the future. He is bold or cautious according to the range and clarity of his vision. So is all business.

Obviously, then, when the future is uncertain, business is uncertain. It becomes like an automobile driver who, blinded by fog, feels his way over a strange road fearful of the ditch. The power and speed built into the car are useless. There is no fair opportunity to employ them except at the risk of a wreck. Consequently the sensible driver slows down or pulls off to the side until the fog lifts.

Today, industry is blanketed by just such a fog of uncertainty. Uncertainty rules the tax situation, the labor situation, the monetary situation, and practically every legal condition under which industry must operate. Are taxes to go higher, lower, or stay where they are? We don't know. Is labor to be union or nonunion; is the A. F. of L. or the C. I. O. to dominate it, and in any event what will be expected of the employer? It is impossible even to guess at the answers. Are we to have inflation or deflation, more government spending or less? Industry is without a scrap of knowledge on either subject. Are new restrictions to be placed on capital, new limits on profits? Industry doesn't know. The whole future is a gigantic question mark.

I say this in criticism of nobody. Perhaps the uncertainties of the recent past, which were, in part at least, the outgrowth of world conditions beyond any one nation's control, justify and excuse the uncertainties of the present. That is for history to decide. What has been done, wisely or unwisely, is behind us. Let us leave it there. It is no time for post mortems.

However, if industry is to be given the fair opportunity to work that it seeks, some definition should be given of what, to those of us in industry, would constitute a fair opportunity. My own thought may be summed up in a sentence: Give industry a reasonable degree of certainty upon which it can count in planning current and future operations. In short, lift the fog and let us see the road we must travel.

At this juncture, the stabilization of tax rates over a definite period, plus a simplification of the tax structure, may be almost more important than the actual level of taxes. Simplification of the tax structure would, indeed, amount to a tax reduction, because it would decrease the high and ever-rising cost the taxpayer must bear to determine what taxes he owes. The present fear

that we face a rapidly ascending tax scale, as well as new taxes, the nature of which nobody can guess, stands like a wall in the path of industrial expansion.

The labor situation should be stabilized. Strikes, broken contracts, wars within labor's own ranks, the constant threat of sweeping new laws have reduced industrial planning to the category of a gamble, so far as the labor factor is concerned. Employer, labor, and public alike are suffering in consequence. Unemployment is increasing. New plants that were planned have not been built. They dare not be built in face of the uncertainty. Here again is a situation wherein the stabilization of fair conditions over a definite period may be more important even than the details of wage rates and hours or the precise form of labor organization.

If industry is to have a fair opportunity to work, the legal rules under which it must operate should be stabilized immediately. As long as the law-making mills grind, the fog of uncertainty mocks the industrial planner. Business needs more than a mere breathing spell from legislative experimentation. It needs positive, reliable assurance that the complicated terms and conditions under which it must function are finally determined, subject only to an unmistakable public demand for their amendment. As it is, the businessman is the subject of more legislative concern than the criminal. The latter enjoys far less uncertainty of the laws prescribing his operations. The criminal laws are stabilized.

Few people realize the cost of putting one man to work. A recent study of more than 100 factories employing 112,000 men and women showed a computed average investment per employee in excess of $8,000, of which almost $3,000 represented working capital. On the basis of these figures, which undoubtedly are low for industry as a whole, the task of providing the facilities and working capital necessary to give jobs to the existing labor surplus in this country is one that preimposes an investment by private industry that would be no less than $25,000,000,000, and which might greatly exceed that sum. That is to say, it will take $25,000,000,000, or more, invested a year, 2 years, perhaps even 10 years in advance of any hope of return on it, to create 3,000,000 industrial jobs that do not now exist. If anything, this is an understatement of the problem.

Such an expansion of the present employing structure can only be achieved by the discovery, development, and popularization of new products, by vastly broadening the market for existing products through lowering their cost, and by maintaining a rule of fair return for all effort, not excepting capital effort.

The task is staggering in its size and complexity, even assuming a reasonably clear road and reasonably stabilized conditions. However, it is neither hopeless nor impossible.

Since 1900 more than 50,000,000 persons have been added to our population. The best estimates are that we will add less than two-fifths of that number in the next 30 or 40 years, after which the population will decline. The future problem of providing a job for every worker is, on its face, a much smaller one than was that of the three or four decades immediately behind us.

At the same time the facilities for creating jobs have been augmented. It is elemental to point out that science and invention are based necessarily on knowledge, and that knowledge is cumulative. We know vastly more today than we did in 1900. We have hundreds working to create new things where before we had tens. Discovery has become organized. The industrial research laboratory is, practically, a child of only yesterday just entering adulthood.

In recent years more than 10,000 new metal alloys and more than 250,000 new compounds of chemicals have been produced. Of these, only a handful as yet are in use or their possibilities realized. What they hold in the way of new materials for industry, new drugs for medicine, new products for new industries, and new jobs, is a guess beyond the most fertile imagination.

Once dependent wholly on natural materials, only man's own ingenuity is now the limiting factor in industry. From an industrial era of adaptation, we have entered a new era of creation. The next 10 years should outstrip the previous 20, the next 20 the previous 50, if the opportunity for accomplishment remains at all comparable. America's industry asks only that fair opportunity.

British Imperial War Council Report

EXTENSION OF REMARKS

OF

HON. HENRY CABOT LODGE, JR.

OF MASSACHUSETTS

IN THE SENATE OF THE UNITED STATES

Thursday, December 9 (legislative day of Tuesday, November 16), 1937

A DISPATCH WHICH WAS CARRIED BY THE INTERNATIONAL NEWS SERVICE ON NOVEMBER 14, 1937

Mr. LODGE. Mr. President, I ask unanimous consent to have inserted in the Appendix of the RECORD a dispatch which was carried by the International News Service on November 14, 1937, describing the secret report made to the British Imperial War Council in the spring of 1917.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

WASHINGTON, November 14 (INS).—The verbatim official text of the secret report to Britain's Imperial War Council in the spring of 1917, revealing in detail the Allies' secret deals for territorial spoils long before the World War ended, is presented herewith exclusively by International News Service.

Obtained through the journalistic ingenuity of William K. Hutchinson, veteran International News Service correspondent in Washington, this amazing document discloses the American people entered the war shortly after that Imperal Council conference, not knowing they would, in effect, be obliged to fight for these secret spoils pledges.

The cast of characters participating in the historic conference herein publicly recorded for the first time, included, among others, the following:

Prime Minister David Lloyd George.
Foreign Secretary the late Arthur James Balfour.
Secretary of State for India the late Austen Chamberlain.
Canada's representative, Sir Robert Borden.
New Zealand's representative, W. F. Massey.

The official text of what transpired at the Imperial War Council conference with regard to the secret pledges of the Allies follows:

"The PRIME MINISTER. I will now ask Mr. Balfour to give his statement on foreign policy.

"Mr. BALFOUR. I do not think it is necessary, really, for me to say much about either of the two important foreign countries—America and Russia—at this moment, because about America some of the gentlemen here have more direct knowledge than is possessed by the Foreign Office. The Canadian representatives have a knowledge of America which we hardly possess, while as regards Russia we have already discussed the situation, and I think the Cabinet understands it as well as anybody can understand this rapidly moving cinematograph of Russian politics. The real thing that is important to us, I think, is to know whether, if, as we hope, the reasonable and moderate reformers win, they will be able successfully to administer the country. If you look back upon Russian history you will see that every great movement of reform has come when the administrative inefficiency of the autocracy has been followed by some great calamity. The Crimean War, which broke the heart of Nicholas I, was immediately followed by the greatest of all revolutions, the freeing of the serfs, and other great legal reforms of the early reign of Alexander II. The calamity of the Japanese War was followed by the establishment of the Duma, and the administrative disgraces of the present war are followed by the revolution which is now going on before our eyes. But we have to notice that while the general feeling of disgust and discontent with the inefficiency of the autocracy has always been able to produce these reforms we have never had the opportunity of seeing whether the democracy will be able to do what the autocracy utterly failed to do, which is to administer this enormous country and to organize it for purposes either of war or peace. The total failure of the autocracy is amazing if you look back, and my fear is whether these new people will do so much better than the old. In Russia there is no middle class. Corruption has eaten deeply into their vitals and we must not hope for too much. It seems certain, however, that they cannot do worse than their predecessors. I think that is quite clear.

"The Central Powers, as we all know, have an enormous military advantage over us in their central position. They have a corresponding advantage from the point of view of their aims. Germany dominates the aims of the whole of the coalition against us, but none of the other powers have aims which are inconsistent or even divergent from those of Germany. Austria, for example, has, or had, in the earlier days of the war, nothing except to gain by German successes. Germany's desire to press on in the east was not only good for Germany but for Austria. Turkey, of course, was promised hegemony in the further east, which certainly, when it came to the point, Germany would never have allowed her to exercise. But Turkey felt that her objects were identical with Germany, so there has been not only a central direction but a central motive. Now, we and our Allies, on the other hand, are not only not contiguous with each other, but we are as widely separated as we well can be. Our most important ally, next to France, is Russia, and we cannot get at Russia. Even to take away a single individual or a single mission from Russia is a matter which the Admiralty has seriously to consider, and steps for which they have to work out with the utmost caution. Japan is at the extreme end of the world, we are separated geographically; but there is a much more important separation, and that is the separation of temperament, and the separation of history and tradition. It is really an extraordinary thing on which to reflect that of the five great powers now fighting on the Entente side, Japan and Russia were in death grips about 10 or 11 years ago. France and England were on the edge of war more than once, and on more than one subject, until the Entente arrangement was finally made in the year 1904. Italy was actually joined by treaty with the Central Powers as a counterpoise to France and Russia, whilst we and Russia were regarded as almost traditional enemies. I remember quite well in the first days of the Committee of Imperial Defence, which started in the year I think 1902 or 1903, we worked out the many problems with which the Empire was

then faced. What were they? How to prevent Russia getting India and how to deal with a war with France. That was 12 or more years ago. Now the change which has been brought about largely by German ambition backed by German diplomacy, which is the worst diplomacy in the world, has welded all those nations into one coalition determined to put down this world tyranny. We have to accept the fact that residues of the old condition of things must to a certain extent remain, and one of the diplomatic troubles which we have to deal with for example, is the eternal jealousy between Italy and France. It is curious that these two Latin nations, one of which owes so much to the other because, without France, Italy would hardly have gained her unity, in spite of that they cannot get on with each other. We are the link between the two. I think if you were to ask the First Lord of the Admiralty, he would tell you that one of our difficulties in the Adriatic is that the French will not work under the Italians. We ourselves are quite ready to do so. We have sent ships to help them and our ships work under an Italian admiral; but the French will not do this. In the Eastern Mediterranean there is jealousy at this moment which is hampering our diplomacy, I do not say in a serious way, but it is vexatious and irritating. Greece, which is the scandal of contemporary diplomacy, is a scandal because three nations—the French, the English, and the Italians—are trying to manage her, and all of whom have divergent views. The Italians detest M. Venizelos—I do not know why—but they appear to think that under M. Venizelos Greece might attain to a position of influence in the Aegean Sea, which is inimical to the ambitions of Italy. Merely as a characteristic mark of what is going on, the Italians have been sending troops to Corfu, but nobody knows why. We cannot get any explanation. The French say, "Cannot you send even a corporal's guard so that the British flag may be hoisted there as well as the French, the Greek, and the Italian?" Broadly speaking, however, everything is working well with the exception of these little elements of discord, which are very vexatious to the Foreign Office but which I hope will not profoundly modify the general course of the war.

"I do not want to go at length into the question of Japan because that is too large, but perhaps I ought to say a little about it. The great Dominions and the United States of America are naturally, and I think rightly, jealous of Japan's obtaining any footing within their territories. Japan, on the other hand, at present quite genuinely believes that what has been the sheet anchor of her policy for the last 12 years, namely, the British alliance, is still the sheet anchor of her present policy, and they still cling to that. Of course, we are talking quite privately, and I do not think we can conceal from ourselves that there is in every quarter of the eastern world a certain uneasiness as to whether Japan is in the future going to try and play the part in those regions which Prussia has played in Europe—whether she is not going to aim at some kind of domination. That fear hangs over the world. I do not venture to give any opinion on that at all. Lord Grey held the view that if you are going to keep Japan out of North America, out of Canada, out of the United States, out of Australia, out of New Zealand, out of the islands south of the Equator in the Pacific, you could not forbid her to expand in China. A nation of that sort must have a safety valve somewhere, and although I think Lord Grey carried his doctrine to excess, I think there is something in it. I do not, however, propose to touch further on this question.

"As regards the war in the immediate future, I have, myself, no doubt that Japan, with an eye to her own interests, is quite genuinely helping the Allies, and helping the Allies to the best of her ability. She is making money; unlike the rest of us, she is doing well; but I do not think we ought to undertake the services she has given or the services she is giving; and the present administration, so far as I can judge, is incomparably more reasonable in its Chinese policy than the ministry which immediately preceded it. They are making great professions of leaving China to work out her own salvation. Whether these professions will be carried out to the full remains to be seen, but certainly I have not observed anything at present which ought to inspire us with suspicion. I do not believe suspicion is well placed. The only reason for which I mention that is I am told at this moment the Germans still have hopes of detaching Japan. That telegram which was sent to Mexico and which produced all that excitement, you remember, suggested that Mexico should act as an intermediary bet een Japan and Germany. I do not know whether you have that in your minds. The plan was to bring in Japan on the German side. I believe that was one of Germany's extraordinary blunders which she is always making, and I do not myself look forward with the least apprehension to anything that Japan is likely to do during the course of the war.

"If I turn from these considerations, which affect the Allies, to the diplomatic relations between the Allies and the Central Powers other than the immediate military relations between the Allies and the Central Powers, the most important question is, Are the terms of peace to which we are committed of a kind which are unnecessarily going to prolong the war? There is no doubt that Germany, as we have heard today, is in very great peril. How are they keeping up the spirits of their people? They are keeping them up in two ways. They are saying in the first place that England will succumb under the submarine warfare. They are saying in the second place, 'You must go on fighting at whatever sacrifice, because, if you do not win, our enemies are determined not merely to beat us but to destroy us'; and every nation worth anything, of course, will fight to the last crust of bread and to the last cartridge, if its actual destruction is going to be the result of an unsuccessful war.

"The practical destruction of the Turkish Empire is undoubtedly one of the objects which we desire to attain. The Turks may well be left—I hope they will be left—in a more or less independent position in Asia Minor. If we are successful unquestionably Turkey will be deprived of all that in the larger sense may be called Arabia; she will be deprived of the most important portions of the valley of the Euphrates and the Tigris; she will lose Constantinople; and Syria, Armenia, and the southern parts of Asia Minor will, if not annexed by the Entente Powers, probably fall more or less under their domination.

"If we turn from Turkey, however, to Austria, the position is somewhat different. According to rumors, which you must all have heard, Austria is so exhausted that she would desire to have a separate peace; but, again, one of the difficulties about a separate peace is what, by the terms as interpreted in our note to President Wilson, will be left of Austria if we do make a separate peace? We have entered into treaties with Italy, Rumania, and Serbia, all of which affect Austrian territory. Italy, who came into the war in April, I think it was, of 1915, opened her mouth rather widely; that is Italy's way; and she not only got the Allies to promise her Italian Irredenta, the populations bordering upon her frontier who are of Italian origin, speak Italian, and possess Italian culture, but she asked also for parts of Dalmatia, which, neither ethnologically nor for any other valid reason, can be regarded as a natural part of Italy. Her justification, however, was not ethnological; it was purely military or, rather, naval. Italy is very unfortunately situated in the Adriatic; she possesses the whole of the western seaboard of that sea, but along her coasts from Venice to Brindisi there is nothing really which deserves to be called a harbor at all.

"But opposite, threatening her, within easy striking distance and within a few hours' steam, there is the coast of Dalmatia with its islands and its harbors contrived by nature to suit modern submarine warfare, and it is most natural that Italy should say: We should like, in our own interests and for our own protection, to possess this coast. Except from that military point of view I am not aware that it is easy to justify handing over the Dalmatian coast, which is not Italian, to Italy. But there it is, it is in the treaty to which we are bound. We, the French, the Russians, and the Italians, are bound to each other never to make peace without the other, and among the conditions which we have mutually promised are these cessions of territory which so far as Italy is concerned, I have just described.

"If you turn to Serbia, we promised Serbia Bosnia and Herzegovina, and I think that it is a most legitimate promise. They are of the same race, of the same language, and of the same religion. They are not old provinces of Austria; they were Turkish provinces up to the Treaty of 1878 in the full sense of the word, and after 1878, until 1908, when Austria broke through the Treaty of Berlin, they were still Turkish provinces in name, though not in administration or in any other substantial sense. Still, they are not old provinces of Austria and if Austria lost them nobody could say that Austria was destroyed. If you go a little further north and ask how you are going to treat the Slav population which also speaks the same form of Slav language, the Croat and other Slav communities to the south of the Danube you undoubtedly are going to make a great breach in the traditional Austrian Empire. But I am not aware that we are by treaty bound in any sense to do that.

"The PRIME MINISTER. The promise to Serbia was conditional.

"Sir ROBERT BORDEN. Did we promise anything more than Bosnia and Herzegovina?

"Mr. BALFOUR. We promised an outlet to the Adriatic.

"The PRIME MINISTER. We wanted Serbia to give up a certain portion of Macedonia to Bulgaria, and then we said, 'If you do this when the settlement comes we will give you these Provinces, the population of which are more or less akin to your own. If the war is won by the Allies then we will give you access to the Adriatic.

"Mr. BALFOUR. I do not see that so far as Italy and Serbia are concerned it can be said that even if we had the sort of peace we liked it could be said that we had destroyed Austria, certainly not the historic Austria, the Austria of the eighteenth century, in any sense of the word at all.

"When you come to our promises to Rumania and our promises in connection with Poland, in connection with which I shall speak presently, the case is different. We promised Rumania, if she came in, that that part of Hungary which is predominantly Rumanian in race and in language should be handed over to Rumania. There are people who say that there are Rumanians in Hungry who do not wish to be handed over to Rumania. I do not know whether that is true or not; I should doubt it. But at all events, it is undeniable that to take away the Rumanian part of Hungary, namely Transylvania, and hand that to Rumania is to break up historic Hungary. That does touch the historic kingdom of Hungary. (But Transylvania went to Rumania.)

"As regards another historic kingdom with an important past—Bohemia. Bohemia is predominantly Slav in language and in civilization. It differs, of course, from the southern Slavs, from the Serbs, for instance, in being Roman Catholic in religion and in speaking a language of a variety of Slav which is very different from that spoken by their brothers farther south. It has a history and a tradition of its own. It has been quite abominably used by Austria in this war. If all accounts are true, Bohemia has a hatred of German civilization and German propaganda which is intense and I think inextinguishable. Whether, however, all those feelings could not be adequately satisfied by giving Bohemia some form of autonomy in the Austrian Empire I am not so clear. I happened to meet a few months before his assassination with the poor

man who was the beginning of all our troubles. He was then heir to the Austrian throne, and he had a view that the only way to keep Austria together was to make it a triple state instead of a dual state.

"At present it is a dual State which is the Austro-Hungarian Empire. He wanted to make a third element in the empire, namely a southern Slav. It seems to me that if you made it a quadruple empire and gave Bohemia autonomy, it would be a very curious construction, but not more curious than Austria has been through all these centuries, and it might really meet the views of the populations without absolutely destroying Austria as history knows it. But I am afraid that does not touch the Rumanian difficulty. I do not see any way out of that at present.

"With regard to Poland, I do not think you can call the Polish part of Austria—in fact, it would be absurd to call it a part of historic Austria; it became Austrian because Frederick the Great, Catherine II, and Maria Theresa chose to cut up Poland and divide it among themselves. Galicia is not part of historic Austria, and might and ought to go to the Poland of the future. But what of the Poland of the future? That, I think, is now, as it has been ever since the great crime of partition was accomplished, the greatest crux of European diplomacy. A very distinguished Pole came to see me yesterday, whose name I will not even venture to pronounce (Lord R. Cecil: Mr. Dmowski) but he is a man of very high character and great position. He is an ardent advocate for a completely independent Poland which should include all the Poles. But, I asked him: 'What relations does the Poland that you desire, the Polish Poland that you desire created, bear to the Poland of 1772, the year of the first partition?' 'Well,' he said, 'I quite agree you cannot precisely follow those old frontiers.' Part of what was then Poland is more Russian than Polish—the eastern part of it—and we could not ask that it should be taken from Russia and handed over to Poland. On the other hand, there is a part of Upper Silesia which had been taken from ancient Poland before the partition; Frederick the Great, in fact, took it from Austria. 'That,' he said, 'is quite genuinely Polish.' I think, he said, 80 percent of the inhabitants of the Polish area of Silesia were Poles by birth and Poles by language; and in his view that ought to be added to Poland. Then I said to him, 'Well, what about Danzig?' Danzig, as you will remember, is one of the old Hanseatic towns, and undoubtedly, subject to its municipal independence, it was part of the Polish kingdom. But I suspect, myself, it has been practically German for many centuries; it is certainly predominantly German at this moment. The country immediately around it, or a great deal of the country in its immediate neighborhood, is just as Polish as other parts of Poland; at any rate, more than 50 percent are Poles. But here comes the difficulty. He said, without Danzig, Poland is impossible. Danzig is the one outlet, the one adequate outlet to the sea, which the restored Poland would have, and unless you are prepared to give back Danzig to Poland it is useless to try and create a really flourishing modern State. Of course, you will remember Danzig belonged to Poland at the time of the partition. In fact, it belonged to Poland after the first partition. Frederick the Great was content not to take it at that time because he said, with great truth, that 'Anybody who has the Vistula, or the upper waters of the Vistula, will become in time the owner of Danzig'; as indeed he did become; but still, I think everybody must admit that to take away Danzig from Germany would be to deprive Germany of a town which is predominantly German; but if you have the map in your mind, it cuts off Konigsberg, and all east Prussia from the rest of the Prussian State, and therefore undoubtedly that is a thing which would touch German emotions and German interests very quickly. Konigsberg and East Prussia would become a kind of enclave, separate from Germany, but remaining German, embedded in a Polish and Russian framework. The difficulties of that are very great, but you see you are in a dilemma, according to my friend, whether Poland is absolutely independent, as he desires, or whether it becomes an autonomous State, bound more or less closely to Russia. However that may be, whether you include Danzig or not, any idea to make a Poland which does not include Posen is, in his view, destroying Poland. On the other hand, Posen is, at present, a very integral part of Germany, and Germany, no doubt would feel that if Posen were taken by a power which was potentially a great power, it would bring it very close up to the gates of Berlin. And yet, supposing we are successful, can we allow this war to come to an end without doing something substantially to get rid of the Polish scandal? It is true that Poland brought it upon herself. If Poland had understood the elements of reasonably good government, the idea that she could be partitioned like an inert mass, as she was, is out of the question. But that is in the past, and it is quite possible that the Poland of the future will be a useful member of the European community; but until she is satisfied you will have the nucleus of bitter discontent, and a nation going back to great and glorious memories, when it was the most powerful State in eastern Europe. I frankly admit that when the Germans say that we are fighting for a cause which means their destruction, it is not true in one sense; we are not destroying a German Germany, but we are trying to destroy the rather artificial creation of the modern Prussia, which includes many Slav elements which never belonged to Germany until about 140 years ago, and ought, really, not to belong to Germany at this moment.

"I am afraid I am merely stating difficulties; I am sorry to say I am not solving them. If we are not successful in the war, there is no hope of solving them. If the war is a drawn battle, these great causes, I am afraid, will never be satisfactorily dealt with by us. If we win triumphantly, then we shall be able to deal with them. Let me return for a moment to my Polish friend. He urged me very strongly to make a public appeal now on behalf of Poland. 'Now,' said he, 'that the Czar has gone, the Entente nations ought to announce publicly that they are going to establish an independent Poland; and if you do not do that,' he said, 'there is great danger that the Germans may succeed in the future in doing what they have failed to do in the past, which is to raise a Polish army.'

"His view was, that the recruiting of this Polish army had largely failed because the magnates whether ecclesiastical or lay in Poland had taken the oath of allegiance to the Tsar and were not prepared to break it. The Tsar has gone, the oath has gone, and he declared that his view was that the constant pressure of Germany, after this particular doubt had been removed, might succeed in producing this great addition to her manpower. If it did, the effect upon the Allied cause would undoubtedly be most serious. He put the numbers down at between 700,000 and 1,000,000. Supposing Poland came in, in that way, on the side of the central powers, and supposing Russia fell into disorganization and military chaos, the whole of the position in the east would be changed disastrously for the worse. Whether we are in a position to proclaim our intentions with regard to Poland, and whether, if we did, it would have the effect which he says, I do not know; I think, very likely, it would. I put this question to him: 'The Czar has gone, and with the Czar one obstacle may have gone, but can you ask this new Russian Government to begin its career by handing over what the Russians regard as an indisputable part of their territory?' He seemed to think it would be possible. I confess I have my doubts. I am sending an account of this conversation to Sir George Buchanan and I shall be interested to hear what he says about it.

"Personally, from a selfish western point of view, I would rather that Poland was autonomous under the Russians, because if you make an absolutely independent Poland, lying between Russia and the central states, you cut off Russia altogether from the west. Russia ceases to be a factor in western politics, or almost ceases. She will be largely divided from Austria by Rumania. She will be divided from Germany by the new Polish state; and she will not be coterminous with any of the belligerents. And if Germany has designs in the future upon France or the west, I think she will be protected by this new state from any action on the part of Russia, and I am not at all sure that that is to the interests of western civilization. It is a problem which has greatly exercised my mind, and for which I do not see a clear solution. These are disjointed observations in regard to Poland; they lead to no clear-cut recommendation on my part. I am not pleading for a cause; I am trying to lay before the Cabinet the various elements in the problem as they strike me.

"The next branch of the subject on which I have anything to say is the smaller neutrals.

"Sir ROBERT BORDEN. Is there any point about Belgium?

"Mr. BALFOUR. With regard to Belgium I think I can very shortly describe the position to the Cabinet. It is more an economic than a diplomatic problem. I take it that whatever we fight for we fight for the restoration of Belgium to her old limits and her old condition of independence and prosperity. The Belgian Minister has more than once been to see me and has put to me this problem. He said: 'All of us, every nation will after the war, have to face a whole series of new and difficult questions, social, economic, military; the upsetting of everything is so complete, that there is not a nation in the world that will not have to face a new set of things, and do their very best to solve the problem raised.' All that is true of Belgium. But what is true of Belgium is true to some extent of no other country. Unless the Allies will, while the war is going on, make preparation to help Belgium, when peace comes, even though its independence be restored and its old frontiers established, she will be left derelict; it is an industrial community, thickly populated, depending for its very livelihood and bread for the people upon mining and upon manufactures. The Germans have not only overrun the country, but they have taken away all the machinery, all the raw materials, they have practically taken away everything for the carrying on of the elementary economic effort of the country, and it is impossible for Belgium to make itself again a going concern unless the Allies are prepared at the moment of peace, at the first moment possible, to pour in the raw material, to supply the machinery to make Belgium, in other words, something like what it was before the Germans overwhelmed it. I have no answer to that; I believe what he said is perfectly true, and I believe the appeal which the Belgian Minister makes to the Allies is one which ought to be considered. We are overwhelmed with work; my office can do nothing; I am not sure what office ought to do it. So great is the pressure that I have not had time to put this case before the Prime Minister and our smaller cabinet. I only circulated an account of my conversation with the Belgian Minister, but the question must be raised and it must be faced. I think it is one of the most important things, outside the war itself; but how it is to be done, other ministers and other departments must say.

"Sir JOSEPH WARD. In regard to that restoration of machinery, do you mean prior to the rebuilding of the devastated Belgium?

"Mr. BALFOUR. I think we ought to be ready to pour it into the country if we can.

"The PRIME MINISTER. It is impossible for the simple reason that all our available manufacturing capacity is put to urgent war work. If we have anything to spare, we put it into agricultural work.

"Mr. BALFOUR. Perhaps I should add that in my view, the notion which is going through the German mind that they can restore Belgian independence enough to satisfy the world, and yet keep a grip upon Belgian economic life, and Belgian ports, I regard as absolutely inadmissable. I think that is almost as bad as annexing Belgium, and I would fight against it to the last drop of my blood. I do not think that is arguable.

"As regards the neutrals—the small neutrals I mean—Sweden and Royalist Greece, which must be regarded as more or less hostile; Spain and Holland, which I think are friendly, but more doubtful; Norway and Denmark, which are certainly very weak, especially Denmark, there is a great deal of important diplomatic work and Foreign Office work done with these countries; but most of that work really belongs to my colleague, the Minister of Blockade, and measured by telegrams it is far greater, I believe, than that of all the other offices of state put together; but he will make a statement upon the subject. I do not believe I have anything more to say except this one observation.

"Mr. AUSTEN CHAMBERLAIN. Are you going to say anything more about German aims in the Middle East and their consequence to us?

"Mr. BALFOUR. I feel intensely upon that question. It was referred to, I think, by the Prime Minister in his statement the day before yesterday, but I am quite ready to say something about it if you think it desirable. This war has been described, and quite accurately I think, as a war against the world domination of Germany, but I think that Germany after all was not equally anxious to have world domination in every direction at one and the same time. What Germany wanted to do was not to make every country equally subservient to her economic designs; I think her economic ambitions in these later years were largely directed, not, of course, wholly, but largely directed to developing the communications between Germany, through Austria, through subordinate states like Bulgaria and Turkey to the Persian Gulf and ultimately to India and the Far East. All the German literature of the last 10 years is full of these dreams. Germany has borrowed a great deal from Napoleon; almost always the worst things of Napoleon's. These are the dreams and they have eaten very deeply into the social imagination of the whole community. They picture to themselves Asia Minor, the valleys of the Euphrates and the Tigris and beyond, India and the East; they picture that as a happy field where German enterprise can reign undisturbed. They found Great Britain and the United States had got before them in entirely new countries. South America they were nibbling at, but they had never made up their minds to deal with it. But they thought they had a really fair field in these oriental regions, and I believe that it was within their power to do it. I believe that if they were successful in this war, they would do it and that their success would undoubtedly adversely affect the British Empire. I will not say the British Empire would fall, I do not think it would, but it would have a very severe struggle for existence and the whole balance of the world's trade and the world's power would be altered. The Dominions like Australia and New Zealand would be in an entirely different position from what they are now. India would be in an entirely different position from what it is now, and I am not at all sure that among the dangers of German domination, which every country has to fear, the particular dangers that arise through their being able to establish an unbroken avenue of influence from the North Sea to the Persian Gulf is not the greatest of all. I think whatever else happens in the war, that recent events have upset that dream, and I do not think that things could possibly go so badly that Germany could piece together the scattered fragments of this structure which they are striving to complete. In that particular I think we have been successful. I wish I could feel that our success was as complete in other fields of operation and that we could look forward with equal confidence to breaking the designs of Germany in Europe as I hope we have been now in breaking her designs in Turkey and the Middle East generally.

"Mr. MASSEY. Can you tell us anything with regard to the French Provinces of Alsace and Lorraine?

"Mr. BALFOUR. The importance of Alsace and Lorraine is twofold. In the first place, if we could transfer them back to France we should, I think, do something to improve the equilibrium of Europe. You would remove a population which does not wish to be under Germany to France which it does wish to be under. You would further increase the population of France relative to the population of Germany, which undoubtedly must make for the equilibrium of Europe, and because it makes for the equilibrium of Europe, makes also for the peace of the world. Then there is another point. Since Alsace and Lorraine were taken by Germany, means have been found to utilize the great iron deposits of Lorraine to an extent which makes them a very formidable adjunct to Germany's industrial power. I frankly admit that I should very much like to see these great fields of industrial enterprise restored to their original owners. Germany's strength in coal and steel is an absolutely new phenomenon, you must remember, since the War of 1870, and it is one of the most formidable factors in her success in this war.

"The PRIME MINISTER. And it is one you cannot touch by the blockade.

"Mr. BALFOUR. I was told that when the war broke out, Germany had a greater power of producing munitions at the moment than the whole of the rest of the world put together. She owed that, of course, partly to her desire to be prepared in a military sense, but partly to these enormous resources which she has developed since 1870, of which the iron and coal fields west of the Rhine are an important part and, therefore, from that point of view as well as from the more strictly political and diplomatic point of view, I should be most desirous to see Alsace and Lorraine restored to France. I am told that the French are not so eager about them as they were. Or let me put it rather differently; I am told that the war-weariness in certain sections of French society in consequence of their terrific losses and the general burdens which the war has thrown upon them are so great that if they could get an honorable peace, even without Alsace and Lorraine, or even a small fragment of Alsace and Lorraine, they might be content to take it. I should be very disappointed if this war ends without the complete restoration of the ancient frontiers of France.

"The only other thing I have to say is that German atrocities have really had an important diplomatic effect. I think that when Lord Robert Cecil comes to speak, he will tell you how great an effect upon allied diplomacy has been the terrorism which Germany has inspired and produced in Holland, Denmark, and Norway. These countries are trembling at the German terrorism. They hate Germany, they hate the domination of Germany, but they feel that if they quarrel with Germany, they will be as Belgium is, and that is undoubtedly a very great diplomatic weapon in the hands of Germany. It is painful to have to admit it, but I think it is true.

"The PRIME MINISTER. I am sure we are very much obliged to the Secretary of State for Foreign Affairs for his most illuminating exposition. I do not know whether any members of the Cabinet would like to ask any further questions."

Wage and Hour Bill

EXTENSION OF REMARKS
OF
HON. MARTIN DIES
OF TEXAS
IN THE HOUSE OF REPRESENTATIVES
Thursday, December 9, 1937

STATEMENT BY H. C. FLEMING, PRESIDENT OF THE OIL WORKERS INTERNATIONAL UNION

Mr. DIES. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following statement by H. C. Fleming, president of the Oil Workers International Union, giving the grounds of the opposition of that organization to the pending wage and hour bill, and also an amendment proposed by him:

The petroleum industry made an extraordinary adjustment of hours of employment under the National Industrial Recovery Act, Code of Fair Competition for the Petroleum Industry, signed by the President August 19, 1933, and as a result the 36-hour workweek insofar as employees, other than clerical are concerned, became the maximum hours of work for the entire industry, and for the most part has continued in effect throughout the industry. There are, however, a few of the smaller companies that have conducted themselves beyond the law and failed, both under the Code of Fair Competition as well as now, to observe the universal application of the 36-hour workweek.

The proposed wage and hour bill provides for a 40-hour maximum workweek and a 40-cent minimum hourly rate. If this becomes the law of the land without suitable amendment applying particularly to the petroleum industry, it will defeat the very purpose that the act intends to accomplish; that is, added employment. This act would reduce the employment load in the petroleum industry approximately 18 percent, because the industry would take advantage of the specific fact that they have gone from 36 hours' employment as a standard week to 40 hours by direction of the Congress of the United States.

While it is true that certain collective bargaining agreements exist within the industry establishing 36 hours as a maximum workweek these companies would be faced with an unfair competitive relation with other oil companies if they attempted to maintain, by virtue of collective bargaining, 36 hours as against a 40-hour week that would become effective with the adoption of the bill by the Congress.

It is because of this special situation applying to the great petroleum industry that the attached amendment is proposed. All Congressmen coming from oil-producing and refining centers, such as the great refineries no the Atlantic seaboard, New Jersey,

Pennsylvania, Gulf Coast, Great Lakes, and Pacific coast, would be a party to increasing the hours of employment of their constituents 4 hours per week if they voted for the bill without the proposed amendment applying to the petroleum industry.

The 36-hour workweek in the petroleum industry is an accepted principle, and surely the great arm of the Federal Government is not going to be used to disturb this equitable principle which is now operating favorably, both to the employee and to the employer.

It is because of the unique situation as it affects the petroleum industry where we have weekly hours of employment less than the bill provides that we urge this special amendment to safeguard this forward-looking program established in 1933.

Amendment to wage and hour bill proposed by Mr. H. C. Fremming, president of the Oil Workers International Union, together with statement of Mr. Fremming explaining the position of his organization with respect to the pending bill and the need for this amendment to protect the workers in the oil industry.

AMENDMENT TO WAGES AND HOURS BILL NO. —, APPLYING TO THE PETROLEUM INDUSTRY ONLY

In drilling, production, refinery, and pipe-line operations the maximum hours for clerical employees shall not exceed 40 hours in any one week.

All other employees in these operations, except executives, supervisors, and their immediate staffs, and pumpers of "stripper wells", and employees on isolated properties, shall work not more than 40 hours in any 1 week, nor more than 72 hours in any 2 weeks, nor more than 16 hours in any 2 days.

The minimum daily rate of pay, based upon 6 hours maximum employment per day, shall be $5 per day.

The Housing Act

EXTENSION OF REMARKS
OF
HON. WILLIAM B. BARRY
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Thursday, December 9, 1937

Mr. BARRY. Mr. Speaker and Members of the House, Queens County, N. Y., which I have the honor of representing in Congress, this year leads all other cities and counties of the country in the building of new homes.

Between January 1 and November 1 this year a total of 5,346 building permits for dwellings to house 14,340 families were issued. The cost of this building program was estimated at $61,296,295.

Hearings are now being held before the Banking and Currency Committee on President Roosevelt's recommended amendments to the National Housing Act. The chief object of the proposal is to enable home builders to buy homes with a 10-percent down payment, financed through F. H. A. insured mortgages, the cost of which will not exceed $6,000.

While I am enthusiastically for this proposal, and I believe that it will encourage building throughout the country and be an important factor in restoring economic prosperity, I feel that some benefits should be offered to those people who can afford a home costing more than $6,000. In Queens County, where there is much active building going on at the present time, the average house costs somewhere between $6,000 and $10,000. Consequently, if the limitation is set at $6,000, a great many people in my county and similar counties will not be aided. The change in the law offers them no inducement to build homes.

The leading builders of Queens County on Long Island assure me that the new housing plan if extended to include dwellings costing over $6,000 will start a building boom and will attract a very responsible type of home builder.

In view of this situation, I therefore recommend that the home builder who desires, or is compelled to pay more than $6,000 for his home, be given the benefit of the 10-percent down payment on the first $6,000 of the price of his house, and thereafter pay a graduated increase until at a certain price the amount of down payment reaches 20 percent.

At the completion of the hearings before the Banking and Currency Committee, I intend to make such recommendations, and I hope that my colleagues in other parts of the country who are similarly affected will get in touch with the members of the Banking and Currency Committee and recommend that my amendments be adopted.

Logrolling Farm Legislation

EXTENSION OF REMARKS
OF
HON. WILLIAM LEMKE
OF NORTH DAKOTA
IN THE HOUSE OF REPRESENTATIVES
Thursday, December 9, 1937

Mr. LEMKE. Mr. Speaker, we have now debated H. R. 8505, known as the Jones bill, being the bill that the Agricultural Committee reported out, for about 10 days, and the more we have debated it and the more we have amended it the worse it has become. This bill is not what the farmers want nor what they expected. The best friends of the administration are those of us who are opposing this bill and who still feel that at this late hour this administration may be saved from the responsibility of the enactment of this bill.

I have not yet discovered a single Member of Congress, except some of the members of the committee, who is for the bill and who does not secretly wish its defeat. Not a single farm organization now defends this bill. Even Ed O'Neil, of the Farm Bureau, whom we once suspected of being the bill's daddy, now disowns this monstrosity. He is reported to have stated that the Secretary of Agriculture was running out on him. I am very much afraid that his members have been walking out on him.

Well, it will take a lot of running out if this monstrosity is finally forced through Congress and enacted into law in its present form. The bill as now amended is the result of sectional logrolling. It consists of many contradictory parts. If it becomes a law, it will continue to divide the people along sectional lines. It will lead not only to hatred and sectionalism but it may end in disaster.

It is for this reason that I am joining with friends on the Democratic side of the aisle in the hope that we may save the day by substituting the Eicher-Massingale cost of production bills, H. R. 8521 and H. R. 8522. These two bills are identical. I give below a comparison between the Jones bill, which is the committee bill, and the Eicher-Massingale bill.

THE JONES BILL—H. R. 8505	THE EICHER-MASSINGALE COST-OF-PRODUCTION BILL—H. R. 8521 AND 8522
1. Is unquestionably unconstitutional.	1. The powers of the Federal Government to be exercised under this bill are well within the constitutional authority of Congress.
2. Under the Jones bill Congress decides and determines no policy with reference to the stability of agriculture, and leaves wide and undefined discretion in the control of farm production.	2. Under the Eicher-Massingale bill Congress determines and defines a definite policy with reference to the minimum of farm income, our domestic agricultural economy, the handling of surplus farm commodities, and the stability of American agriculture.
3. It is indefinite, complicated, incapable of being understood by Congress, by proposed administrators, by farmers—therefore, unworkable.	3. It is simple and direct, easily understood by Congress, proposed administrators, farmers. It is capable of accomplishing the objectives and therefore workable.
4. The operation of the Jones bill would take the American farmer out of the foreign market and would	4. The Eicher-Massingale bill will fully protect our American farmers in the domestic market and will

THE JONES BILL—H. R. 8505—CON.

put the foreign farmer into our domestic market.

5. The operation of the bill and the powers contained in it would freeze the farm income under a limitation of price and a limitation of production which is less than the farmers' cost of production.

6. The Jones bill would reduce production of food and fiber at a time when the President says that one-third of the Nation is ill-fed and ill-clad.

7. The bill includes the Soil-Conservation Act and rearranges its provisions and payments.

8. The Jones bill would cost the Treasury from seven hundred and fifty million to more than a billion dollars.

9. There are no provisions in the Jones bill for financing this ambitious program and no suggestions as to how the money would be raised and where the money could possibly come from.

10. The bill aims directly at regimenting and controlling the farmer—his farm and his production—without provisions or methods for escape.

THE EICHER-MASSINGALE COST-OF-PRODUCTION BILL—H. R. 8521 AND 8522—continued

enable our farmers to contend for and compete in the world markets for our surplus farm production without injury and with benefit to our foreign trade.

5. The bill will assure the farmer of an income of not less than the average cost of production for his products consumed domestically and assures him of the world price, less the cost of handling, of whatever surplus farm production he may produce for the foreign market.

6. The operation of the Eicher-Massingale bill will increase and expand the consumption of farm commodities and the products of labor and will enable the farmer to produce freely for both our domestic and foreign markets to meet their increased demands at home and abroad and virtually eliminate unemployment and the necessity for there being an ill-fed and ill-clad one-third of the population.

7. The enactment of this bill will in no way interfere with the Soil Conservation Act, which extends to January 1942 but will enable the farmer with his new "security" and "out of income" to conserve and protect soil fertility and make soil-conservation payments unnecessary long prior to the expiration of the Soil Conservation Act.

8. The Eicher-Massingale bill will not cost the Government any money except a small initial capital investment and virtually the entire annual administrative cost will be deducted from the proceeds of surplus farm commodities.

9. This Eicher-Massingale bill requires no annual appropriations, no new levies, no new taxes, and definite and specific provision is made for the financing of the sale of export farm commodities from the proceeds thereof.

10. The bill gives the farmer liberty and freedom, assures him of security, protects his income at not less than the average cost of production, gives agriculture real equality and a comparable purchasing power with industry and labor.

THE JONES BILL—H. R. 8505—CON.

11. The provisions of the bill makes it doubtful and improbable that it can be put in operation during the year 1938.

12. The Jones bill would reduce the farmers to the status of Government wards, will keep them permanently on the dole and regimented as serfs and incompetents. Cash payments from the Treasury can neither be determined or sustained year after year. The Government cannot borrow and sources of taxation cannot be found with farm production reduced and farm income limited and agriculture impoverished.

THE EICHER-MASSINGALE COST-OF-PRODUCTION BILL—H. R. 8521 AND 8522—continued

11. The bill can be put into operation and be effective within 60 days after it becomes a law. There is fully 6 months time before the bill would need to be in operation in order to be fully effective on the 1938 commodities under the terms of the bill.

12. The Eicher-Massingale bill is politically and economically sound. It involves no annual cost to the Treasury. The bill will put more than a majority of our 6,800,000 farmers into the income tax paying class under present rate schedules. It will enable our farmers to be financial supporters of the Federal Government—not recipients of doles. It will enable farmers to balance their own budget—contribute to the balancing of the Federal Budget, enable farmers to keep and own their own homes, will enable tenants to become home owners without further financial assistance from the Federal Treasury.

Federal-Aid Highways

Congress should not reduce the Federal aid to the States for road construction. Such action will be disastrous to highway-building programs of the various States, unemployment will increase, and beneficial public works will be stopped. Congress should instead increase allotment to the States up to full amount of Federal taxation revenue derived from gasoline and automotive taxes. This action by Congress would divert highway-tax money to other governmental purposes, a practice for which the Federal Government now penalizes the States.

EXTENSION OF REMARKS

OF

HON. DEWEY W. JOHNSON

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 9, 1937

Mr. JOHNSON of Minnesota. Mr. Speaker, the President of the United States, on November 30, laid before this House a request for drastic retrenchment in the annual allotments of Federal aid to the various States for highway construction. This message of the President was his answer to widespread appeals in the press and over the radio by certain citizens that he use his powerful influence in behalf of retrenchment of governmental expenditures. Under this recommendation of the President the allotments would be cut down to $100,000,000 in a year, and would seriously hamper the recovery contributions of the various States to the solving of the unemployment problem while at the same time building great systems of national highways for the benefit and convenience of all the people of the Nation. I have prepared 22 questions and answers which analyze the history and application of the 1916 Hayden-Cartwright Act down to the present, generally as it applies to the Nation as a whole, and particularly as it applies to my own State

of Minnesota. I am sure that Members of this Congress will find that this analysis applies in each of their States, and I urge that they investigate the disastrous consequences to the highway programs in their own States. The 22 questions and answers follow:

1. Q. What is Federal aid to highways?

A. At present (for July 1, 1937, to July 1, 1938) it constitutes:

Regular Federal aid to trunk highways, requiring matching by equal funds from the State	$3,495,000
Funds for grade-crossing elimination, not requiring matching	1,343,000
Aid to improvement of secondary and feeder roads, to be matched by the counties	700,000
Total	5,538,000

2. Q. Is this a gift of the Federal Government to the States?

A. Not by any means. It is only a return to the States by the Federal Government of money collected by the Federal Government from those States, for highway purposes.

3. Q. What are the sources of these Federal-aid highway funds?

A. The United States Government will collect this year, according to the United States Treasury Department's own estimates, $349,900,000 from the road users of the Nation, $204,000,000 of it in gas taxes and $145,900,000 in automotive excises.

4. Q. How much of this will be collected from the motor-vehicle operators of Minnesota?

A. Approximately $8,500,000.

5. Q. If Federal aid is continued next year, will Minnesota be getting back for roads more than it pays in Federal road-user's taxes?

A. No. If the full Federal-aid program, set up by Congress back in 1936 for next year's allotments, is carried out, the United States Government will pay to the States in Federal aid only $238,000,000 of the $349,900,000 it collects from motorists.

It will pay back for highways in Minnesota less than $5,600,000 of the $8,500,000 it collects from Minnesota highway users.

6. Q. What will be the principle established if all Federal aid is canceled for next year, as the President has suggested to Congress?

A. The United States Government would be overturning a principle of many years standing, and would simply be diverting Federal highway revenues to purposes other than highway improvements—the $350,000,000 annual tax load on motor-vehicle owners would not be lightened 1 penny.

7. Q. Is this in line with or contrary to Federal precedent?

A. It is not only contrary to precedent, but a gross breach of contract with the States. In 1934, on June 18, the Congress of the United States wrote into the Federal Highways Act an amendment laying down this principle:

> It is unfair and unjust to tax motor-vehicle transportation unless the proceeds of such taxation are applied to the construction, improvement, or maintenance of highways * * *."

8. Q. What has been the attitude of the Federal Government toward diversion of highway revenues to nonhighway purposes?

A. Diversion has been so vigorously opposed that the United States Bureau of Public Roads, Department of Agriculture, has withheld Federal aid money from some States as a penalty for diversion of highway revenues. Yet, if Federal aid is canceled, or even reduced, the United States Government will be practicing exactly what it has forbidden the States to do.

ITS HISTORY AND PURPOSE

9. Q. Is this Federal aid something new in Federal-State relations?

A. No. The principle of Federal aid was established with the enactment of the first "Hayden-Cartwright bill" in 1916, two decades ago, setting up funds on a matching basis for payment to the States to encourage highway construction.

It has been continued ever since—for more than 20 years—and its increase in scope has been directly proportionate to the progress of Middle Western States in "pulling themselves out of the mud."

10. Q. What does this Hayden-Cartwright bill do?

A. It attempts to recognize the necessity of long-time planning in the wise and judicious use of funds for highway improvement. Therefore, through enactment of this bill, the Congress of the United States advises the States in advance how much Federal money they will receive through the Bureau of Public Roads for the 2-year period ahead.

For instance the Hayden-Cartwright bill, passed in 1936, set up annual funds of approximately: $125,000,000 regular matched Federal aid; $50,000,000 for grade-crossing elimination; $25,000,000 for secondary and feeder roads; $14,000,000 for forestry roads; and instructed the Secretary of Agriculture to divide and allot approximately these amounts to the various States, each year, for the years beginning on July 1 of 1937 and 1938. In other words, the Federal aid program, determining the funds which the States could expect to receive, was set up in 1936 for the biennium expiring July 1, 1939.

CONTRACTS AND BALANCE SHEETS

11. Q. If the President's recommendation is carried out, and all Federal aid canceled next year, does this or does it not constitute a breach of contract?

A. Yes; it constitutes a definite breach of contract with the States, for the Hayden-Cartwright Act, passed in 1936, promised these funds to the States for 1938 as well as 1937. It pledged Congress to make the actual appropriations when the time came, and even instructed the Secretary of Agriculture to make the allotments to the States before next January 1, 1938, for the fiscal year of July 1, 1938, to July 1, 1939. The President admitted in his message that it was a "contractual obligation," which he advocated be abolished.

On the strength of this promise, unviolated for 20 years, the States have proceeded to raise highway revenues with which to match promised Federal funds, and have proceeded with plans, engineering work, and programming of their highway projects accordingly.

12. Q. How does the balance stand now between the Federal and State Governments—that is, how do the amounts collected by the Federal Government in road-users levies and the amounts paid back to the States in Federal highway aid compare in dollars and cents?

A. Since the origin of the National Highway Act in 1916 the Federal Government has collected in taxes related to motor vehicles, that is from the road users of the Nation, a total of $2,033,922,000. During the same two decades it has returned to the States for highway improvement, even including the special highway aid and relief-employment appropriations of the past 5 years, only $1,987,655,000. (Authority: Treasury and Internal Revenue statistics submitted to United States Senate by Senator HAYDEN, November 30, 1937, CONGRESSIONAL RECORD, p. 502.) Therefore, the Federal Government has collected from the States, over the 20-year period, $46,000,000 more in highway revenues than it has returned to them for highway improvement.

13. Q. Has not the Federal Government, however, handed out to the States for highways vastly more money than it has collected from them during the so-called depression and recovery periods?

A. No. Surprising as it may be, even during these past 5 years, when the Federal Government was appropriating far more than ever before in emergency outlays to provide employment and revive business through highway construction, all appropriations for highway purposes total $1,490,000,000. During this same period, statistics of the United States Bureau of Internal Revenue show, the Federal Government collected from highway users in the various States $1,337,000,000, or almost as much as was being spent. Those who use the roads have paid virtually all the cost of work done with Federal funds on those roads, even during the emergency. (Authority: Treasury and Internal Revenue statistics submitted to United States Senate by Senator HAYDEN, November 30, 1937, CONGRESSIONAL RECORD, p. 502.)

14. Q. From what sources come these vast revenues?

A. The Secretary of the United States Treasury estimates that for the present fiscal year there will have been collected in gasoline and excise taxes from highway users:

SKETCH NO. 1

Federal gasoline tax (1 cent)	$204,000,000
Lubricating oils	33,300,000
Tires	37,000,000
Passenger cars and motorcycles	58,200,000
Trucks	8,100,000
Parts and accessories	9,300,000
	349,900,000

or, in round numbers, $350,000,000. (Authority: Treasury and Internal Revenue statistics submitted to United States Senate by Senator HAYDEN, November 30, 1937, CONGRESSIONAL RECORD, p. 791.)

15. Q. How much of this highway-users' money does the Hayden-Cartwright Act promise to return to the States for highway purposes next year; that is, if the Federal Government does not break its contract and cancel Federal aid?

A. The entire program of Federal aid, as now set up by the act of June 16, 1936, provides for expenditures in Federal highway improvement funds to the States of $238,000,000. Thus the entire Federal-aid program contemplated would return to the highways $112,000,000 less than the Federal Government collects from the highway users.

The highway users are far more than paying their own bill.

16. Q. In that case, why did the President ask Congress to cancel Federal aid?

A. To utilize these highway funds to balance the Budget.

17. Q. If this Federal aid is canceled to balance the Budget, what would be the result?

A. The entire sum would be collected from those who use the highways just as it is now—their load would not be lightened—but the money would go to other purposes in no way related to improvement of the roads. In other words, they would pay as much, but get none of it back. Minnesota would still contribute its $8,500,000 a year, but would lose the $5,500,000 a year it expected to get back for highway improvements.

On the other hand, if Federal levies on gasoline, motor vehicles, and allied products were reduced or repealed, in fairness to the users of the highways, then the Nation would be no nearer to balancing the Budget than if the diversion had never been undertaken in the first place.

Meanwhile highway improvement, made more necessary than ever before by the constantly and sharply increasing number of motor vehicles traveling at ever-increasing speeds, would virtually be brought to a standstill. Highway progress would cease, for highway development even now is dropping behind the ever-increasing highway demand.

HOW MUCH ARE WE SPENDING?

18. Q. There is abroad a general opinion to the effect that Minnesota has been expending unusually large sums for highway improvements in recent depression years, and, therefore, can afford a breathing spell. Is this true?

A. Absolutely not. In fact it is one of the most fallacious of public impressions.

19. Q. What are the facts?

A. During the 4-year period from 1929 to 1932, inclusive, the last 4 years of the old 7,000-mile State trunk highway system, the Minnesota State Highway Department received in revenues which could be expended for trunk-highway purposes a total of $99,211,456.64.

During the 4 years 1933–36, inclusive, with the State's trunk highway system increased by legislative action to 11,350 miles, the highway department received for expenditure for trunk highway purposes a total of only $76,329,923.04.

Therefore, the average yearly expenditure during 1929–32, including millions of dollars for maintenance as well as construction and improvement work, was $24,802,864.16, or, on 7,000 miles of trunk highways then existing, $3,686 per mile.

By contrast, the average yearly expenditure during 1933–36, including both maintenance and construction, was $19,082,480.76, or, on 11,350 miles of the enlarged trunk system, $1,064 per mile.

20. Q. Do these figures include the special aid given the State highway system through so-called recovery funds and direct grants for highway work?

A. Yes; all such funds are included. For instance, included in these revenues for the last 4-year period, are $20,955,954.35 in special Federal aid. Were this total for the years 1933–36 not included, the State would have had available for trunk-highway use only $55,373,968.69 for the entire period. This drop in normal revenue sources is due to two facts: First, the Minnesota Legislature in 1933 reduced automobile-license fees by nearly half, cutting State highway revenues by more than $4,000,000; second, regular Federal highway aid on a matching basis was so drastically reduced during 1934 and 1935, while large special work-relief appropriations were being allowed, that Minnesota's regular Federal-aid funds for the 4-year period 1933–36, totaled only $5,769,047.98, as compared to $15,261,697.09 for the previous 4-year period of 1929–32, despite a 65-percent increase in trunk-highway mileage.

The only Federal funds received in Minnesota for highway purposes during the 1933–36 period that are not included above are a total of $1,811,426.55 that was allotted to the State for county projects, forestry projects, and a planning survey. This money, none of it, could be spent on the State trunk-highway system.

It should here be noted that the special relief allotments to the States during the emergency period regarded the accomplishments in road building as secondary, and the provision of jobs for relief employment as primary, in importance.

It should also be noted that the money for such Federal funds given to the States was provided by Federal bond issues. If the Federal Government were to utilize the balance of $112,000,000 a year, between the money collected from highway users and the money allotted back to States for highway purposes, to retire such of these bonds as provided funds for highway work, it is doubtful if the highway users and motor-vehicle owners of the Nation would register any serious objection. They do object, however, to their highway taxes (which are levied in addition to their bearing their full share of other taxes) being used for entirely nonhighway purposes.

CAN WE FACE THE CONSEQUENCES?

21. Q. If Federal aid is canceled for next year, as the Chief Executive has proposed, and if it is drastically reduced by the 1938 Congress for the years to follow, what will be the effect on Minnesota?

A. Construction and improvement work on the State's 11,350 miles of trunk highways, except maintenance improvements will be brought virtually to a standstill on next July 1.

The program already drafted for next year, including projects already planned for and promised to communities in every section of the State, will have to be abandoned.

Instead of the nearly $10,000,000 construction program undertaken this year, Minnesota will be able to undertake only about a $3,000,000 program.

State money, levied on motorists and road users with the understanding that the Federal Government would match it dollar for dollar and make possible twice as large a program as the State would be paying for, will have to support the entire cost of this program.

Hundreds of miles of newly surfaced roads, treated with a light bituminous coating under agreement with the Bureau of Public Roads that they would be further improved from future Federal-aid funds, will have to be left to rapid deterioration under a traffic that they were never intended to bear for any long period of time.

Projects promised to close paving gaps in various sections of the State will have to be abandoned.

The State's proud program to halt the disastrous toll of human life and property damage, by construction of overheads and underpasses at dangerous railroad crossings, will have to be forgotten.

The highway department's plans to eliminate other death spots by widening, straightening, and "safetyizing" trunk roads in congested areas, bearing abnormally heavy traffic, will be reduced to the point of futility.

All of the State's 87 counties, which have programmed the use of $600,000 a year for 4 years in Federal money for improvement of their secondary and feeder roads, will see their hopes shattered and the financial burden of such roads thrown back on the county taxpayers.

Yet the motorists of Minnesota will still contribute their $8,500,000 a year to the Federal highway levies without getting any of it back.

22. Q. What would be the effect of Federal-aid cancelation on employment?

A. During the present year 18,000 man-jobs have been provided by work on the Minnesota trunk-highway system. Maintenance operations utilized 4,000 of these men. The other 14,000 jobs were provided by construction work.

If Federal aid is halted, at least 10,000 of these men will have to look to other than the construction industry for employment, or they and their families will have to turn to the depleted treasuries of local governments for relief.

In addition, thousands more, employed in the production of highway materials and the manufacture of highway-construction machinery, will be thrown out of work.

H. R. 1620

EXTENSION OF REMARKS
OF
HON. C. ARTHUR ANDERSON
OF MISSOURI
IN THE HOUSE OF REPRESENTATIVES
Thursday, December 9, 1937

STATEMENT OF ALBERT DEANE, OF NEW YORK, RELATIVE TO MUTUAL SECURITY

Mr. ANDERSON of Missouri. Mr. Speaker, the time has come to face a few simple facts regarding the economic situation in this country. There seems to be a lot of unrest and no one is happy. Labor blames the employer for its plight. The employer blames labor for disruption of business and mounting costs. The farmer blames the middleman for inadequate prices and his fellow farmers for overproduction. And everyone blames the Government and Congress for prevailing conditions.

The time is here to quit these efforts to find a "goat" for the economic disturbances from which every citizen of the Nation is suffering today, and to see if a solution, in which all groups in the Nation can collectively join, and which will, in turn, benefit every man, woman, and child, is not at hand.

On January 5, 1937, there was introduced in the House of Representatives by my good friend, FRANK W. BOYKIN, of Alabama, House bill No. 1620. That bill, if enacted into law, would provide the means of halting not only the present economic recession but of any future recession, no matter how induced. But more than that, it would provide a truly automatic method of permanently sustaining an effective demand for every type of agricultural, industrial, and commercial product or service which our people require or desire for a high standard of living.

Our workers need permanent security in the form of an opportunity to work in private industry at good wages. The plan provided for in the bill would give them such security.

Our farmers need the largest possible market at satisfactory prices for the products of their farms. The plan would provide such a market.

Business needs a constantly sustained demand for the products of industry. The plan would provide such a demand.

The professions need a consistent demand for their talents and services. The plan would provide such a demand.

In other words, the Nation as a whole needs to be assured of an effective and consistent demand for the products and services which result from its collective labor, whether brain or brawn—labor, the exercise of which is the only means of livelihood for all but a favored few.

The plan is fundamental in character and, like any smooth-running mechanism, would be simple in operation.

It does not attempt to cure the ills that beset one group at the expense of some other group, but would act as a governing device on the national economy as a whole. By sustaining the production of wealth at the highest practicable level at all times and insuring its economic distribution all groups would share alike to the maximum extent.

If we desire to sustain prosperity at a consistently high level we must know what we mean by prosperity and what we mean by a high level. The plan defines both.

Prosperity is a condition of universal employment in productive enterprise. A high level of prosperity, therefore, is the highest level of employment which has been obtained in the Nation as a whole over a past period of years.

The plan provides for the determination at the beginning of each year of the average weekly hours of employment of all eligible workers in the Nation over the previous 10 years. This would be called the long-time average.

It also provides for the determination of the average weekly hours of employment of all eligible workers at the close of each month. This monthly average would reflect the level of employment, and therefore production, at any given time.

Whenever, from whatever cause, the monthly average fell below the long-time average, we would know that something had happened to lower the effective demand calling for a continuation of production. Therefore the plan provides that immediately these indices indicate the initiation of such a recession there would be paid out of a central insurance reserve fund to each eligible employed worker in the country supplemental compensation to the extent of 1 percent of his basic compensation for each hour that the monthly average was below the long-time average.

For example, assuming that the long-time average was 40 hours and something happened to decrease employment so that the monthly average fell to 38 hours, immediately all eligible workers would receive out of the reserve fund 2 percent of the basic compensation received from their employers. The effect would be that whereas employment and production had fallen two points, incomes would have fallen slightly over one point. As production represents supply, and income or purchasing power represents demand, there would immediately be created a condition of demand above supply, which would cause supply to try to meet demand and thus induce reemployment, thereby correcting the recessional movement.

If the forces responsible for such a recession were sufficiently strong, employment might continue to decline for a period, but the lower the index fell below the long-time average, thereby increasing the percentage of supplemental compensation paid out of the reserve fund, the greater the differential in favor of demand above current supply and the stronger the pull toward reemployment. And it is inevitable that at some point the movement would reverse itself, and the monthly average would begin to reflect an upward rise.

Whenever the monthly average rose above the long-time average, indicating the initiation of an incipient boom, the plan provides that pay rolls would be taxed at the rate of 1¼ percent for each hour that the monthly average was above the long-time average.

This tax would be paid into the central-reserve fund to compensate for the payments made out of the fund in the form of supplemental compensation.

Inasmuch as the basic index provided for in a long-time average, there would always be, over a period of time, just as many hours above the average as below the average. Otherwise it would not be an average. Therefore, there is absolute assurance that the tax on pay rolls when hours

were more than the long-time average would be sufficient to cover the outgo from the fund whenever hours were below the long-time average.

In fact, as the tax on pay rolls would be at the rate of 1¼ percent per hour and the payments of supplemental compensation would be made at the rate of 1 percent per hour, there would be a differential of one-quarter percent per hour in favor of the fund. The plan provides that this excess shall be used to pay the basic compensation of any workers unable to secure employment in private enterprise, who would be given work on public projects. The effect of this provision would be to completely eliminate involuntary unemployment.

The details of the plan, with a complete explanation of the machinery necessary to make it operative, are covered in a pamphlet entitled "The Deane Plan" and I ask unanimous consent at this time, that this pamphlet be inserted and made a part of the RECORD.

The point of my speech is not to describe the detailed operation of the plan; that is covered by the bill and the pamphlet. My purpose is to call the attention of the Congress to the fact that we have before us a fundamentally sound and simple plan that would meet the demands of agriculture, labor, business, and the consumer, to take immediate action that will not alone correct the present recession but will provide, for the first time in history, a permanent governing device on the economy of the Nation, that would minimize the swings of the so-called business cycle, and the plan can be made effective within 90 days after enactment of the legislation provided for in the bill.

This plan provides advantages which, so far as I know, are not incorporated in any other suggestion that has been presented to this Congress, yet it would provide in a fundamentally sound manner for practically all the benefits which the various groups in the Nation have been demanding. It would permanently eliminate involuntary unemployment because employment at a living wage would be insured to any person unable to find employment in private enterprise. The effect would be job insurance in contrast with unemployment insurance, and public and private relief funds would be released for their true purpose—to care for the unemployables.

The corrective action of the plan would become effective immediately and automatically the moment a downward trend of employment, no matter how induced, brought the monthly average below long-time average, and the corrective action would continue until the balance was restored. This would assure industry as a whole a market at all times sufficient to sustain profitable production.

The plan would provide the worker with the most basic quality of well-being—permanent security.

Its basic operation would not depend on the discretionary power of any individual board or commission. It sets no arbitrary hours as standards. Instead it would make its adjustments from moving averages determined mathematically by actual production requirements.

It sets up no rules or regulations as to production, hours, wages, terms of employment, and so forth. The bargaining power of labor and of employers remains unimpaired. By keeping all workers employed and production at a high level, the demand for labor of itself would maintain the buying power of wages at a high level.

It would act automatically to raise consuming power whenever needed to justify investment in new producing capacity up to the limit of desire for any particular product.

It would tax only when business activity was at a high level; and, except in the case of employers who failed to distribute work at or below the long-time average when general business was below normal, the tax would be assessed as a like percentage of all pay rolls. Therefore, it would not change the competitive position of employers.

The combined result of the operation of the plan would be to hold employment and production close to the long-time average level, and thus eliminate the violent ups and downs of the business cycle as we have known them in the past. This would cause a steady and gradual rise in the standard of living of all of our people as technological and management technique increased the man-hour production of the Nation. Thus the plan would work to the economic advantage of every element in the Nation.

This plan has been widely studied by economists and other authorities of note and has been found fundamentally sound and practical of application.

THE DEANE PLAN FOR MUTUAL SECURITY—GUARANTEED JOBS WITH SUSTAINED INCOMES FOR THE WORKERS, SUSTAINED MARKETS FOR THE PRODUCTS OF INDUSTRY AND AGRICULTURE—A PROPOSAL FOR AUTOMATICALLY ELIMINATING UNEMPLOYMENT AND SUSTAINING PURCHASING POWER

(By ALBERT L. DEANE)

FOREWORD

During the greater portion of the 6 long years since 1929, business has been busily engaged in laying off each other's customers and clients. Yet everyone knows that customers with money to spend are a prerequisite to any profitable business enterprise or profession.

It would seem, therefore, that the problem of the moment, as well as of the future, is to find some method of keeping each other's customers employed at all times with incomes sufficient to provide an effective demand for a constantly increasing volume of profitable production of all the goods and services which our people desire and from which they derive their material satisfactions, whether the goods or services result from the pursuit of agriculture, manufacturing, trade, the professions, or the arts.

The proposal here presented is designed to provide security for the worker in industry and trade through the permanent elimination of unemployment and a sustained income, and security for the employer and professional man through a sustained market for the goods or services he sells.

The buying power of these groups, thus sustained, would provide the largest possible domestic market for the products of the farmers and agriculturists. With general employment in industry sustained at a high level, the demand for labor would attract workers from the less profitable farms into industry, with its new-found security, which would tend to eliminate the use of submarginal acreage. This would reduce the number engaged in agriculture and raise the average income of those who remain.

If the incomes of all other groups, particularly the primary group of workers, are sustained at a prosperity level, it will reflect itself in improved prices for agricultural products. This is not only because the domestic market, which takes the bulk of the farmer's output, can take more of his products at better prices; it is also due to the fact that increased consumption of all goods in this country means a corresponding increase in total imports. This increase in imports is the only possible source (outside of the export of capital) from which foreign nations can obtain the dollar exchange necessary for the purchase, not only of the farmers' surplus but of additional industrial products as well.

The plan is designed to answer, scientifically, the three basic questions:

1. What constitutes national economic prosperity?
2. How can any deviation from such prosperity level be measured immediately and accurately?
3. What can be done to correct, promptly and automatically, any such deviation?

INTRODUCTION

For the vast majority of our people, the ability to live, in the first place, and the ability to improve their standards of living, in the second, depend upon the income secured from a job, in most cases a job in industry or trade.

But the even flow of purchasing power is as necessary to industry and trade as it is to the individual, and the feat of economic engineering required to control this flow is no less important than the civil engineering skill which maintains the flow of water in streams that serve industry's purpose. Around Pittsburgh, the rivers are alternately flooded and dried up, if left to their own devices. But the steel industry needs big reservoirs of water for the mills and a flow in the canals sufficient to carry its raw materials and finished products. In this area, engineers have canalized the rivers, thus maintaining the water at a level necessary to keep its plants in operation. Similarly, the levels of purchasing power must be maintained if we are to have an orderly flow of production and trade through the streams of our industrial and business life.

Except for hoarding and the export of capital without a corresponding import of goods or services, the entire national income is expended for either producers' goods or consumers' goods. By "producers' goods" is meant goods and services the value of which depends upon their earning power. They include factories, machines, office buildings, transportation equipment, etc. By "consumers' goods" is meant all those goods and services intended for personal satisfaction and enjoyment. They include food, clothing, private dwellings, private motor cars, etc.

The demand for consumers' goods is the motive force behind all our economic activity. This demand gives value not only to the consumers' goods themselves, but to producers' goods as well. A factory is obviously of no value unless there is a demand for its product.

The demand for all consumers' goods cannot exceed the total purchasing power in the hands of those who want the goods. And the primary purchasing power of the Nation lies in the hands of

the mass of the people, the wage earner, and those receiving salaries. To sustain consumer demand it is necessary primarily to sustain their incomes.

What is here proposed is not a theory but an engineering technique—a permanent mechanism which would, first, supplement, out of a revolving reserve fund, the basic purchasing power of all workers whenever such an addition was required to maintain the normal flow of trade; second, permanently eliminate involuntary unemployment. The mechanism is automatic and self-regulating. It would become effective immediately whenever the man-hours of employment needed to produce the current demand for goods or services fell below the long-time average of man-hours required to fill a "prosperity" demand.

It would act as a shock-absorber for broken time and hence reduced purchasing power, creating, whenever needed, an excess purchasing power, which would provide a market for any excess production that had taken place, and stimulate production to increase to meet the increase in demand over current production—an "upward spiral" that would begin to turn as soon as production, work, and incomes sagged—a true corrective for the tailspin of depression.

Likewise, it would act to dampen a "boom" at its inception by automatically reducing effective demand—a true corrective for an inflationary trend.

ALBERT L. DEANE.

NEW YORK, *November 1, 1934.*
Revised January 1936.

Any plan designed to sustain national prosperity must tackle the problem from the standpoint of the Nation as a whole, that is, must act as a governor on the national economy. This is the fundamental basis of the Deane plan, which answers the three basic questions propounded in the foreword to this leaflet, as follows:

1. What constitutes national economic prosperity?

Answer. Universal employment in productive enterprise. In the Deane plan this is measured by taking, at the close of each year, the average weekly hours of employment over the previous 10 years, which is called the long-time average.

This long-time average would accurately measure prosperity, because it would reflect the highest average level of wealth-production which we had been able to attain, with our accumulated knowledge, within the system in which our economy functions. As this long-time average would be a moving average, determined at the close of each year for the previous 10 years, it constantly would reflect all national accomplishments (monetary, technological, social, etc.) in gradually overcoming recurrent checks on economic progress and well-being.

2. How can any deviation from such prosperity index be measured, immediately and accurately?

Answer. The level of employment for the previous month, taken at the close of each month, which in the Deane plan is called the monthly average, would show any deviation from the long-time average representing the prosperity level on which we want our economy to ride.

If the monthly average fell below the long-time average, it would show that a trend toward depression was under way. If it rose above the long-time average, it would show that a trend toward a boom period was under way. In either case, the adverse trend would be known immediately the deviation occurred, and the extent of the deviation would be shown.

3. What can be done to correct, promptly and automatically, any such deviation?

Answer. Under the Deane plan the income or buying power of all workers would be supplemented the moment a depression was indicated, out of a national reserve fund, and thus supplement falling demand. Or, pay rolls would be taxed the moment a boom was indicated, which tax, added to costs, would increase prices and thus dampen effective demand. The taxes would be used to reimburse the national reserve fund.

NOTE.—To those familiar with what has been published on the Deane plan heretofore it should be pointed out that the only important changes consist of the elimination of all features tending to regiment either the employer or employee.

Through this simplification it is possible to arrive at the long-time average and monthly average on the basis of the country as a whole rather than by industrial classifications. Instead of the payment of overtime premiums a pay-roll tax is substituted, paid by all employers alike only when their employment rises above the long-time average—that is, only when their business is prosperous, and with advance notice of the levy.

Supplemental compensation is also changed to the basis of a percentage of the basic compensation of the employee rather than one-half of his hourly rate. This eliminates the necessity of calculating hourly rates for employees paid on other than an hourly basis.

The basic characteristics of the plan remain intact—namely, the interplay of two mathematical averages as a device for accumulating and disbursing a self-liquidating reserve fund adequate to accomplish the purposes desired—(1) to sustain purchasing power at all times adequate to call for a continuation of maximum production, and (2) the complete elimination of involuntary unemployment.

DETAILS OF THE PLAN

Eligibles

Those eligible would include all employers in the United States, except those engaged in agriculture, employing one or more persons, regardless of the type of work, including the Federal Government, the States, and municipalities; all employed persons, except agricultural workers, and all persons registering for employment at a Government employment office. If desired, eligible employees could be limited to those receiving less than $60 per week, or any other arbitrary limitation, so long as the total purchasing power affected represented the greater share of the total national income.

Averages

At the close of each year the average weekly hours of employment of all eligibles for the previous 10 calendar years would be computed. The result would be called the long-time average and would represent the highest average level of employment that had been attained in the United States during the period. This moving average would be adjusted for upward or downward trends to correct for changes in production per man-hour of employment caused by technological progress or otherwise.

At the close of each month the average weekly hours of employment for the month would be computed from reports made by employers. The result would be called the monthly average and would represent the current level of production and employment.

Both averages would be published immediately upon determination.

The long-time average would become official for the following calendar year.

The monthly average would become official for the second month following. For example: The monthly average calculated from reports covering April would become the official monthly average for June.

Both averages would be calculated by dividing the total man-hours reported by employers, by the total number of their employees as of the last day of the period reported, plus those registered for employment with all Government employment offices as of the same day.

Supplemental compensation

Whenever the monthly average was below the long-time average, the pay of every eligible in the United States would be supplemented out of a national reserve fund by an amount equal to 1 percent for each hour or fraction thereof that the monthly average was below the long-time average. Such payments would be called supplemental compensation.

Example

Assume the long-time average is 40 hours and the monthly average is 36.

Employee receives from his employer, say $25 per week	$25.00
From the national reserve fund 4 percent (1 percent for each deficit hour or fraction thereof)	1.00
Total compensation	26.00

Payroll tax

Every employer would pay a payroll tax into the national reserve fund only when an employee was employed in any 6 months' period (January to June, July to December) more average weekly hours than the long-time average. The tax rate would be 1¼ percent on the total pay of such employee, for each excess hour above the long-time average.

Example

Assume the long-time average for 6 months' period is 40 hours.

Employee works a total of 1,118 hours during the period for which he receives total pay from his employer of, say, $670.80.

1118 ÷ 26 weeks (6 months) = 43
Less long-time average 40

Average weekly excess $3 \times 1\frac{1}{4}\% = 3\frac{3}{4}\%$ tax rate

$3\frac{3}{4}\%$ of $670.80 = $25.15 = total tax.

It should be noted that the pay-roll tax is assessed only for average hours above the long-time average. This means that if work is distributed so that workers are employed the long-time average hours or less, no taxes are paid.

Employment on public work

All eligibles unable to find private employment would be furnished employment, after a waiting period of 30 days, through Government employment offices.

In order to have preplanned work available to absorb the otherwise unemployed, the Government would secure competitive bids on projects covering types of work not competitive with private industry. Bids on a quantity of such projects would be kept available at all times and would provide a fixed price for a certain project on which applicants for preplanned work would be used exclusively at the minimum rate of pay fixed by the Government. As the need arose for putting additional men to work, these projects would be let in order of their importance. The minimum wages fixed for such work would be kept at approximately 20 percent below the current wage rate for common labor in the community, and such workers would be employed the number of hours per week represented by the monthly average.

Records and reports

Employers would report at the close of each month to the proper Government agency the total number of hours their employees had worked during the month and the number of eligible employees on their pay roll on the last working day of the month. This data would be taken from their customary pay-roll records, except as to hours of employment—that is, the only additional record not customarily kept by all employers would be a record of the total hours worked by each employee each month.

Disbursing supplemental compensation

Employers would pay their employees any supplemental compensation to which they were entitled and would be reimbursed immediately from the national reserve fund.

Payment of pay-roll tax

Biannually, as of June 30 and December 31, employers would remit to the Collector of Internal Revenue the amount of any pay-roll taxes due by reason of hours worked by their employees in excess of the long-time average, using forms provided for the purpose.

How the plan operates

The plan has two purposes: (a) the sustaining of mass purchasing power and (b) the permanent elimination of involuntary unemployment.

First, purchasing power would be sustained whenever it became inadequate to support a continuation of production, through the payment of supplemental compensation to the mass consumers of the Nation.

Whenever the current level of employment should fall below the long-time average, supplemental compensation would raise the purchasing power available for consumers' goods (demand) above the current level of employment, representing production (supply), absorb any surpluses that may have been created, and induce employment and production to return to the long-time average.

This would not only check the downward trend but reverse it, inasmuch as the corrective action would continue until a return to the long-time average was achieved.

This action is illustrated on chart B. (Not printed.)

It should be made plain that the long-time average is a moving average and that over a period there will be just as many hours above the average as there are hours below—or it would not be an average. By reason of the fact that the average when calculated would be a projection of what is expected to continue until the next yearly calculation, it is necessary to make a correction for an upward or downward trend, whichever it may be. Such correction would offset any actual error as soon as it was determined at the end of the period for which the projection had been made. Space forbids an explanation of the simple formula which has been worked out to make such correction and which results in the payments into the reserve fund balancing the disbursements from the fund, over a period, with mathematical certainty, as well as the method used to initiate the calculation of the long-time average, but both have been checked by competent mathematicians and may be accepted as scientifically correct.

The operation of the corrective force here described would become effective immediately and automatically the moment a reduction in hours of employment would otherwise initiate an adverse trend in Nation-wide consumer demand; and long before the condition would be sensed and action taken under any system which relied upon voluntary direction—and it would continue until the balance was restored.

Under our present system, any reduction in hours of employment initiates an immediate reduction in purchasing power, particularly of those in the smaller income brackets, who represent the primary and principal market for the total production of the Nation.

When workers are laid off, consuming power is cut proportionately. Those who remain employed reduce their buying in fear of losing their jobs, and, very promptly, the decline in consumption retards the rate of investment in new producers' goods (factories, machines, office buildings, etc.) which directly affects the purchasing power of the workers in those industries, and causes a further decline in production of consumers' goods, and so on—the "downward spiral."

Such result is inevitable under our present system. It is impossible under this proposal.

This plan, therefore, would act as a permanent "governor" on our economic machine, eliminating such violent fluctuations in production and business activity as we have experienced in the past.

Whenever, at any time in the future, and from whatever cause, the hours of work should fall below the long-time average, the payment of supplemental compensation would at once cause a rise in current production and employment. This would check the downward trend and force production and employment back to the moving long-time average level. This action is illustrated by chart C. (Not printed.)

Second. Involuntary unemployment would be permanently eliminated, inasmuch as any person unable to find employment in private industry could apply to a Government agency and would be furnished employment on preplanned work at minimum wages. The wages paid to such persons would be paid out of the national reserve fund.

Inasmuch as purchasing power would be sustained at all times adequate to sustain the continuation of "prosperity" production, the demand for labor in private industry would be sustained, so that the number of persons employed on preplanned public projects would be held to the minimum required by shifts in man-hour requirements due to competitive and obsolescence conditions affecting given employers or given localities.

Work sharing

The proposal incorporates a strong inducement for work-sharing in that the pay-roll tax on employers is assessed whenever, over a 6 months' period, the average weekly hours of employment of any worker is greater than the long-time average. Thus, employers could always avoid any tax, during periods when the monthly average was below the long-time average, by hiring sufficient employees to limit their average hours to the long-time average and thus avoid any increase in costs of production above a competitor who so distributed his work.

Yet, by taxing only for hours above the long-time average (the highest average the Nation had been able to attain over the previous 10 years), the compulsion would not be sufficiently severe to interfere with the efficiency of productive technique. Also, by using the average weekly hours of employment over a 6 months' period (January to June and July to December inclusive) the effect of seasonal demand on employment hours would be offset.

Effectuating the plan

1. Congress would pass the enabling legislation which would provide for:

(a) The creation of the National Employment Reserve Corporation, with a capital of $500,000,000 and with power to borrow, with Government guarantee, up to 10 times its capital (similar to Reconstruction Finance Corporation).

(b) The election of the board of directors of the corporation (representing business, labor, the public, and the Government) for staggered terms.

(c) The determination of the official long-time and monthly averages and their immediate publication by the corporation.

(d) The authorization for the payment by the corporation of supplemental compensation (similar to insurance benefits).

(e) The collection of pay-roll taxes (similar to premiums) on average weekly hours (over a 6-months' period—January to June and July to December) in excess of the official long-time average.

(f) The employment on public projects, let by competitive bids, of all eligible workers unable to find work in private employment.

While the corporation would be authorized to borrow, with the guarantee of the Government, such amounts as might be necessary and to pledge its future receipts as security for such loans, the plan itself insures with mathematical accuracy that its receipts, over a period, will cover its disbursements. The repayment of such loans would be absolutely assured, thus removing any strain on Government credit. The total cost to the Government, therefore, would be only the initial capital of the National Employment Reserve Corporation. The plan being essentially a mechanism for withholding from the total national effective buying power in "boom" times the exact amounts needed to sustain the total national effective buying power in times of depression.

Congress has the constitutional power to appropriate money for any purpose and therefore can appropriate money for supplemental compensation under the Deane plan. Congress has the further constitutional power to levy excise taxes to cover its appropriations. The tax for hours in excess of the long-time average under the Deane plan would be a true excise tax. Therefore there is no question of constitutionality.

Local Government employment offices (in small places the local post office) would be made available through which those eligibles unable to secure employment in private enterprise would be furnished employment on public work, either by the Government or by the States or municipalities upon Government authorization, their compensation to be paid out of the reserve fund. Such offices would report monthly to the corporation the number of workers so registered.

All employers of eligible employees would make a report (tax return) to the Department of Internal Revenue at the close of each month showing the number of their employees and the average weekly hours they had been employed.

The corporation would calculate and immediately publish the official monthly average (the total number of man-hours reported by employers for the previous month, divided by the total number of employees plus the number of registered eligibles reported by all local employment offices), and also the official long-time average, calculated at the close of each calendar year (being the average of all monthly averages for the 10 preceding calendar years, adjusted for the upward or downward trend, according to official formulae provided for in the enabling act).

At the initiation of the plan a special formula would be applied to existing data the effect of which would be to stimulate the current level of purchasing power by a predetermined percentage. Each year thereafter the formula provided would make corrections for the trend, so that at the end of 10 years and thereafter the long-time average would be based on accurate data developed monthly under the plan.

Employers would pay their employees each pay day any supplemental compensation to which they were entitled and would be reimbursed immediately by cashing at their local banks, drafts drawn on the reserve fund.

The corporation would pay, through its designated local employment offices, the wages of those eligibles employed on public projects.

The corporation would borrow, as the need arose, to meet the requirements for supplemental compensation, through the issuance of its bonds guaranteed by the Government as provided for in the enabling act.

The Department of Internal Revenue would credit the corporation with all pay roll taxes collected under the provisions of the act. By reason of the mathematical characteristics of the plan, the amount of taxes collected over a period would equal the amount disbursed for supplemental compensation, plus the wages

of those eligibles employed on public projects. Thus there would be created a revolving fund to keep our economic forces in balances—a true governor on our economic machine.

Effect of the plan of every element in the Nation

Employment at a living wage would be insured to any person unable to find employment in private enterprise. The result would be job insurance in contrast with unemployment insurance. Public and private relief funds would be released for their true purpose—to care for the unemployables. This saving alone probably would be sufficient to offset the taxes necessary under the plan.

It would provide the worker with the most basic quality of well-being—permanent security.

It sets up no rules or regulations as to production, hours, wages, terms of employment, etc. The bargaining power of labor and of employers remains unimpaired. By keeping all workers employed and production at a high level, the demand for labor, of itself, would maintain the buying power of wages at a high level.

The corrective action of the proposal would become effective immediately and automatically the moment a downward trend of employment, no matter how induced, brought the monthly average below the long-time average. And the corrective action would continue until the balance was restored. This would assure industry, as a whole, a market at all times sufficient to sustain profitable production.

Except in the case of employers who failed to distribute work at or below the long-time average when general business was below normal the tax would be assessed as a like percentage of all pay rolls. Therefore, it would not change the competitive position of employers.

The pay-roll tax would be reflected in higher prices only when business activity was above the long-time average level—that is, only when times were good. At such times the tax would tend to increase prices, which would have the desired effect in dampening the trend toward overexpansion. In other words, the tax becoming effective only when employment rose above the long-time average would have the reverse effect of the supplemental compensation paid only when hours fell below the long-time average.

It would act automatically to raise consuming power, whenever needed to give value to investment in producing capacity, up to the limit of desire for any particular product.

Its basic operation would not depend on the discretionary power of any individual, board, or commission. It sets no arbitrary hours as standards. Instead, it would make its adjustments from moving averages determined mathematically by actual production requirements adjusted for the trend of technological advance.

The net effect of the plan would be to hold employment and production close to the moving long-time average level and eliminate the violent ups and downs of the business cycle as we have known them in the past. This should cause a steady and gradual rise in the standard of living, as technological and management technique increased the man-hour production of the Nation, the plan insuring its economical distribution. The plan would work, therefore, to the economic advantage of every element in the community.

QUESTIONS AND ANSWERS

During the years since this plan was first proposed (1931), since which time it has been under continuous discussion, many questions have been asked regarding the details of its application. Similar questions surely will arise in the minds of the readers of this brief pamphlet. Perhaps the best way to answer your questions is to reproduce the answers to the questions which have been asked by others.

It is strongly recommended that those interested in a complete understanding of the Deane plan read the questions and answers hereinafter given.

Economic and general analysis on which plan is based

100. Why is such a plan needed?

Answer. In an economy of abundance, the prime requisite is a sustained market. In other words, business needs sufficient customers. Mass production requires mass consumption. The primary market for our production lies in the hands of wage-earners and other in the smaller income groups, and the total market for all goods (both consumers' and producers' goods) depends on sustaining this primary demand.

The purchasing power of this primary market depends upon sustained employment of those who compose it. Any condition, no matter what the factors bringing it about, which throws numbers of this group out of work immediately cuts the basic purchasing power upon which our economy as a whole depends.

Without some corrective device which will become effective rapidly and automatically the moment any condition arises which tends to cut the buying power of this primary market, a deflationary movement is initiated which soon becomes a "downward spiral."

This plan would provide an automatic resistance line against such a deflationary movement. This resistance line would be set mathematically at the highest average level of wealth production we had been able to attain over a long period. Because this index would be a moving average, it would reflect our constantly improving ability to produce which results from scientific and technological progress. Without such a resistance line, we are bound to have recurrent periods of severe depression during which we destroy or waste the wealth that has been created during the past periods of general employment and prosperity.

101. Will it be needed when we are once out of this depression?

Answer. Yes. Every phase of economic development is a matter of cause and effect. We must have, as a part of our control mechanism, a balancing device that will correct adverse trends the moment they are initiated. We must dampen the "booms" as well as minimize the depressions if we are to secure the greatest benefits from our economic development and avoid the misery and destruction which depressions entail.

102. What is the fundamental premise on which the plan is based?

Answer. It rests on the premise that the unfilled desires of the masses of the people for the material satisfaction of life are practically limitless and that in spite of our great technological advance it is still possible for our people to work reasonable hours if we find the means of economically distributing the production of their labor. The only way that production can be sustained is by sustaining consumption. Under this proposal, the Government would simply provide the mechanism for sustaining consumption at a high level at all times, and the mechanism itself would provide for the necessary distribution of such production.

103. How can such a simple device cure depression?

Answer. Depression is not a visitation from on high. Depression is the result of numerous factors in our economy which get out of balance by reason of our imperfect knowledge and control over the mass actions of human beings, each going his own way without regard to the effect of his acts on our economy as a whole.

Assume you have an oil well and wish to produce the largest volume of oil possible. You must divert part of the oil to run the fires which supply the steam for the pumps which extract the oil from the well. You would divert sufficient oil to keep the pumps going at maximum capacity. The amount of oil you must divert is not important. It does not decrease your production of oil. If for any reason the fires slowed down, it would be to your interest immediately to divert additional oil to keep up the maximum head of steam. Only in this way would you be assured of pumping the maximum oil from the well.

It is the same with purchasing power in the hands of our primary market. To keep the industrial pumps going at maximum capacity, sufficient purchasing power must be diverted to assure maximum wealth production. Depression comes from lack of sufficient fuel (primary purchasing power) to keep up a sufficient head of steam to insure maximum production. And the simple corrective for depression is to divert as much fuel (purchasing power) as is needed to keep the steam gage up. Its diversion, whatever the amount, does not decrease wealth, as only by its diversion can the greatest volume of wealth production be secured.

104. Will this plan cure all our troubles?

Answer. Certainly not. This plan is not designed as a cure-all. It is highly desirable that we continue our research to discover the weaknesses in any and all devices which we use to control our economic life. Through the controversy which constantly rages as to the propriety of our present monetary system, the fairness and effectiveness of our tax system, the relative benefits of a large or restricted foreign trade, the arbitrary control of production, private or Government ownership of monopolistic enterprises and other phases of our economic life, we should be able to gradually perfect our systems and technic so that we are not thrown into a tail-spin periodically as we have been in the past.

The only purpose of perfecting these several devices, however, is to assure the greatest continuity of material and social well-being that human society is able to attain.

This plan is conceived as a safety device on our economic machine which would cushion a fall and keep the passengers from being mutilated or killed if, for any reason whatever, the machine gets loose and starts on a downward plunge due to our failure to have perfected the various functioning parts of the mechanism so that it will operate efficiently under all possible conditions.

If, as the result of research, or trial and error, we are able to reach the point where human beings cease making mistakes, perhaps such a safety device will not be needed, but that is no argument for not having it there should the need arise. It is generally agreed that stable markets and universal employment are the primary objectives of our economic life and this plan would accomplish these two vital results. Once having attained these results the problem of perfecting the various instruments which we use to conduct our economy should be greatly simplified.

105. Isn't it logical to assume that proper management planning might, in many industries, stabilize production?

Answer. It would help, and provided a sufficient number of industries cooperated could conceivably cause a high degree of balance in our industrial life. However, production cannot proceed without sufficient effective purchasing power to absorb the goods produced. The problem, therefore, is to sustain adequate effective purchasing power. As no industry sells its products to its own employees, an increased distribution of purchasing power by that industry to its own employees can be only partially and indirectly effective.

The only sure way to accomplish the desired result is to increase the total effective purchasing power of the mass consumers of the Nation, whenever such purchasing power is found to be insufficient to call for a continuation of production, up to the point of

total desire for any given product. This must be accomplished by concerted action throughout the Nation, as is provided for in this plan.

106. Does work-sharing increase the total dollars of purchasing power, or does it simply give more purchasing power to those who would otherwise work short hours or not at all, at the expense of those presently employed for long hours?

Answer. Spreading work only would not increase the total purchasing power of the Nation. That is why work sharing in itself (which is a part of the plan) is inadequate to meet the problem and why there must be provided simultaneously some automatic method of sustaining a high level of production and employment, as is provided for in the other parts of the plan. Although work sharing in itself does not increase total purchasing power, it has a vital effect on the economy as a whole. Fear, loss of confidence, is one of the most potent factors in a deflationary movement. Throwing a worker out of a job completely, which generally means cutting off his sole source of income, not only creates almost a panic condition, at least where it is problematical if another job can be found, but creates in the minds of his fellow workers the fear of losing their jobs, which slows up their expenditures. The effect is much more severe than where the worker knows he will keep a job even if he suffers a small reduction of income.

But perhaps the worst effect of all is that unemployment means a labor surplus and, if it persists, puts the unemployed in competition with all those who remain unemployed, deflates wages and primary purchasing power.

Work sharing is an important element, therefore, in maintaining purchasing power, particularly when it is linked simultaneously, as it should be, with some method of sustaining the total work to be shared.

The two elements of the problem must work together as provided for in this plan. If we fail to sustain a high volume of employment hours, reflecting a high level of wealth production, then even its equal distribution will not yield an adequate standard of living. If we fail to attain an equitable distribution or sharing of what work there is, then, even though the volume of production is high, some will profit at the expense of others and we will still have unemployment with its deflationary influence.

107. How is it possible to completely eliminate involuntary unemployment?

Answer. By first inducing the widest practicable work-sharing and then hiring those who still are unable to find private employment on preplanned public work.

108. How is it possible to guarantee a high level of production?

Answer. By immediately and automatically increasing effective purchasing power (demand) the moment it becomes inadequate to sustain a high level of wealth production. We would know that it was inadequate whenever employment hours (representing current production) fell off. At such times the corrective action of the proposal would become effective immediately, thus creating a net increase in effective purchasing power.

109. Are employment-hours a proper measurement of production?

Answer. Man-hours are a reflection of production only at any given moment. However, labor (both brain and brawn) is the primary constituent of production. Therefore, man-hours is the only basic index of prosperity for the whole people. By weighting such an index for changes in production per man-hour, it becomes a highly accurate measuring stick of the level of wealth production.

110. How many hours per week should a man work?

Answer. The number of hours he wants to work in order to secure the things he is willing to work for.

In other words, such a question cannot be answered in terms of X number of hours per week. That is why the limiting of employment to 30 hours per week or some other arbitrary figure is simply a means of attempting to attain greater equity in the distribution of an inadequate volume of wealth production, instead of increasing the volume of wealth production sufficiently to permit the economic distribution of the total production of all goods and services, up to the point of desire for any given product or service.

111. Will the plan tend to eliminate the violent ups and downs in the business cycle?

Answer. Yes, that is a primary characteristic of the plan.

112. Isn't it socialism?

Answer. On the contrary, the plan is based on the premise that the profit system should be maintained because it best serves the mass of the people, provided it operates to give each individual free access to such part of the total production of the Nation as is commensurate with the contribution he is able to make.

113. How much should a man receive for his labor?

Answer. As much as he can demand in competition with the labor of others.

Provided we find a means of sustaining our wealth production at the highest average level permitted by our scientific and technological knowledge, this would compensate each individual on the basis of relative ability and efficiency and provide a living income for the least efficient.

However, if we continue to fail in adopting some automatic governor on our economy, such as would be provided by the adoption of this plan, the matter of individual compensation probably will continue to be a matter of conflict between employer and employee. This proposal, therefore, would lead to harmony and cooperation and eliminate much of the bitterness and strife present in the functioning of our economic system today.

114. Will it retain the profit incentive in business?

Answer. Yes. Just as at present.

115. Isn't this a scheme to redistribute wealth?

Answer. Not to redistribute wealth, but a scheme to assure that correct distribution of spending which is economically required to sustain a high level of wealth production.

116. Isn't the essential purpose of the plan to bring about a common leveling of all hours and wages?

Answer. Certainly not. The plan does not control wages in any way. Wage rates would be determined just as they are today. Neither does it control the number of hours an employer uses. This he would determine just as he does today. The only control would be the inducement exerted in favor of the distribution of work so as to avoid greatly excess average hours by a given employer. Undoubtedly there would be a tendency for average weekly hours per worker to stabilize, but this action would tend to increase the total number of man-hours used, which means increased production.

117. Can any unemployment reserve plan cope effectively with the type of unemployment which we have experienced during this depression? Would it be adequate to meet such a decline in employment and business activity as has accompanied the basic change in the price level which characterizes this depression?

Answer. If such a plan was made part of our control mechanism, it would avoid such conditions as we have experienced during this depression—that is its purpose. Prices drop when supply exceeds demand. This plan would create a condition raising effective demand above current supply the moment a downward trend started, no matter what the cause of such trend. The effect would be to reverse any such trend of decreasing prices as soon as the trend started. Likewise, if prices rose too rapidly, for any reason whatever it would cause an overstimulation of business activity, which would cause the monthly average to rise above the long-time average, and this would cause employers to pay taxes into the reserve fund. The cost of such taxes would increase prices and thus further dampen purchasing power, which would reduce effective demand. This would act as a check on the too rapid expansion and tend to correct the condition. There is nothing that would be more effective in eliminating violent fluctuation in the price level than stabilizing effective demand and supply, and this plan would do just that.

118. Would the reserves built up for the payment of supplemental compensation ever prove inadequate? If so, how would the necessary funds be accumulated?

Answer. No. The accumulation of funds sufficient to pay the requirements for supplemental compensation would be assured over a period because of the mathematical characteristics of the law of averages. That is, the long-time average, being corrected at the first of each year to reflect the trend, becomes a moving average with the number of hours above the average and the number below the average equaling each other over a long period. As the tax assessed for hours above the average is at a higher rate than the supplemental compensation paid for hours below the average, it is certain that the amount collected would, over a period, be considerably in excess of the amount disbursed for supplemental compensation. This excess would be sufficient to pay the wages of those given employment on public work. The reserve fund becomes, therefore, a self-liquidating, revolving fund with no danger of its ever being inadequate, over a period, to cover the requirements, whatever they may be. This mathematical characteristic is a vital element in the plan and should be kept clearly in mind.

119. Would it be necessary to regulate the general price level which, in turn, is dependent fundamentally upon the cost of labor, in order to prevent excessive drift toward expansion or contraction in the amount of credit used for control?

Answer. Aside from purely arbitrary actions, generally political, the price level reflects current or anticipated supply and demand. In other words, changes in the price level are in themselves corrective. As demand falls in relation to supply, prices fall. As demand increases in relation to supply, prices increase. Because this plan would tend to keep demand in balance with supply, it should keep prices stable. Falling prices, denoting a deflationary movement, would be corrected through the payment of supplemental compensation under the plan. The result would be a rapid correction in falling prices.

The reverse would be true as the reserve fund accumulated—prices would rise as costs, reflecting the tax, rose. Therefore any arbitrary control of the general price level would be unnecessary and undesirable.

120. Might it not be possible, in the absence of centralized planning, that the supplemental compensation suggested by you would be responsible for a fictitious demand which would reflect itself in larger portions of the national income going into producers' goods?

Answer. No. For the first time in our history we would have accurate current statistics of effective purchasing power for consumers' goods. This would make it possible to more accurately judge demand and reduce the danger of misjudging the future requirements for producers' goods. Anything that would eliminate the violent fluctuations of supply and demand would have a general stabilizing effect. This plan would tend in that direction. One of the main features of the plan is that if periodic over-investment still occurred, as it undoubtedly would, the deflationary results of its cessation immediately would be checked and a sufficient net increase in consumer purchasing power over current production

would be added to keep the total national employment and production from falling.

121. Won't prices go up as much as wages?

Answer. When current employment was below the long-time average, prices would not go up because the supplemental compensation used to increase the worker's income would not come out of the employer's pocket and therefore would not increase his costs. When current employment rose above the long-time average and all employers paid overtime, it would increase costs and probably would be added to price. This would be the result desired at such times, as it would reduce effective purchasing power and dampen the trend toward overexpansion.

122. Won't technological progress wreck the plan by gradually reducing man-hours required to turn out a given production?

Answer. No. It would have nothing to do with the plan. The plan itself makes a mathematical correction for any such trend, as explained in the answer to question 161.

But a realistic analysis of the bugaboo of technological unemployment shows it to be fantastic in the first place, and in the second, granting proper distribution of the products of industry so as to sustain effective purchasing power, technological advance should mean a higher and higher standard of living, not fewer hours of work nor unemployment.

The conclusions recently reached by the Brookings Institution on this point are interesting. The following is quoted from chapter XI (pp. 126–131) of America's Capacity to Consume, published by that institution in September 1934:

1. During the so-called new era of the gay twenties the United States was not living beyond its means.

2. There has been a tendency, at least during the last decade or so, for the inequality in the distribution of income to be accentuated.

3. Vast potential demands alike for basic commodities and for conventional necessities exist in the unfulfilled wants of the masses of the people, both rural and urban.

4. The United States has not reached a stage of economic development in which it is possible to produce more than the American people as a whole would like to consume.

5. We cannot materially shorten the working day and still produce the quantity of goods and services which the American people aspire to consume.

6. In emphasizing the need of increasing consumption, we must not forget the necessity of simultaneously expanding production.

123. Isn't the plan comparable to the English dole and wouldn't the effect of this plan be the same as that of the dole?

Answer. In no sense of the word. In fact it is just the opposite. The dole recognizes unemployment and attempts to minimize the burden on the worker. This plan guarantees the worker a job at all times. It further holds business up by sustaining demand and thus causes a high level of employment in industry.

124. How would the plan affect the bargaining power of labor?

Answer. It places the least possible compulsion on employees and employers. It does not set up rules or regulations as to production, wages, terms of employment, etc. The bargaining power of labor and of employers would remain unimpaired. By keeping all workers employed and production at a high level, the demand for labor, of itself, would maintain the buying power of wages at a high level. Labor would still bargain for basic-wage rates and working conditions. The plan itself simply would induce an equitable distribution of the hours necessary to produce the goods which the sustained purchasing power of the Nation would demand.

125. Why do you suggest weekly hours of employment as an index?

Answer. Whenever effective purchasing power becomes inadequate, production falls off. We naturally stop production when we cannot exchange it for something of sufficient value to compensate us for our continued expenditure of energy. When production falls off, hours of employment fall off. An involuntary reduction in hours of employment, therefore, is an indication of falling production, not necessarily reduced units of production, but of a reduced rate of production in reference to the rate that could be profitably maintained if those who want more goods and services had sufficient purchasing power to induce their transfer.

That is why weekly hours of employment are used as an index and why, whenever this index drops below the point at which we want employment sustained (the average long-time level), the plan would increase the effective purchasing power in the hands of those who want the goods and services which an increased production would supply.

126. How would you define purchasing power?

Answer. As the power to induce a voluntary transfer of goods or services for other goods or services. As money is the universal medium for facilitating such transfers, then to whatever extent it is a necessary mechanism, money is purchasing power.

127. When would you say that purchasing power is inadequate?

Answer. Whenever for any reason whatsoever the amount in the hands of those who want more goods or services is insufficient to cause the transfer of the total profitable production of such goods and services.

128. Why do you suggest the use of a long-time average computed as proposed in the plan?

Answer. Because it represents the highest average level of employment we have been able to maintain under the system and methods and knowledge which have resulted from the evolution and growth of our industrial and scientific processes. By using a moving long-time average it takes, as a point of departure, the longest average weekly hours that have been used during the period, either because it was all the hours the workers wanted to work or, more accurately, all the hours they were permitted to work under the economic system (including the money mechanism) under which they were employed.

129. Is there any necessity for wage control?

Answer. No, other than that occasioned by the law of supply and demand, because this plan provides a mechanism which sustains demand adequate to sustain continuous production. In other words, any stability given to the level of production would reflect itself in the stability of wages. Changes in wage levels are generally occasioned by more or less violent changes in demand for labor. By keeping the labor surplus off the market and pegging the wages of labor on public work at a living wage, the bargaining power of labor would be improved because of such sustained demand. And the income of the mass of the workers would be sustained at whatever level was necessary to sustain production.

130. Why doesn't the employee contribute?

Answer. For several reasons. The purpose of requiring a tax to be paid for hours in excess of the long-time average is, first, to induce reasonable work distribution when conditions are below "normal," that is, when the monthly average is below the long-time average. Except in rare cases the employee does not decide how many hours he shall work. In other words, the number of hours which the plant or office operates lies within the discretion of the employer and he always has the power under this plan to avoid the payment of a tax for hours above the long-time average by conforming his weekly hours to such average. Therefore, such tax payments are designed to provide a sufficient saving in costs by work distribution to cause a choice to be made by the employer in favor of work distribution rather than the payment of the tax.

So far as the payment of the tax when conditions are above "normal" is concerned, that is, when the monthly average is above the long-time average, such taxes would fall as a proportionate increase in the payroll of all employers alike, so that their competitive position would remain unchanged.

It is fair to assume that at such times (only when production and employment are at a high level) the additional cost to the employer would be added into the price of his products. To the extent that this was done the effect would be to reduce the real purchasing power of consumers. This would be desirable at such times, in that it would dampen a too-rapid business expansion.

131. How would the plan operate to adjust for the effects of technological advance?

Answer. To the extent that technological advance lowered hours by increasing production per man-hour, it would lower the monthly averages and immediately induce the absorption of those who otherwise would be unemployed, or failing to be absorbed, they would be given Government work. At all events, purchasing power would be sustained adequately to take the total production of the Nation up to the point of maximum desire for any given product. The plan provides for the necessary weighting of the long-time averages to correct for any downward trend of average hours caused by increasing production per man-hour. There is no reason to assume that technological advance must bring a lowering of average hours. So long as the desires of the mass of our people are unfilled, it is more logical that technological advance should increase the standard of living by properly distributing the increased production, rather than decrease average man-hours of employment.

Once the standard of living is raised to the point where people choose more leisure rather than more material satisfactions, then average hours should go down. So far as the operation of the plan is concerned, it makes no difference which they choose. It would tend to keep our economy in balance under whatever conditions of efficiency pertained. It would have a tendency, however, to eliminate waste and the recurrent destruction of values which take place periodically under our present system and to accelerate the rise in the general standard of living.

132. Won't it cause overproduction?

Answer. There isn't such a thing as overproduction, except in a given commodity, so long as the total desires of our people for the goods produced remain unsatisfied. What we call overproduction is generally under-consumption. If saturation of the total desires of all our people, for which they are willing to work, ever arrives, it will simply bring a gradual reduction of average working hours, nothing else.

133. Won't it cause over-saving?

Answer. It might have that tendency. But if it did, all that would result would be a gradual reduction of yield on investments, with increased safety.

134. How would it affect foreign trade?

Answer. See answer to question 150.

135. How would it affect prices?

Answer. See answer to Question 119.

136. How would it affect the value of securities?

Answer. It would sustain the value of investments by sustaining the earning power of the property of which they represent ownership.

137. How would it affect property values?

Answer. See answer to Question 136.

138. How would it affect employment in capital-goods industries?

Answer. A large share of the present unemployment arises through the decrease of production in the capital goods industries, both producers' goods and durable or long-time consumers' goods.

Production of capital goods depends on two factors: (a) Producers' goods—upon actual or anticipated consuming power sufficient to justify their profitable use and thus validate the investment therein, and (b) long-time consumers' goods—upon actual or anticipated consuming power sufficient to absorb the volume produced.

All types of capital goods generally call for the extension of credit and in the case of producers' goods, generally long-time credit. Credit in turn is available through customary investment channels only when confidence exists that adequate consumers' purchasing power will be available over the term of the credit to insure the service thereon and to amortize the loan on or before its final maturity.

This proposal, therefore, would provide the most solid basis for a return of the necessary confidence by insuring not only an immediate increase in consuming power sufficient to justify investment in new capital goods but assurance of such an adequate consuming power permanently sustained.

While there is no justification for the production of producers' goods on any basis other than a reasonable assurance of their profitable use or sale, it is certain that prosperity inevitably will return and that, therefore, there exists today actual justification for the immediate production of large quantities of such goods. And the certainty of an assured and permanent consuming power should go a long way to induce an immediate increase in such production, although there is nothing in the proposal to mitigate against the use of any other measures designed to accelerate the movement.

139. If the long-time average was reduced each year while a depression lasted, is it not true that this would reduce the payments of supplemental compensation?

Answer. There would always be a lag in the reduction of the long-time average compared with a drop in the monthly average. Therefore, the deeper a deflationary movement went, the greater would be the differential in favor of demand (represented by effective purchasing power) over supply (represented by current production). This is one of the main characteristics of the plan. The amount of purchasing power in dollars at any given time is unimportant. What is important is the dollar volume of purchasing power in reference to the dollar volume of current production—in other words, the level of demand compared with the level of supply—and the plan would operate on any down-swing to increase the pull of demand over supply. The deeper the down-swing became, the stronger this pull would become, until at some point the attempt of supply to meet the excess demand thus produced would cause a reversal of the trend. This pull would become effective immediately and automatically the moment weekly hours of employment, for any reason whatsoever, brought the monthly average below the long-time average, and the corrective action would continue until the balance was restored.

As an illustration of the importance of promptness in exerting such corrective action, let us assume that we have a pole standing perpendicular and that it starts to lean off center. It takes very little force to push it back, provided the force is exerted immediately it starts to lean. But once let it get seriously off center and the force required to push it back goes up in geometric ratio. If we start the necessary corrective action by supplementing purchasing power the moment it becomes inadequate to sustain production, the force required (that is, the amount of money required) to push it back will be relatively small.

140. Isn't the plan too complicated for practical operation?

Answer. It is not complicated. Actually, its operation would be quite simple. The averages would be easily determined by a simple calculation from reports made monthly by employers. These reports would contain only simple data consisting of the number of man-hours used during the period reported and the number of employees on the last day of each period reported. Every employer keeps such figures now or could easily do so. The operation of the Government employment offices would not be complicated.

Because it does not attempt to control production, wages, prices, or hours, its enforcement as a tax measure would be relatively simple.

141. Is it likely that this plan would eventually force the Government to take over and run all industry?

Answer. Not at all. On the contrary, it would bring about a condition of general security for the workers and a high level of sustained production and business activity for employers. Industry would thus be keeping its own house in order and there would be no reason for Government to intervene in order to meet emergencies occasioned by millions of people being thrown out of work and a general destruction of investments and profits. (See question 144.)

General effect of the plan on the national well-being

142. What social advantages would flow from the plan?

Answer. Economic welfare and social welfare are synonymous. By maintaining economic health it would safeguard social health. It would provide permanent security to both the worker and the employer. It would guarantee a job to everyone. It would guarantee a sustained market for the products of all industry.

Increased economic well-being would permit children to secure better schooling and more of it.

It would reduce crime by giving everyone the discipline of self-respecting work.

143. What, if any, would be the effect on the standard of living generally?

Answer. Obviously, it would tend to raise our standard of living to the highest average level permitted by our ability to produce. By maintaining effective purchasing power or demand for goods at a level adequate to call for production up to the limit of desire for any given product, the highest possible level of wealth production would be sustained. As the material standard of living increased, it would bring with it increased opportunity for more leisure and permit of a higher degree of cultural development.

144. Doesn't the plan put Government in business and therefore prove an objection?

Answer. It does not put Government in business. All the Government would do is to create the mechanism under which industry and labor would run their own show. The averages upon which the plan operates would not be set by the Government, but would be determined from actual figures provided by industry itself. The plan would be operated by industry and labor and simply would be implemented by Government in order that it would operate on a uniform basis and preserve the equities of every participant. (See question 141.)

145. Why do only part of the people receive the benefits?

Answer. Everyone in the Nation who can benefit from sustained business will benefit. It is not necessary to include everyone under the plan itself. If the major portion of the spending power of the Nation was included, as it would be, the sustained purchasing power of that primary group would sustain the income of the balance of the Nation, which depends upon the expenditures of those in such primary group.

146. Will agricultural workers or those in personal service be eligible under your plan?

Answer. They could be included the same as other employees. But it may not be desirable to do so because of the difficulty of regulating their hours. Their exclusion, however, would not adversely affect the results of the plan. As the greatest portion of the total primary market is included, the operation of the plan would have the desired effect on the total economy of the Nation. For instance, it is not necessary to directly increase the income of our doctors if the income of their patients is sustained, but the income of the patients would be sustained only indirectly by increasing the expenditures of the doctors. Likewise with agriculture. If the buying power of industrial workers, which represents the largest share of the total market for all kinds of goods and services, is sustained, they will purchase the products of agriculture up to the point of desire and thus sustain the market for farm products and the incomes of farmers. Also sustained industrial production at a high level will increase the average income of those in industry and thus attract the marginal worker from the farms into industry with a secured future. This will decrease the number engaged in agriculture and increase the incomes of those who remain in agriculture.

147. Won't it stifle individual initiative?

Answer. No. Opportunity to work for a reward doesn't stifle industry; it promotes it.

148. Who foots the bill?

Answer. No individual or group of individuals. Industry gets the benefit at one period of the business cycle and pays it back out of the wealth produced at another time. It is like any other reserve fund, it simply sets aside a portion of the total production when production is high, and uses it to sustain demand when production otherwise would be low. This sustains profits for both the employee and the employer.

149. What would it cost the Government to maintain the plan?

Answer. The only cost to the Government would be the initial capital of the National Employment Reserve Corporation of $500,000,000. This corporation would be given the power to borrow for its needs. While the Government would guarantee the obligations of the corporation just as it does with the R. F. C., such guarantee would not constitute a drain on the National Treasury by reason of the assured income of the corporation due to the mathematical characteristics of the plan because the taxes assessed would constitute a premium income always sufficient to cover the demands upon the corporation.

The plan is essentially a device supported and operated by industry and implemented by Government to insure uniformity and to preserve the equities between all those who contribute and benefit.

150. The United States is not a complete economic unit. How would this plan control foreign trade and migration? Wouldn't a decline in foreign purchases of cotton or wheat seriously disturb the plan?

Answer. Foreign trade would not affect the operation of the plan, except in one respect, for which the plan would help make an automatic adjustment. In the final analysis, our foreign trade must balance in terms of goods and/or services. We want the largest possible volume of foreign trade, provided it does so balance. The way to insure the largest volume of foreign trade is to increase the purchasing power of our people at home so that their demand for the products which we do not produce—because we are not a complete economic unit—for instance, rubber, manganese, tin, coffee, certain luxuries, and so forth, will provide the dollar exchange for an equal volume of exports.

It is obvious that a decline in foreign purchases of cotton or wheat, or any other unbalancing of the normal export volume of

individual products, will affect the workers in that particular industry, just as the changing styles often adversely affect domestic industries. Today we have no device for meeting a situation where plants shut down as the result of such influences and throw men out of work, thus reducing the buying power of the Nation. Only by sustaining such buying power can we meet a situation where men must be transferred from one line of work to another. The plan does not change the situations we must meet, but it does provide an automatic device for meeting them and sustains the buying power of the Nation while we are doing so.

151. The plan provides that no money would be paid to idle workers, since all would be employed under it, though at a minimum pay. While this distinction may have some moral validity among those who are against doles, is there any real difference in the economic effect between these two measures?

Answer. No. But no one who is familiar with the effects of welfare and relief work can doubt the social value in a democracy of providing self-respecting work versus a money dole.

152. Would not the natural tendency under your proposal be almost monopolistic, in that prosperous companies in an industry might enlarge their productive capacity to enable them to produce the same tonnage with shorter hours, and to give them a more flexible set-up?

Answer. There is nothing in the proposal that affects the number of man-hours of labor which an employer uses. If the actual man-hours used were divided among a greater number of employees, then the investment in equipment per employee would be reduced, but the investment per man-hour would be no different than it was before. The situation as to equipment would be exactly as it would be as to employees. A company probably would use its equipment fewer hours per machine when business fell off, just as by work distribution it would use its labor fewer hours per employee.

153. Will the plan actually eliminate unemployment?

Answer. It will completely and permanently eliminate involuntary unemployment of those capable of working. Whenever a worker cannot get a job in private enterprise, he will be given a job by the Government on preplanned work. The only involuntary unemployment would be during the 30 days after losing a position, before actual employment on preplanned work would be made available.

154. How could the present large number of unemployed be absorbed without disrupting industry?

Answer. The answer is very simple. Suppose the country knew, without the shadow of a doubt, that the effective purchasing power of the mass of the people would be increased by roughly 10 percent 90 days from now; that such increase would bring effective demand above our current rate of production and that such assured demand would remain above current supply until production and employment again rose to the long-time average. It is obvious that producers would increase employment immediately in order to produce goods to meet such an assured demand. This would cause the reemployment of many of our present unemployed even before the plan became officially effective at the end of the 90-day period. There would be no danger of overproduction except perhaps in given articles. In fact, the only way sufficient production could be produced to meet the assured demand would be to increase employment to the long-time average. Ask any producer what he would do if he were given absolute assurance of such a demand.

By reason of present reduced employment that is exactly the situation that would be created. The only factor that would hold back full employment would be the inability of industry to increase production rapidly enough to meet the assured demand.

155. What would be done under the plan to give work to workers thrown out of employment by an obsolescent or dying industry?

Answer. Workers thrown out of employment by a dying industry would be able to find employment in other industries because the total market for the goods of other industries would be increased by an amount representing the purchasing power which formerly purchased the products of the dying industry, thus causing an increased demand for labor in such industries. If displaced workers did not find new employment in private industry immediately, they would be given work on Government projects. This would reduce the monthly average and automatically bring into play the inducement for work distribution inherent in the plan, and provided the monthly average fell below the long-time average, the payment of supplemental compensation. This would shortly exert its pull to draw the efficient workers back out of Government work into private employment.

156. How would an industry be handled, such as printing and lithographing, where it is necessary to sell the goods first at a contract price and then make them to order afterward.

Answer. Because it doesn't control wages or man-hours used, there would be no necessity of any special action to meet such a situation as is pictured. If the price quoted was based on the required number of man-hours at a predetermined wage rate, then the plan would not affect the situation in any way.

157. Will it tend to avoid the dangers of over-production by enabling a better judging of the potential market?

Answer. Yes, it would eliminate violent fluctuations in demand by sustaining effective purchasing power at all times.

158. Will it stabilize earnings, and therefore values, of equity stocks?

Answer. Decidedly; because it would sustain effective purchasing power for all goods and services.

159. Would the plan give us current statistics as to economic conditions?

Answer. Yes; immediately after the close of each month we would know—and the information would be available to the public—how many workers were currently employed by each industry, the total man-hours they were employed the previous month, the number of workers unemployed in "private" industry, the number employed and the man-hours used on Government preplanned work.

160. Will not there be a tendency under the plan for workers in agriculture to move into industry?

Answer. Decidedly. That is the best thing that could happen, provided permanent security is provided for the industrial worker as it would be under this proposal. The expansion of industry, producing the desires of the people, is practically unlimited and nothing could be more beneficial to our economy, as a whole, than to transfer those workers on the farm who are able to live only on a subsistence basis to industry, producing the things they need and desire for a higher standard of living.

Mathematical basis of the plan

161. The plan proposes to mathematically correct the long-time average to weight for the effects of increasing production per man-hour caused by technological advance—is this possible?

Answer. Yes. This would be accomplished by calculating the rate of increase or decrease in the trend, from which a statistical correction would be made in determining the official long-time average. This is necessary because the long-time average is a projection of what is expected to happen the following year, based on what has happened over the past 10 years. It is impossible, of course, to make a completely accurate projection, but by weighting the projection for the trend, and correcting at the beginning of each year, a complete correction is made in the moving average with only a slight time lag. The only effect of this lag would be to determine the time over which the supplemental compensation expended in a given period would be reimbursed. And the period is of no moment. The actual balancing of income and outgo over a period is mathematically certain.

162. Under this plan, would the standard used for the long-time average be the predepression employment condition of the country?

Answer. No. The standard represented by the long-time average would represent the highest long-time moving average of weekly hours of employment which had actually been used during the period averaged, either because it was all the hours the workers wanted to work or all the hours they were permitted to work under the system and standards of efficiency that the Nation had been able to create. It would represent neither the boom periods nor the depression periods, but the average of both periods.

The monthly average would be accurate from the start, as it would be calculated from actual reports of employers received at the close of each month.

163. How do we know the money used to pay supplemental compensation will be paid back?

Answer. Because of the mathematical characteristics of the plan. Working from an average of weekly hours, we know that over a period the number of hours above the average will exactly equal the number of hours below the average—or it wouldn't be an average. As a tax would be assessed for excess hours at a higher rate than supplemental compensation would be paid for deficit hours, the amount collected would always exceed, with mathematical certainty, the amount expended. This excess would be used to pay the wages of those given employment on preplanned public works.

Application of the plan in respect to its effect on the employee

164. Would every worker be able to secure the benefits of the plan?

Answer. Yes, if you are employed, by an individual, company, corporation, association, or other employer, or if you are unemployed and register for employment with the Government agency charged with providing preplanned public work.

165. What benefits would the employee secure?

Answer. You would be guaranteed a job on Government work if unable to secure a job in private enterprise. Also, you would be guaranteed additional compensation, in addition to that received from your employer, out of a national reserve fund whenever employment fell off, that is, when the monthly average dropped below the long-time average. Such payments would continue until current employment rose again as high or higher than the long-time average.

166. What would the employee have to contribute?

Answer. Nothing.

167. Does the employee pay any dues or fees of any kind?

Answer. No.

168. What happens when I lose my job?

Answer. You register with your local Government employment office and then try to get another job with or without their help. If you are not successful within 30 days of the date you registered, you would be given a job by the Government. The job given you might not be the same class of work you had been doing, but it would be work you were capable of performing. The pay on such a job would be on a minimum standard.

169. Where would I apply for work?

Answer. To your local Government employment office.

170. Do I receive benefits while I am unemployed?

Answer. You do not receive any supplemental pay unless you accept a job which the Government guarantees to furnish you.

171. If my work-hours were reduced, how would it affect my pay?

Answer. If you are paid by the hour your wages would be less because of the reduced work. But whenever the monthly average was less than the long-time average, you would receive from the national reserve fund additional compensation over and above that received from your employer, which would keep your total income from falling greatly.

172. How would I know when I was entitled to receive benefits from the reserve fund?

Answer. You would know what both the monthly and long-time averages were, as these would be published in the daily papers, posted in your shop or office, and at your local Government employment office and post office at all times.

173. For how long would I receive benefits in the form of supplemental pay?

Answer. Such payments would continue so long as the monthly average remained below the long-time average.

174. In what form would I receive the benefits?

Answer. They would be paid to you each day by your employer along with your regular pay. Your employer would get the money back immediately from the national reserve fund.

175. How will the plan affect my wages?

Answer. It does not affect your regular wages in any way, except that it guarantees you supplemental compensation as explained under question 171.

176. Would the adoption of the plan tend to reduce wages?

Answer. No. Wages tend to go down only when demand for labor is weak. By sustaining a high level of purchasing power, the demand for goods would be sustained. This would sustain employment and cause a stable demand for labor and thus tend to maintain wage rates.

177. If I lose my job, how long must I wait before I get another job?

Answer. You could get another job in industry just as soon as you could find one. Because business would be kept up, your chances of finding another job immediately would be good, but if you were unable to find a regular job, you always would be given a job by the Government employment office after a lapse of 30 days. So that if you registered immediately after you lost a job, you would never be out of work for more than 30 days.

178. Do I have to take any job offered me?

Answer. No. But if you want a job provided by the Government you must accept the kind of work it is able to provide.

179. How much will they pay me if I accept a Government job under this plan?

Answer. Such work will be paid for on the basis of minimum wages, set to provide a subsistence living.

180. Might it not be difficult to persuade unemployed workers to accept low pay on preplanned work supplied by the Government?

Answer. The plan would sustain production and employment at the highest average long-time level. This would sustain demand for labor at all times and thus involuntary unemployment in private enterprise would be kept at a minimum. Hence the number given employment on preplanned work supplied through the Government would be relatively few and these would consist of the most inefficient marginal workers. The better working class would be able to secure regular work. With the plan in effect, it is logical to assume that charity organizations would refuse to support such marginal workers if they knew they could support themselves on public work, and although the pay they would get would be small, it would provide decent subsistence and would still be more than such workers could get from any charitable organization. Therefore there is no inherent weakness in keeping the wages on public work at a minimum. There is an advantage in doing so, in that those who are forced to work in order to support themselves would be induced to seek employment in private industry as soon as possible in order to get higher compensation. In other words, there would be no inducement for men to stay on public work rather than to get back into private productive enterprise.

181. What would be the effect of the plan on the employment of women?

Answer. It should tend to reduce the number employed particularly in factory work a great portion of whom now work in order to supplement the family income. If employment was regularized and our production more evenly distributed—as it would be automatically under the plan—it would make it unnecessary for a great many women now employed to continue to work.

It is probable that as our standard of living increased as it would if our production were sustained at the highest-average long-time level and economically distributed there would be a tendency on the one hand to accelerate the reduction in the hours of work required in the home which might cause more women to seek outside employment. But on the other hand by increasing the standard of living such a tendency should be offset by those who would give up outside employment and devote their time to the promotion of cultural interests. Statistics show that marriage rates increase with regularized employment which should have a tendency to remove a percentage of the present unmarried women from unemployment in industry.

182. By inducing work-sharing, would not the tendency be to lower the average efficiency of the workers and increase costs?

Answer. Any decreased efficiency which might result for a given employer through work sharing would be more than offset by the increased efficiency of the Nation as a whole through greater employment. It is self-evident that the total production of the Nation is increased when all workers are gainfully employed up to their full capacity and receive a sufficient income to permit of the adequate purchase of such production. Any employer profits by having a sustained market for his goods much more than from slightly increased efficiency which may enable him to get a larger share of a smaller market. Whatever the effect might be, if any, on efficiency, such effect would be spread over all industry and not centered in one plant. Every employer would remain in the same position as today in bidding for the most efficient labor against his competition and would have the same opportunity as today to develop the relative efficiency of his own plant or business.

Application of the plan in respect to its effect on the employer

183. Are all employers eligible to operate under the plan?

Answer. Yes; except those engaged in agriculture.

184. Must an employer operate under the plan?

Answer. Yes. If you have one or more employees receiving salary, wages, commissions, piecework, or other compensation, except agricultural employees.

185. What benefits would the employer receive from the plan?

Answer. You would be assured sustained buying power throughout the Nation among those to whom you sell your products or services. In effect you would have market insurance.

186. Does the plan control the number of hours the employer may operate his plant or his office?

Answer. No. The number of hours you operate your plant or office is left entirely to your discretion.

187. How much extra will it cost the employer?

Answer. If you distribute the hours of work you wish to use among sufficient employees, so that each is employed not more than the average number of hours per week, over a 6 months' period, represented by the long-time average, you would avoid the payment of any tax, except at times when general employment, represented by the monthly average, was greater than the long-time average. At such times the premium you would pay for such excess hours would amount to the same percentage increase in your labor costs as would be paid by all your competitors, so that your competitive position would remain unchanged.

188. How will it affect the employer's costs in relation to his competitors?

Answer. Your costs would not be adversely affected in relation to his, unless he distributed his work so as not to exceed the long-time average and you did not. (See answer to question 187.)

189. How will I determine the wages I must pay?

Answer. Just as you do today. Probably on the basis of supply and demand, on your union scale, if your business is unionized, and on the basis of length of service and training in your organization together with your general philosophy as to the treatment of employees. This plan does not affect the basic wages paid.

190. Will it control the wages I must pay?

Answer. No. The plan has no control over basic wages, except as to the payment of a tax if you work your employees more average weekly hours, over a 6-month period, than the long-time average.

191. If I am a manufacturer, will I have to increase my fixed investment in order to operate under the plan?

Answer. No. Every plant must have equipment to produce for its maximum market. Such equipment may be used one or more shifts. By sustaining your market, the monthly average of hours would remain up and all industry would be able to work relatively long hours. When business fell off you would reduce average hours to the long-time average rather than lay off employees, if you desired to avoid the tax, but this would require no more equipment. While, at such times your unit cost would go up because of your fixed investment, it would be because your production had gone down, not because of this plan. In fact the plan would keep production from falling off so that the variations in unit costs would be very slight.

192. Will I have to hire inefficient workers?

Answer. No. You have the same freedom as today.

193. Will I be able to hire whom I want and discharge whom I want?

Answer. Exactly as you do today.

194. How will I know what the official monthly and long-time average hours are?

Answer. Both the monthly average and long-time average would be published currently in the daily press, would be mailed to you immediately, and would be available at your local Government employment office and post office at all times.

195. Will the monthly and long-time averages as published apply to all employers in the country or to a given region, or to just the employers in my industry?

Answer. Both the monthly and long-time averages will be published for the country as a whole and will apply to all employers throughout the United States.

196. When will the employer pay a pay-roll tax?

Answer. At the close of any 6-month period (June 30 and December 31), during which his employees work more average hours per week than the published long-time average.

197. How much pay-roll tax will the employer pay?

Answer. One and one-quarter percent of the total pay of each employee for each hour or fraction that his average weekly employment exceeds the long-time average. For example, if an employee worked an average of 42 hours a week during a 6-month period and the long-time average stood at 40 hours, you would pay a tax equal to 2½ percent of that employee's pay.

198. To whom will the tax be paid?

Answer. To the collector of internal revenue for the district in which the employer is located.

199. When will my workers receive benefits?

Answer. Whenever the monthly average is lower than the long-time average.

200. Who will pay the benefits to my employees?

Answer. You will, on their regular pay days, but you will be reimbursed for such payments immediately by drawing a draft on the national reserve fund provided on the regular monthly report forms which will be furnished you. The draft can be cashed through your local bank.

201. How will I be reimbursed for the payment of such benefits?

Answer. (See answer to question 200.)

202. Will the employer have to make reports, and, if so, to whom?

Answer. Yes. One report at the close of each month to the National Employment Reserve Corporation.

203. What information will the employer report?

Answer. The total hours his employees were employed by him during the month and the total number of employees on his pay roll on the last working day of the month.

204. Does not this plan interfere with the prerogatives of employers in making it mandatory for them to distribute work under certain circumstances?

Answer. The plan does not make it mandatory. While it requires the payment of a tax for hours above the long-time average, the choice is left to the employer as to whether he will distribute work sufficiently to maintain the long-time average and thus avoid the payment of the tax, or will pay the tax and work the excess hours. He naturally would choose the action that was most economical for him. His competitors would have the same choice, so that his competitive position would remain unchanged.

205. If I simply operate an office but produce no goods, will I be included under the plan?

Answer. Yes. Office employees are included. The fact that you produce services of one kind or another instead of some manufactured product does not change your status as an employer.

206. Would the operation of the plan reduce the individual initiative of the workers?

Answer. It is hard to see how it would; but if it had that effect in the case of some few individuals, there still would be retained the element of compensation as an inducement for efficiency; and this element, through bonus and like schemes, has been largely responsible for the tremendous increase in efficiency in many lines of manufacture. We are prone to consider the efficiency of an individual and not the efficiency of the Nation. Assuming maximum efficiency of an individual at 100 percent, it would be much better, from the standpoint of the Nation, to lower the average efficiency from 100 percent to, say, 90 percent than to have 75 percent of our workers operating at 100 percent and 25 percent at zero because they were unemployed. After all, our individual welfare is wrapped up in the welfare of the Nation, and the Nation can prosper only to the extent that the total population prospers. The material welfare of the Nation depends upon its production, and its production depends upon capital, management, and labor. To the extent that everyone in the Nation helps in the production of wealth will the total level of prosperity be raised.

207. Will it permit the "running of one's own business" with a minimum of Government direction?

Answer. Yes; with no Government direction.

208. Will it maintain the rights of the employer to determine what he shall produce, how much he shall produce, how many hours of labor he shall use to produce it, what he shall pay such labor, and what he shall sell his production for?

Answer. Yes; it leaves all these decisions to the employer, the same as today.

209. Does not the plan penalize those industries which, through good fortune or good management, have been able to solve their own problems of unemployment, particularly of the seasonal variety?

Answer. No. The market for the goods of a given company or a given industry is not primarily among its own employees. Profits depend upon a demand for the goods or services produced. The largest profits would result from a steady demand by those identified with other industries. Therefore, the interests of any industry lie in having employment maintained in other industries even more than in its own. This plan would sustain general employment and effective purchasing power, or demand, and would not interfere in any way with a continuation of stabilized employment which may exist in any industry today.

210. Would not the effort to draw in more workers so as to avoid a tax for hours above the long-time average decrease average wages?

Answer. If it had any effect at all on basic wages, it would work in the opposite direction, because by keeping production up labor would be in demand at all times. Probably what actually would happen is this: The employer always would determine which was the most economical, to continue to work his trained workers longer hours and pay a tax, or to take on additional workers not so highly trained in his own business, work them the hours represented by the long-time average, and thereby avoid the tax. The net result, country-wide, eventually would create a situation where the workers employed on pre-planned work would fall into the least efficient category of labor—those who, generally speaking, would be too inefficient to make it economical for employers to hire them.

211. Don't you think employers would find it difficult to manipulate their labor schedule to keep employees' hours reasonably within the required average?

Answer. No. Because so long as they did not exceed the long-time average they would pay no tax. The long-time average would always represent relatively long hours, which would fluctuate but slightly from year to year. This would enable employers to stabilize their employment without the need for manipulation.

212. Assuming that the long-time average amounted to a 5-day week and an employer found it more desirable to operate 6 days per week, would this not increase his average cost of production?

Answer. Not if labor were paid on the basis of an hourly rate. It would simply mean that the employees would work fewer hours per day for 6 days than if they worked only 5 days, not that they would work fewer hours per week. As the average man-hours worked by any employee would be calculated by 6-month periods, great flexibility would be provided in meeting seasonal peak loads or any emergency situations. It would not necessarily mean additional machinery or less machinery. If a plant had sufficient equipment to operate at the peak under relatively long hours, it would obviously have sufficient machinery to operate under shorter average hours below the peak. Again, the problem would be no different than at present. As production increased, either the present plant would be operated longer hours or additional machinery would be necessary. This would be true just as it is today under a continuous plant operation (24 hours a day, 7 days a week) or under any other method of operation.

213. Would individual employers be willing to pay taxes while their competitors did not?

Answer. They would not be required to do so. The monthly average would be determined by dividing the actual hours used by all employers by the total number of workers employed in private enterprises plus those given employment on public work. There would be no inequality, after having determined the monthly average, in asking all employers to pay a premium if they worked their employees longer hours than the long-time average, which would always be at a high level. While not all of them would distribute work so as to avoid the payment of a tax, they would all have an equal opportunity to do so, except when current employment was above the long-time average, at which time all employers would pay a proportionate tax, which would leave their competitive position on the same relative basis.

Initiating the plan

214. How would such a plan be started?

Answer. Provided the necessary legislation was passed by Congress and signed by the President, the first step would be to announce a given date on which its provisions would become effective. This could be set, say, 90 days from date of passage of the act. That would mean that upon the date set all employed workers entitled thereto would begin to receive supplemental compensation and all workers unable to find employment in private industry would be given employment by the Government on preplanned public works if they had registered at their local employment office. Employers would make their first monthly report at the end of the first full month after passage of the act. This would enable the calculation of the monthly average and its publication in advance of the time the actual operation became effective, 90 days after passage of the act. The long-time average would be determined at the same time as the first monthly averages. The corrected monthly average would be published each month thereafter.

215. Would it be possible for the plan to be put into operation by individual employers rather than to make it compulsory with all employers?

Answer. No. Its purpose is to sustain a market for the entire production of the Nation. No employer can sustain a market for his own production by sustaining the effective purchasing power of his own employees. Under a competitive system the costs of one producer must be kept in line with his competitors or he will be unable to continue to produce. Therefore he cannot increase his costs over those of a competitor. This plan maintains free competition between producers but acts to sustain a market for all production within which such competition can function without damage to the economy of the Nation as a whole.

216. Would it be necessary to take an industrial census for use as a starting point?

Answer. No. Having secured the first monthly average which would be accurate, the initial long-time average would be arbitrarily set at a sufficient number of hours above to provide for the initial increase in current purchasing power determined as desirable by Congress in the enabling act. That is, if 10 percent increase were desired and the initial monthly average was found to be 32 hours, then 10 hours would be added (1 percent for each hour) and the initial long-time average set at 42 hours. Adjustment would be made, according to formula provided for in the enabling act, to correct for the trend thereafter. While there would be some error in the long-time average during the first 10 years of operation of the plan under this method (after 10 years it would be accurate and remain accurate thereafter) the only effect of any factor of error would be to lessen or increase the rate of recovery in comparison with the rate if the true long-time average for the last 10 years were known. This method is therefore suggested in order to avoid the time and cost of accumulating data on employment hours over the past 10 years which at best, due to the nonexistence of accu-

rate data could be only a good approximation. Even if such data were available, the method suggested is preferable while we remain in a severe depression with the need for reemployment of a large number of workers remaining acute.

217. Would any temporary changes be necessary in the plan while it was getting under way?

Answer. No; except as explained in answer to question 216.

218. If the plan was put into effect as soon as possible, how long would it be before industry and employment would feel the benefits to be derived from its operation?

Answer. If it was known that the plan would become effective in, say, 90 days, it would immediately stimulate production because the absolute assurance of a substantial net increase in effective purchasing power within 90 days, through the payment of supplemental compensation, would make it necessary for producers to increase production immediately so as to be prepared to take advantage of such assured increased demand. In other words, the announcement of the plan would cause a stimulation in employment and production, which would cause the employment of many workers even before the actual payments of supplemental compensation started.

219. Has a bill been drafted that would effectuate the plan, if passed by Congress?

Answer. Yes; a suggested bill has been prepared.

220. Would the legislation required to make the plan effective be constitutional?

Answer. Yes; because the entire operation of the plan would be made effective as the result of the placing of an excise tax. Congress has the constitutional right to appropriate the capital necessary for a corporation such as is proposed and to empower it to borrow and to guarantee its loans. It has the right to place an excise tax for revenue to cover its outgo. That is all that would be required to make the plan effective. The necessary act would resolve itself into pure revenue legislation.

221. Is State legislation required for effectuating the plan?

Answer. No.

222. How long would it take to put the plan into practical operation if the necessary legislation were passed?

Answer. It is estimated that it could be put into effect within 90 days.

Administrating the plan

223. How would you determine who was unemployed?

Answer. Anyone who registered at a Government employment office and was willing to accept Government preplanned work would be "unemployed" in private industry.

224. In what manner will the tax for hours in excess of the long-time average cause work sharing?

Answer. Whenever the monthly average is below the long-time average everyone desiring employment, including those given preplanned work, could be employed in private enterprise for the number of hours per week represented by the monthly average if no one was employed in excess thereof. From the standpoint of practical operation, it might prove a real hardship if employers were taxed for hours in excess of the monthly average in order to induce sufficient work distribution to eliminate all public work.

Therefore the tax is placed for hours only in excess of the long-time average over a 6-month period. This means that whenever the monthly average is below the long-time average the tax can be avoided by limiting hours to the long-time average. Because employment would be sustained at all times, this measure of work distribution would be sufficient to avoid many workers being forced onto public work and still would not interfere with practical operating conditions with which the employer is faced. When the monthly average was above the long-time average all employers would be taxed proportionately provided average hours were not permitted to exceed the monthly average. Thus the competitive position between employers would remain unchanged.

225. Would not seasonal fluctuations in production make your monthly average unworkable?

Answer. No. The only purpose of the monthly average is to determine the amount of supplemental compensation to be paid. Such payments would tend to equalize income throughout the year.

226. Would it be possible to publish the monthly averages at the beginning of each month?

Answer. It is estimated that it would take 2 weeks to determine the monthly average after the close of a month. The averages determined would be used for the following month. This lag would not be important.

227. If employers reported monthly, how could an average of weekly hours be arrived at?

Answer. A workweek would be defined as 6 working days. In computing the number of workweeks in any given calendar month, there would be subtracted from the actual number of days in the month, the number of Sundays and holidays (designated in advance). The remainder would be divided by six.

228. How would employers be reimbursed for money expended as supplemental compensation?

Answer. They would draw a draft on the reserve fund in connection with the simple report forms that would be provided. Arrangements would be made so that banks would cash these drafts, which would be paid upon presentation to the Government agency operating the plan.

229. Would it be possible for employers and employees to enter into collusive agreement to report less employment hours than actually existed in order to obtain benefits under the plan?

Answer. Yes; but it would be difficult to keep such collusion from being discovered. Every employee would have a stake in correct reporting because he would either be entitled to supplemental compensation or a job producing a living wage. The loss to him from failure to receive such benefits would be more than the employer could afford to pay for his collusion. By placing all penalties for false reporting on the employer, the employee would sooner or later disclose the collusion and subject the employer to heavy penalties.

230. Would there not be a heavy drain on the reserve fund if the monthly average remained below the long-time average for a considerable time?

Answer. It could not remain below very long because the corrective action of the plan would become effective as soon as it fell below. Purchasing power immediately would be raised above the current level of production (supply), which would force production back to normal. And the time element has nothing to do with repayment. It is mathematically certain that the amount paid out, no matter over what period, will be refunded. (See answer to question 161.)

231. How would the reserve fund be invested?

Answer. If the plan was started during a depression the National Employment Insurance Corporation would use its credit to initiate it, this credit being repaid automatically at the other end of the cycle. Under such circumstances it is doubtful if a reserve fund of magnitude ever would be accumulated. Nevertheless, the point raised is pertinent, namely, how could a large reserve fund be handled so as not to create the very condition which the plan is designed to correct, that is, overinvestment in producers' goods? The following method would eliminate this difficulty.

When the level of employment was above the long-time average it would be made mandatory, as funds accumulated for investment, to invest them in Government bonds, purchased directly from Federal Reserve banks. Against delivery of these bonds the Reserve banks would debit the reserve accounts of member banks. This would decrease the reserves of member banks and contract the national credit base. A desirable brake on the expansion of credit, tending to counteract a too rapid acceleration of general business activity, would result.

Vice versa, when the level of employment fell below the long-time average, necessitating funds for payment of supplemental compensation, it would be mandatory to sell bonds direct to Federal Reserve banks.

Upon receipt of such bonds the Reserve banks would credit the reserve accounts of member banks with the proceeds of the sale. This would increase the reserves of member banks and expand the national credit base. A desirable brake on the contraction of credit, tending to counteract a too rapid deceleration of general business activity, would result.

If it is argued that any mandatory provisions requiring Reserve banks to buy or sell Government bonds would destroy the discretionary authority of the Reserve boards, the answer is that the effect of such mandatory provisions would be highly desirable because the result of such purchases or sales would automatically conform to the action which it is contemplated will be taken by the Reserve banks to counteract too violent fluctuations in the general price level.

And even though it was mandatory for the Reserve banks to buy or sell Government bonds from or to the fund, they could retain their discretionary power to buy or sell in whatever amount they desired in the open market.

232. How large a staff would be necessary to handle the reports which would be received setting forth figures for computation of averages?

Answer. It is estimated that reports from 5,000,00 employers could be tabulated and checked and the averages calculated by not over 500 clerks.

General

233. What advantages does the plan offer over so-called unemployment-insurance plans?

Answer. There are numerous objections to unemployment insurance. The principal ones are: (1) It does not cure unemployment, it simply accepts it. (2) It operates against work-sharing because employers will tend to keep working longer hours when business declines and let part of their force go on the theory that the ones let out will be taken care of through the insurance benefits. (3) The benefits suggested in any unemployment insurance plan put forth so far are inadequate to do more than pay a small weekly stipend for a comparatively few weeks. (4) The insurance fund, if accumulated as a percentage of the pay roll, in good times and bad, obviously will be added to price, so that the effect on effective purchasing power will be negligible in sustaining the Nation-wide demand needed to sustain employment.

234. Why wouldn't it be more practical and easier of operation to limit hours of employment to, say, 30 hours a week?

Answer. Why limit hours to an arbitrary figure when people want more things and are willing to work for them? Any arbitrary setting of hours is simply a guess. It may be a good guess or a bad guess. But the only purpose of limiting hours is to cause work distribution. This plan not only contains a strong inducement for work sharing but entirely eliminates unemployment. (See answer to question 110.)

The following quotation from chapter XI, page 128, of America's Capacity to Consume, just published by the Brookings Institution, Washington, D. C., is illuminating:

"We cannot materially shorten the working day and still produce the quantity of goods and services which the American

people aspire to consume. The actual production of 1929 was accomplished on an industrial workweek which averaged close to 51 hours. The potential 1929 production of $97,000,000,000 (which assumed no unemployment or slack employment) was also predicated on the assumption of an average working week of 51 hours. If we were to shorten the working week to 30 hours, as has frequently been suggested, with a view to absorbing all complete and partial unemployment, the production would be greatly reduced.

"Assuming no change in man-hour efficiency, the reduction from the 1929 basis would be two-fifths, giving a production of $58,000,000,000, of which about $51,000,000,000 would be consumptive goods. If we assume that improved techniques and methods may have increased man-hour productivity since 1929 by as much as 25 percent, the production of consumption goods on a 30-hour week basis (for the same population as in 1929) would be approximately $63,000,000,000. Under these conditions, consumption would have to be reduced below the 1929 level by some 10 percent, since consumption in 1929 was about $70,000,000. On a 40-hour week, with a 25-percent increase in efficiency, and the same level of employment as in 1929, production would be approximately the same as in 1929.

"But has there been any significant increase in productive efficiency during the depression period? While we have made no thorough study of this problem, there does not appear to be much ground for believing that there has been a universal increase in efficiency approaching 25 percent. It is true that in numerous instances new and better equipment has been installed—though this is far from general. It is also a well-known fact that the building of new plants almost entirely ceased during the depression and that expenditures on equipment have in many cases been confined to the making of indispensable repairs. One of the things that we are now relying upon to furnish employment is the making good of deferred maintenance on the railroads, in industrial establishments, and on highways, streets, and other public works. The drastic curtailment in production schedules during the depression in the so-called capital producing industries affords rather conclusive evidence that in general the productive capacity of our industrial establishment, so far as plant and machinery are determining factors, has not been increased materially since 1929.

"On the side of operating efficiency there has been great improvement in many lines of manufacturing, but much less in most other types of productive operations. Man-hour efficiency in manufacturing showed a marked increase during the early months of the recovery period, as compared with 1929, but this was attributable, in some measure, to the fact that the smaller number of employees on the pay rolls represented a more highly selected labor personnel. As the less efficient workers are absorbed, the average unit cost will tend to increase.

"To summarize, if we have a 30-hour working week, with complete utilization of our labor force and productive establishment, and then assume a universal increase in efficiency in agriculture, mining, manufacturing, transportation, marketing, and other branches of industry of as much as 25 percent, we would still have a productive output considerably smaller than in 1929. Unless we can be sure of a vast increase in productive efficiency the working day cannot be appreciably shortened without a curtailment of production and, in consequence, without reducing consumption standards below the level of 1929.

"Looking forward one may, to be sure, paint a picture of productive potentialities that would seem to make the realization of vastly higher living standards easy of attainment. But assuming that all of our existing industrial plant and equipment, except the very latest models, could be summarily scrapped—without cost to anybody—and be replaced forthwith by the best that is known to science, one can conjure up—as some imaginative people have done—vast productive possibilities. But we are confronted, unfortunately, by stern practical realities; old plant and equipment cannot be scrapped without financial costs, nor can the latest improvements be installed instantaneously on a universal scale. The railroad industry affords perhaps one of the best examples of what might be accomplished theoretically; but the realization of the productive economies there possible is held back alike by the immediate financial costs involved, by conflicting interests of the various railway groups, and—not least—by the opposition, incorporated in legislation, of railway laborers who fear the effects of such improvements upon the demand for their services.

"In the light of such practical considerations as these the production dreams of engineers have to be liberally discounted. The most that can be hoped for is a gradual increase in productive output, as existing plant and equipment can be replaced by more efficient types and as new methods can be progressively introduced. It is helpful, in considering this problem, to recall again that during the great era of technological advancement between 1900 and 1929 per capita production in the United States increased by less than 40 percent.

"In due course we can expect a much larger production for the same expenditure of human energy than has yet been possible. But for the immediate future we cannot count on production taking care of itself if the working week is materially reduced. In any event, we are desirous of raising the standard of living substantially above the level hitherto realized, not merely restoring it to the unsatisfactory level then prevailing."

235. How would the plan operate in periods where a high level of employment was sustained?

Answer. Just as it would in other periods, except that at such times supplemental compensation would not be paid. Instead the reserve fund would be accumulated through the payment of the pay-roll taxes.

236. Might not organized labor object to your method of increasing purchasing power during depression?

Answer. Organized labor would have no possible grounds for such an objection. It would receive the benefit of payments of supplemental compensation during periods of depression. Organized labor has always advocated work sharing, and even where industry failed to distribute work the unions themselves shared the total income from work among their members in the form of benefits. They have always practiced the reserve principle, and this plan would make it possible to cut the contributions of its members used to build up reserves to meet conditions which this plan would take care of automatically.

237. Do you believe that any proposal to levy new or additional taxes upon business would meet with favor at the present time?

Answer. If work is distributed so that excessive average hours are avoided, the plan does not involve any additional tax except when the level of business rises above the long-time average. This is the unique characteristic of the plan. It would permit taxes to be materially reduced when business activity was low and taxes were hard to pay.

By relieving the burden of the Government, the States, and the municipalities for relief, general taxation would be reduced.

238. Are there not two separate parts to your plan? If so, are they not contradictory?

Answer. Yes; there are two distinct parts, but they are not contradictory. They are complementary. Although they would operate entirely independently of each other, they would operate simultaneously. The elimination of unemployment is one part of our problem; the other part is to sustain a high rate of production. For example, assume that it is possible to equitably distribute work; even so, unless there is an adequate total to distribute, the share of no one will be sufficient to provide a decent standard of living. Efforts have been made during the past few years to effect a more equitable distribution of work in order to reduce unemployment, but because such efforts have not been accompanied by a compensating increase in total work hours the result in many cases has been to reduce the incomes of those already employed so low that they could hardly subsist or to entirely eliminate profits or to simply raise prices. In other words, work sharing alone is not a cure for depression. Along with any method of distributing work so as to eliminate unemployment must go some method for sustaining a high level of production and employment. Only by creating some device for accomplishing both requirements simultaneously can we insure a universally high standard of living for our people. The two steps are complementary.

239. Would the plan delay necessary movements of labor from one industry to another, just as unemployment relief in England has delayed the readjustments between industries?

Answer. No. It would induce them to take place promptly.

240. The plan makes no provision for old-age pensions. Would it be feasible to make such a provision a part of the plan?

Answer. This plan could include old-age pensions with no material change by simply providing that any registered unemployed worker 65 years of age or over would receive an amount equal to the minimum wages on preplanned work as a pension benefit and without any requirements for actually performing labor. The fund would be sufficient to provide for such pensions if the pensioners were included in the count from which the averages were calculated.

241. Why are two percentages used in arriving at the amount of taxes due or extra compensation due?

Answer. Because there are two distinct parts to the plan, although both parts work simultaneously. The method of placing the tax is designed to cause distribution of work at or below the long-time average. The tax rate would yield sufficient to pay the wages of those unable to find private employment, when given preplanned public work, in addition to the supplemental compensation which would be used to sustain effective purchasing power whenever business tends to decline.

242. Would a worker ever receive supplemental compensation while unemployed?

Answer. No; only when employed.

243. How would the plan affect the building industry with its skilled and unskilled labor, and no constant employment so far as one contracting organization is concerned?

Answer. Just as it would any other industry.

244. What is meant by inflation and deflation?

Answer. Because these terms are used in this pamphlet it is desirable to give the author's definition:

Deflation: Whenever the available means of payment in the hands of consumers is insufficient to buy the current production at current prices. The effect—price reductions, lowered profits, bankruptcy.

Inflation: Whenever the available means of payment in the hands of consumers is more than sufficient to buy the current production at current prices. The effect—increasing prices, excess profits, boom.

Help the Farmer

EXTENSION OF REMARKS

OF

HON. WILBURN CARTWRIGHT

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 9, 1937

Mr. CARTWRIGHT. Mr. Speaker, I believe President Roosevelt had in mind the idea and purpose of helping the American farmer when he called this special session of Congress. He knows that if the farming interests of this country are helped the entire business structure of our country will be benefited.

Personally, I do not believe there is a Member of Congress, either in the House or in the Senate, who is not anxious to do something constructive for the farmer. The trouble is in reaching an agreement. I could fix it for the Third Congressional District of Oklahoma, but in a general farm bill we cannot legislate for just one section of the country or just for the commodity in which a certain section is the most interested—like cotton. We must legislate for all sections of the United States.

For several days I have listened intently to the discussion of this bill—H. R. 8505—which is 86 pages and has many ramifications. I most sincerely hope the changes and amendments adopted will make the bill a better and more workable one for the American farmer. After all an intricate general farm bill like this has to be more or less a compromise. It is a game of give and take. Therefore I am going to discuss the general philospohy of helping the farmer—the object of the bill.

Mr. Speaker, on Tuesday, February 28, 1928, I made my first speech on the floor of this House. It was A Plea for the Farmer, and I wish to quote a part of it.

> Mr. Speaker, it is a fact beyond dispute that no producing group in this country faces such a combination of handicaps and burdens as those which are imposed from the outside on the farmers of America and their families.
>
> These people are my people, Mr. Speaker. I know them. I love them. I belong to them. They are essential to the very existence of this country. Therefore their problems, their needs, and their rights, cannot and must not be neglected or ignored. Regardless of party affiliation, we cannot fail to agree with that great Democratic leader who said, "The farmer who goes forth in the morning and toils all day—who begins in the spring and toils all summer—and who by the application of brain and muscle to the natural resources of the country creates wealth, is as much a businessman as the man who goes upon the board of trade and bets upon the price of grain."
>
> With all my heart, Mr. Speaker, I plead for an honest understanding of the place and the problems of the farmer in the life of this Nation. And I plead further, for earnest support of every constructive measure that may be placed before this body that will bring relief and a fair chance to the agricultural forces upon which the prosperity, the stability, the very life of our country so largely depend. [Applause.]

Mr. Speaker, that expressed my feeling then and it states my sentiment today. May God help us in our deliberations.

Farmers have done more to shape life on this continent than any other major group. Their power remains mighty. Its vigor at the root is our brightest sign that in the not too dim future, the country way of living and working will go forward in better style than ever.

The first President of the United States was a farmer. His natural and abiding interests were farm interests. Mount Vernon, his country home, was the place he loved best. In Washington's day the whole country was rurally directed. Cities were towns, little more than market places for farm people. They have never lost this basic character.

No President since the first has ever been far removed from the farm or farm influence. The same can be said for the industrial chiefs, many of whom were reared on the farm.

Ever since the original colonists landed, the farm family has been the principal unit of settlement and growth. Late in the eighteenth century the second wave of pioneers washed over the top of the Appalachians, westward bound. Up the rivers and trails and down the other slope, they trickled through the woods and emerged upon the prairie. Clearing their farms out of the timber, plowing their acres as soon as the new steel tools came to hand, they built homes and brought the wilderness to life.

Then, somewhat later, sturdy newcomers began arriving from across the sea to work and live here where once the wolf howled, many speaking tongues that seemed strange. Like all of us in some generation they had sailed out of the old country to help fashion the new. They were no strangers; instead, they moved right in and made themselves good neighbors. These streams of related motive and habit and blood commingled. It was all a vast merging of peoples. Their blend is our blend today.

The relationship between farm and town has always remained clear. Today smooth roads and transportation at tenfold speed have made country and town practically one. Hurt the farm and you pain the factory.

Since history began agriculture has been the most important industry in the whole world. Directly or indirectly it provides most of the materials of the three human essentials—food, clothing, and shelter.

The riddle of agriculture reminds me of the village drunkard who asked the policeman where the other side of the street was. The officer pointed to the other side. "No; it ain't," said the inebriant. "I just come from over there. A man told me it was over here. Where is it?" So the farmer, standing on the sidewalk of poverty wishes to go over to the other, the sidewalk of prosperity, but the moment he crosses over the "other side" changes.

A riddle of agriculture is the fact that, in spite of the wonderful improvements wrought by machinery and scientific advancement; in spite of wonderful roads, automobiles, radio, the farmer works as hard as he ever did and, comparatively speaking, receives less than ever.

Two sailors got into a discussion over the kind of animal a heifer was. One sailor claimed that the heifer belonged to the hog family, the other that it was a variety of sheep. Finally they called in Boatswain Bill. "Bill, wot's a heifer; is it a hog or is it a sheep?" Boatswain Bill bit off a large chew, reflectively. Then he said, "To tell you the truth, mates, I don't know much about poultry." And there are many people like the sailors who give us advice by the carload who do not know what they are talking about.

"What is agriculture?" asked the teacher. "Well," responded the pupil, "it's just about the same as farming, only in farming you do it."

There is a growing sentiment that farmers themselves should have more to say about administration of whatever program is developed than they have had. Opinion is strong that the program and the administration of it should be removed from politics and should be handled absolutely as a national and nonpartisan effort. In my opinion, too much emphasis cannot be put on this particular point. The well-being of the farming industry is not a partisan matter. It is of national concern. Every citizen, irrespective of his political affiliations, will be directly affected by what happens to agriculture.

It is my feeling that farmers, who know the problems of their industry better than anyone else, are best fitted to develop a national agricultural program and to participate actively and extensively in its administration. If they are given that opportunity the farm problem will be removed from politics.

One essential in a national policy for agriculture should be a program of conservation. Soil is the wealth of agriculture. Protection of it and of the fertility it contains, and the rebuilding of fertility in soil from which it has been lost, is vital. The Government well can sponsor and promote control of erosion, the growing of leguminous crops, the reestablishment of grasslands, and the reclamation of marginal lands through reforestation, lake building, and other means. Encouragement also should be given to the construction of

lakes, both large and small, where feasible, and for the construction of ponds on as many farms as possible. The program also should promote irrigation from creeks, ponds, lakes, and wells, wherever it can be done, as another means of mitigating weather hazards.

A national agricultural program should favor the family-size farm. It should function so the family-size farm will yield a good living and provide a surplus for security in the future. Development of highly commercialized or corporation farming should be discouraged. Every encouragement possible should be given to those farmers who desire to own their farms, including financial assistance at reasonable interest rates, with a long period during which the loan could be paid off.

Of equal need is a program for the refinancing of current debt of farm owners in order to enable them to retain their farms and gradually retire their indebtedness. Farmers should be able to obtain interest rates comparable with those enjoyed by other industry and by Government.

Farmers are entitled to sell their production in the American market without competition from abroad. That, it seems to me, is of basic importance in any national program. The United States should not import any product of which our farmers can produce an abundance. And in the American market farmers should enjoy prices which will yield at least cost of production and a decent profit.

Agriculture is the principal source of our wealth. The farmers are the stable, conservative element. They stand for good government, for the rights of property, and the rights of men.

During the war, under every sort of handicap, the farmers of America rendered magnificent service in producing the food necessary to feed not only the United States but very largely our Allies. They sent their sons to war, and in spite of the shortage of labor and by dint of increased effort they tremendously increased this country's output of food. Had they not done so, it would have been impossible for us to have taken our part in the war as we did. The war would have dragged on and probably been lost.

The farmers constitute a full third of our population, and the welfare of the Nation is practically bound up with theirs. Yet the benefits of modern civilization have not been extended to our rural communities in any such measure as they have a right to demand.

The farmers have a right to expect from every national administration a Department of Agriculture in full and intelligent cooperation with them and the great farm organizations of America. They deserve to be given the results of thorough and intelligent study as to the cost of farm products at home and abroad and should be furnished the uncensored facts.

In order to keep up increasing interest in agriculture we must give heed to existing conditions of discontent and take intelligent steps to remedy them. The increase in urban population at the expense of rural and agricultural means increased unrest, increased cost of living, and diminished stability. Let us give to the agricultural class the attention it deserves.

My friends, in years to come when the history of this age is written by the impartial thinker, who, at that distance of time, may be able to gain a right perspective and may then be able to say which were the most striking features in our social development, it may well turn out that he will point to the birth of the new interest in the welfare of the farmer as being among the events of first importance.

Not since the birth of modern industry has the farmer had a square deal. Tons of congressional gray matter have been expended to help manufacturing. But I do not believe enough gray matter has been expended to make more satisfactory the lives that produce the food from which we live. The band of legislators who dedicate themselves to farm welfare are a valuable element in Congress.

Let me crystallize my economic doctrines relating to the farmer in the following points:

First. The farmer is entitled to just as good wages for his labor as others get.

Second. He is entitled to just as good living conditions for himself and family as others enjoy.

Third. His children are entitled to as good educational advantages as other children have.

Fourth. He is entitled to just as efficient and adaptable service from the country's banking and financial institutions as other classes get.

Fifth. He is entitled to just as much liberty of action in organizing for selling his products and for regulating production to meet market demands as other classes exercise.

Sixth. He is entitled to taxation, tariff, and transportation policies, which will deal just as fairly with agriculture as with any other business and occupation.

Seventh. He is entitled to a civilization, culture, educational system—literature, art, drama, and so forth—which will recognize, reflect, and utilize the cultural influence of country life, and its environment in the same degree in which present-day culture recognizes and reflects the influence of urban life.

The Farm Bill

EXTENSION OF REMARKS

OF

HON. ALFRED F. BEITER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 9, 1937

Mr. BEITER. Mr. Speaker, economic planning in agriculture and a desire to put the farmer's house in order has no doubt prompted this bill to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce.

My State is interested in this agricultural bill because it ranks sixth among the several States in the value of its farm produce. The Empire State leads all other States in the farm value of fluid milk, for instance. We are therefore interested in what effect this bill will have on the dairy farmers of New York.

I want to take this opportunity to express the hope that the so-called Boileau amendment to the farm bill will be adopted. This amendment will prevent the farmers of our country who have been raising crops of wheat, corn, tobacco, cotton, and so forth, from using acreage taken out of production of these crops for the purpose of growing commodities which would compete with the dairy farmers.

In the number of dairy cows New York stands fourth, being exceeded only by Minnesota, Wisconsin, and Iowa, but I want to emphasize that in the production of milk to be used in fluid form it easily stands first. It is for the protection of these dairy farmers in my State that I ask for the adoption of this amendment.

I feel that the Members of this Congress are trying to perfect a program in agriculture which will as nearly as possible suit the needs of every section. We cannot be expected to enact legislation to help the producers of cotton, tobacco, rice, wheat, corn, and so forth, and ignore the needs of the dairy producers.

I believe that we should bend our efforts to giving the farmers of the country a fair share of the national income and since we are gathered here in special session for this purpose, among others, I am glad of the opportunity to state that in my opinion the farmers of New York State will not question our motives nor challenge our efforts providing we protect the interests of all who are engaged in the pursuit of agriculture as a means of livelihood We must, of necessity, protect the dairy farmer since a sound agriculture program cannot be completed without him.

No one in the House is more desirous of helping the farmer than am I, whether he farms below the Mason and Dixon's

line, the wide-open spaces of the West, or in the great State of New York, a part of which I have the honor to represent, and because of this interest I ask for the adoption of the Boileau amendment. It is only fair that the farmers in New York State and other dairy sections shall not be injured by the operation of this law. We in New York State pay 25 percent of whatever national tax is levied in order that the five special commodities mentioned in this bill may benefit, and we New Yorkers will cooperate in matters affecting the South and the West. We ask in return only that the producers of our fluid milk be protected from undue competition and trespassing. I feel confident that I am expressing the wish of my constituents and of my State when I ask for support of the Boileau amendment, which will afford this protection.

Liberty and Altruistic Fascists; Guns, Nightsticks, Tear Gas

EXTENSION OF REMARKS

OF

HON. MAURY MAVERICK

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 9, 1937

ADDRESS BY HON. HAROLD L. ICKES BEFORE THE ANNUAL MEETING OF THE AMERICAN CIVIL LIBERTIES UNION

Mr. MAVERICK. Mr. Speaker, the Honorable Harold L. Ickes, Secretary of the Interior, in New York City last night made one of the best speeches I have ever read. The Secretary's subject was Nations in Nightshirts, and he spoke at the annual meeting of the American Civil Liberties Union. Mr. Speaker, under the leave to extend my remarks, I include the Secretary's address. The speech is the Secretary's, the subheads are mine. It follows:

Shortly after the World War, America, as a land of liberty, was menaced by the madness of men in nightshirts. Citizens who, theretofore, and again thereafter, were decent and law-abiding, with a due regard for the rights and privileges of others with whom they had long dwelt in neighborly amity, became temporarily mad in a craze to squeeze into uniformity the rich diversity of democracy.

They created a duty to hate men born in other countries, although their own ancestors had all been born there. They created a duty to suspect every man born in this country unless of one race and religion, heaping contumely upon Negroes, Jews, and Catholics. Riding forth at night in the anonymity of cowardice, they dragged men from their beds, tarring and feathering, assaulting, and, in some instances, even killing their victims. They hypnotized themselves into believing that they did these things to improve our civilization, to protect our institutions, to keep our blood stream pure.

Ku Kluxism was a harmful local institution that had mushroomed in a country whose Constitution guaranteed to every man immunity from persecution on account of race, creed, or color.

Today America, that survived as a land of liberty despite the madness of men in nightshirts, is far more dangerously threatened by a new madness of nations in nightshirts.

Where benighted men of our own country at one time indulged in a moronic exhibitionism which disgraced the Nation, we now find nations that boast of their civilizations committing deeds of unprovoked violence against their neighbors. And, just as it was with Ku Kluxers here, these nations in nightshirts pretend to believe that they are doing their daily good deed. Invading armies are sent across the borders of other countries that are so weak and helpless as to offer a helpless prey.

"KU KLUX KOUNTRIES" THREAT TO CIVILIZATION

It is easy to magnify an unimportant incident into an international episode for which even an abject apology will not atone if there are rich resources to be had for the taking. If those possessing such a land contentedly pursue the arts of peace, following a congenial mode of life that goes back for generations, they may find themselves condemned as barbaric and forthwith subjected to the civilizing influences of poison gas and of bombs falling from the air upon combatants no less than upon noncombatants; upon women as well as little children.

Under the international Ku Klux Kode, a country can be invaded merely because it is discourteous or entertains thoughts that are distasteful to the aggressor. Countries may be overrun, territory taken, property destroyed, and people killed by the hundreds of thousands in the name of humanity, civilization, or religion, with never a declaration of war uttered.

Legalistically speaking, the world may be at peace while helpless populations are put to the sword. The Kleagles and the Klokards now ride bombers, tanks, battleships, and submarines, over a field of operations that is international.

The raids of the nightshirt nations constitute the greatest threat to civilization since the democratic principle became established. Fundamentally, their thrust is against the right of peoples weaker than themselves to live their lives in their own way. Having thoroughly suppressed among their own citizens every aspect of real freedom, they seek to deny precious rights and liberties to others. The time has come when even the strongest democracies in the world must be prepared to resist inroads upon their liberties by totalitarian states. And this resistance must be as intelligent as it is mobile.

POLITICAL ABSOLUTISMS AND THE PRESS

We have seen how, in other parts of the world, political absolutisms, whether of the right or of the left, have maintained themselves by the rigorous suppression of political rights which we regard as fundamental. The press is not an organ of free opinion. It may not print any views, or even any news, that are distasteful to the government. Not only is news suppressed, as for instance the addresses of the President of the United States when he talks about liberty and democracy, but news is colored and paradoxical as it may sound, "news" is invented.

Children in the schools are taught to believe what it is desired that they should believe. Lives are regulated down to minute details.

Even religion is modified, controlled, or suppressed. Spies abound. The people live for the state. They are urged to beget more and more children, to become political robots in their turn.

The only liberty to which they can confidently look forward is the liberty of death. And long before death comes to the body it has cast its grisly shadow upon the soul.

Fascism, whether of the right or of the left, is the greatest threat in the world today. It is a threat even to our own America.

It is all the more dangerous because it pretends that its purpose and ideal are to preserve the world from communism.

It is a strange phenomenon that that country which is weak and helpless and at the same time rich in resources is a hotbed of "communism" and therefore must be saved as a brand from the burning by some altruistic fascist. [Laughter.]

And just as certain nations, uttering the excuse that they are stamping out communism, commit crimes at which savages would blush, so in our own land those who would undermine our democratic institutions do it under the same hollow pretense. Every candidate for office in America who lacks a real issue proceeds to shout "communism." Any male or female hysteric, gluttonous for notoriety and unscrupulous about achieving it, can always uncover a "red network." [Laughter.] Employers who deny to their workers the right to associate together in a labor union for the common good of all frequently declare that they do so because of "communistic" influences which are at large in their factories.

It does not require much intelligence to see that such communism may become a wooden horse within the bowels of which ruthless fascism may enter the shrine of liberty.

WHO ARE THE REAL ENEMIES OF AMERICA?—GROVER CLEVELAND KNEW

As a matter of fact, it is the fascist-minded men of America who are the real enemies of our institutions. They have solidarity, a common interest in seizing more power and greater riches for themselves, and ability and willingness to turn the concentrated wealth of America against the welfare of America.

It is these men who, pretending that they would save us from dreadful communism, would superimpose upon America an equally dreadful fascism. [Applause.]

We speak of fascism as if it were something different from communism, but from the point of view of democracy the two are fundamentally the same thing. Grover Cleveland saw this, although in his day fascism not only was not recognized as an institution, it was unknown as a term. Over 50 years ago, in speaking of communism, he said:

"Communism is a hateful thing and a menace to peace and organized government; but the communism of combined wealth and capital, the outgrowth of overweening cupidity and selfishness, which insidiously undermines the justice and integrity of free institutions, is not less dangerous than the communism of oppressed poverty and toil, which, exasperated by injustice and discontent, attacks with wild disorder the citadel of rule."

DEMOCRACY CANNOT AFFORD TO NAP

If the people are to keep their democratic spring free from contamination either by the communism of the proletariat or "the communism of combined wealth and capital," of which Grover Cleveland so wisely spoke, they must depend upon themselves.

And let no one sleepily believe that our democratic form of Government is necessarily secure for all time to come.

We have seen dictatorships in other lands reach out and destroy constitutional democracies.

We have heard ventriloquists for dictators sneer at and condemn the democratic ideal.

We have observed totalitarian states combine, not only for protection, but for aggression.

We have discovered that fascism has not been quarantined but that it is capable of leaping wide oceans.

There is a world-wide struggle on today between the forces of absolutism and those of democracy. If we are to preserve our dearly won, our highly cherished freedom, we must be on the alert against any abhorrent system of government that is alien to our traditions, to our desires, and to our aspirations.

It does not even need to be said that under an absolute form of government, whether of despised communism or of equally obnoxious fascism, our precious civil liberties, the safeguarding of which are the concern of the Civil Liberties Union, under whose auspices I speak tonight, could not possibly exist.

What rights of free speech, free assemblage, or free worship, regardless of race, creed, or color, exist today in certain of the countries of the world?

And who would care to live in a land where the only right to express an opinion is the right to parrot what some dictator has said; where the only right to meet with one's fellows to discuss public questions freely is the right to pass resolutions accepting policies imposed by a superior force; where the only right to worship is in accordance with a formula and in a manner decreed by another; where descent from an ancient and honorable line of itself makes one subject to oppression, to be stripped of one's possessions, and required to live under conditions that are scarcely to be borne?

SNIPINGS AT LIBERTY MUST BE WATCHED

Are the rights guaranteed to us by the Constitution dear to us? Then we must continue to fight for them. We must not close our eyes to the snipings at liberty that are going on behind our own democratic front.

History has proved that the people must themselves defend their liberties. At times even their constitutional officers—legislative, executive, and even judicial—that they may secure some selfish interest, or from fear fail to defend the Constitution, an oath which they have sworn to uphold.

Local officials have parroted Louis XIV's "I am the state."

The rights of free speech and free assemblage have been ruthlessly disregarded by constituted authorities on more than one occasion.

Mobs, reacting to primitive lusts, have tortured and killed their fellow men, sometimes for grievous offenses against the State, sometimes for mere peccadillos, and sometimes when they were innocent of fault.

Police and militia have injured and slain men while acting in accordance with their undoubted legal rights. In many instances "strikebreaking" has been synonymous with "lawbreaking."

Peonage at times raises its ugly head in our land.

Agent provocateur has become a fixture in our language.

GUNS, NIGHTSTICKS, TEAR GAS

Minority groups frequently have been victims of a crude racial prejudice.

Men have been discriminated against on account of the color of their skins or because of their religion or race.

Newspapers, lacking in influence and in circulation, but expressing views opposed by those in high places, have felt the heavy hand of pressure.

Censorships have been exercised.

Policemen, with their guns and nightsticks and even with tear-gas bombs, have broken up meetings because someone with influence has not liked the political theories or the social philosophies that were to be expounded, although both theories and philosophies were well within the law.

Arresting and prosecuting officers, by physical or mental torture, have forced citizens to testify against themselves.

It is all very well for those who with bank accounts well padded with liberal corporation fees, and who strut the stage as "great constitutional lawyers," to be alarmed professionally for the safety of our institutions. It will be time enough for the ordinary citizen to weep with them when evidence is given that these hypocritical mourners, who wear the crape of privilege, are really interested in the essential integrity of the great document that they pretend to revere; when they show that they have some appreciation of the fact that the protection of the Constitution was intended to extend to all of the people of the United States, even the humblest; when they admit that, in the final analysis, the Constitution was set up as a bulwark to insure a maximum of human liberty, not for a few, and not merely for the many, but for every human being in the land.

What the framers of the Constitution could not foresee, but which Grover Cleveland sensed in his time, was the effect upon our liberties of the great concentration of wealth, through the growth of corporate power, during the last several generations.

Profound changes have occurred in our economic life. All of us have come to pay tribute, just or unjust, to corporate overlords which stand between us and the State much as the feudal barons stood between those who worked the soil and their king. Our economic life is no longer dominated by individuals acting in defense of their own property but by large corporations whose powers, like those under feudalism, are more nearly akin to government than to those of an individual.

IS A MAN A MONKEY?—WHAT IS A CORPORATION?

We are just beginning to understand the degree to which giant corporations have assumed an overlordship over the civil rights and substantive liberties of the individual. For a long time we failed even to grasp the significance of this problem. For a long time it never occurred to us that these great corporations, which we created and in whose creation we took pride, would come to rule over us. We forgot the laws of evolution; we forgot that corporations are not mere individuals because they evolved from men. We needed to learn that a corporation is no more a man than man is a monkey.

Many of our large corporations have annual budgets far in excess of those of many a city and State. Many of them own and control outright more property than the taxable wealth of many a city and State. Not a few have more security holders than many of our cities and States have citizens. Neither the security holders nor the employees of our large corporations have anything like the voice in the management of these corporations that the citizen in a democracy has in the management of the State.

Our State and Federal Constitutions carefully safeguard the rights of the individual in his relation to his government. Our State and Federal Constitutions have been construed by the courts so as to safeguard the rights of the largest corporation in its relation to the Government as if it were a mere individual. But our State and Federal Constitutions are woefully inadequate to safeguard the ordinary citizen in his relation to a great corporation which may control his investments, his labor, his business opportunities, and even his rights and liberties.

Despite individual differences, monkeys can manage to live among monkeys and men among men, but Lilliputians cannot live among Gargantuans. Today the average man, be he farmer, laborer, or businessman, is subservient in numerous ways to concentrated economic power vested, not in the State, but in an irresponsible and self-constituted corporate oligarchy, benevolent, and paternalistic at its best, despotic and predatory at its worst.

The individual, weak and helpless in his struggles with and against corporate power, has turned to Government for protection only to find that corporate power frequently controls Government. Government protection, when obtained, unfortunately has often been frustrated by the courts, the traditional defenders of civil rights and liberties.

Eminent counsel, retained by corporate power, have been eminently successful in convincing judges, many of whom were themselves trained in the service of great corporations before ascending the bench, that the Bill of Rights, which our ancestors fought to obtain to protect their human rights, is really a charter of corporate privilege.

"WE HAVE JUST BEGUN TO FIGHT"

The struggle of the individual against the oppression of corporate power has only just begun. By no means has it been won.

Large corporations dictate the wages and hours of millions of workers. Legislation which proposes, not to fix wages or hours, but merely to set minimum standards for those workers who cannot protect themselves by collective bargaining, is assailed as bureaucratic and dictatorial.

Supposedly liberal writers who have droned on quietly for years while the Tom Girdlers, the Jimmy Rands and other corporate czars dictated the labor policies of the Nation, suddenly become alarmed for human liberty when it is proposed that the State protect the worker who cannot protect himself. We see a Walter Lippmann, with the obsequious dignity of a butler, shoving intellectual fodder into the rack of the Fascists whom he once despised. [Laughter.]

Those of us who have fought to protect the civil rights of the individual against the aggression of the state, now must recognize that it is equally necessary to protect the civil rights of the individual against the aggression of corporate power.

Of what avail is it to prevent discrimination by the state because of race or of religious, political, or economic faith if such discrimination is allowed to corporate power which in many ways has shown itself to be stronger, more pervasive and much more ruthless than the state itself?

CIVIL LIBERTIES AND THE SUPREME COURT OF THE UNITED STATES

A sad part of the long record that has been written on the infringement of our civil liberties has to do with the Supreme Court of the United States.

It is commonly believed that this Court has been far more liberal than legislative bodies in protecting civil liberties. Unfortunately the facts do not bear out this general belief. On the contrary, the Court has gone far to convert the Bill of Rights, which was intended as a charter of human freedom, into a charter of corporate privilege.

The Justices who have been the most solicitous to protect property rights have been the least vigilant in the defense of human rights. All too frequently, in cases involving civil liberties, great liberals like Holmes, Brandeis, Stone, and Cardozo have constituted a minority. At times, when the tide of passion and intolerance has run high, the Court has run with and not against the tide. The Court has gone out of its way to apply and construe wartime espionage statutes to restrict freedom of speech when there was no imminent present danger to the Nation.

The Court has gone out of its way to apply and construe prohibition statutes so as to expose individuals to searches and seizures traditionally regarded as unreasonable.

When the Congress, all too rarely, has sought to protect minority groups against racial discrimination and economic coercion, the Supreme Court has frequently nullified its efforts.

Perhaps it is to be expected that public officials, depending upon popular favor for their offices, might at times put the Bill of Rights carefully away in cold storage. Perhaps it is to be expected that judges, appointed for life, but who nevertheless take to their high positions the passions, the prejudices and the predilections that were theirs before they donned the long black gown, at times should fall into the error of believing that the Bill of Rights is

not what it was really intended to be but what they may say that it is. But what of some of our newspapers, which ought to be particularly sensitive with respect to the Bill of Rights? They sometimes set up a clamor at some real or fancied invasion by the Government of their right to express themselves freely. It might be expected that, jealous as they properly are of their own rights, they would be equally concerned about the rights of free speech and of free assemblage on the part of citizens, generally. But are they?

THE TRUTH, THE WHOLE TRUTH, AND NOTHING BUT THE TRUTH

It might be argued that, implicit in the right of free speech, is the obligation to speak the truth, the whole truth, and nothing but the truth so far as this is humanly possible. Yet this obligation is frequently overlooked. There are even magazines that pretend to be liberal that on occasion indulge in misrepresentation, misstatement, and calumny as callously as the yellowest of yellow journals. There are those who believe that a heavy duty rests upon publishers, not only to tell the truth, but not to propagandize, especially if the propaganda indulged in is for the purpose of creating in the minds of the people a false impression with respect to their government.

We have valued the freedom of the press in the belief that it would encourage the dissemination of facts and the expression of divergent ideas.

Our ancestors fought to prevent a State censorship of news and ideas.

Our ancestors did not fight for the right of a few lords of the press to have almost exclusive control of and censorship over the dissemination of news and ideas.

Yet, under the stress of economic forces, our press and news agencies are coming more and more under the domination of a handful of corporate publishers who may print such news as they wish to print and omit such news as they do not wish to print. They may even color the news.

Even the individual news writers have little to say as to what news shall be printed. It is useless for us to pretend that, generally speaking, editorial policy has no influence upon the reporting of the news. On this point a recent book, The Washington Correspondents, by Leo C. Rosten, is both interesting and illuminating. It is rarely difficult for an intelligent person to ascertain the political or economic views of the newspaper owner without recourse to the editorial page. This despite the fact that free government depends upon the free dissemination of news.

I am glad to be the guest of the Civil Liberties Union tonight. I regard this as one of the bravest organizations in America. Its purpose is to defend those whose constitutional rights are invaded.

It goes to the aid of the weak and the oppressed, regardless of race, color, or creed. It fights for free speech, the right of free assemblage, the right to worship according to one's conscience.

It is nonsectarian, nonracial, nonpolitical.

It is the devoted servant of freedom, a brave volunteer in the finest cause that a citizen can serve.

I hope that it will continue to carry on and that it may even enlarge its horizon. Changing times bring new dangers. Those who are concerned with the civil liberties of the individual must now be prepared to defend the spirit of the Bill of Rights not only against government at home but also against corporate concentration at home and propaganda from abroad.

While we guard our civil liberties from the state, we should beware not to lose them to powers more menacing than the state. [Extended applause.]

The Boileau Amendment

EXTENSION OF REMARKS

OF

HON. HAMPTON P. FULMER

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 9, 1937

Mr. FULMER. Mr. Speaker, I have watched with deep interest the work of the Roosevelt administration to help the farmers. I have supported the farm programs and have tried to support every proposal that would make them more effective. It is my sincere hope that this pending bill, on which the able chairman and members of the House committee have done such sincere work, will finally be passed in a form that will be of tremendous service to agriculture. Under the Bankhead bill and under past programs many farmers have not received a square deal, but this was largely because of what was done by home people who had charge of the programs in the various States.

One of the great benefits that has come to my State and to the whole South from the present Triple A soil-conservation program has been the production, particularly by the farmers, of more things on the farm for their own use. Lands taken out of cotton have been used to produce vegetables, fruits, poultry, and dairy products. And we of the South are producing more hogs for our own people. These healthy foods have done much to raise the standard of living among farming people of the Southern States.

All through the South there has been an effort to encourage the use of more land for growing food, feed, milk, and butter on the farm. Practically all of the southern newspapers have carried on since 1934 a statesmanlike campaign, called the "plant to prosper" campaign, aiming to encourage sufficient diversification of farming to make possible a better living among the country people, and to induce farmers of the South to grow crops other than a one-crop cotton, and thereby stop sending out of the South millions of dollars annually of cheap cotton money to purchase these things.

In the hill sections of the South this has been a great thing. A good many of you know that in some rural areas of the Southern States there has been real suffering because of deficiencies in the consumption of milk and vegetables. The production of home food and feed has been part of a consistent fight to stamp out rickets, which undermines the health of children and may make them lifelong cripples, and to end pellagra. All that is needed to win this fight on these diseases is more milk and more vegetables in the diet.

In the period of the farm program we have made great strides ahead. Three years of this present program—1934, 1935, and 1936—were accompanied by an increase of 60 percent in the production of hay and an increase of 15 percent in pasture.

This increase of hay and pasture in the South has been used to frighten the northern dairymen into believing that they needed something like the Boileau amendment. But, in actual fact, as I will point out later, it has not increased competition with the northern dairyman but has had the contrary effect. It will not hurt the dairyman in the future. In proof of this I want to quote the following statement from a national authority. He is Dr. A. G. Black, Chief of the Bureau of Agricultural Economics of the Department of Agriculture. The statement I quote is taken from an address by him before the annual meeting of the American Farm Economics Association at Chicago, December 29, 1936. He said:

> It is probable that the commercial production of dairy products will not be greatly affected by the programs. While the shift from grain to hay may tend to increase cow numbers it also will tend to decrease milk production per cow. The regional trends in dairy production, which have been evident for some time, probably will be continued and possibly slightly accelerated by the programs. Consumption of dairy products in rural areas probably will be increased.

So Dr. Black shows that the real effect of the farm program will be to build up the consumption of dairy products, and hence the health of the people, in the rural areas.

Now, we have never thought that our progress would injure any other part of the country. We have always been convinced that so far as the dairy farmers of Wisconsin or of New York State were concerned, they had nothing to lose but everything to gain from improvement in conditions and living standards of the South.

But now comes Representative BOILEAU, of Wisconsin, with an amendment which would prevent the sale, exchange, barter, or gift of products from poultry or livestock produced on lands taken out of cotton, corn, wheat, or other soil-depleting crops.

Concerning this amendment I wish to make two contentions. The first is that the commercial dairy industry has been helped and not injured by the triple-A programs, and that the Boileau amendment is not in any degree needed. The second contention is that the Boileau amendment would probably wreck the entire agricultural program, and that it would at least destroy the home food and feed program in the Southern States.

Concerning the first proposition, I contend that producers of wheat, cotton, corn, and tobacco will be forced

into competition with the dairy industry by just one thing, and that is ruinous prices for the kind of production to which their lands and climate are better suited.

In support of this proposition I want to submit the following table which shows the relationship between the farm price of cotton and shipments of butter from seven cotton States to markets in New York, Boston, Philadephia, and Chicago. The States are Alabama, Arkansas, Mississippi, North Carolina, Tennessee, Texas, and Georgia.

Average farm price of cotton

	Cents
1929–30	16.8
1930–31	9.5
1931–32	5.7
1932–33	6.5
1933–34	10.2
1934–35	12.4
1935–36	11.1

Shipments of butter

	1,000 pounds
1929–30	11,813
1930–31	12,476
1931–32	14,072
1932–33	14,429
1933–34	6,645
1934–35	5,200
1935–36	6,490

These figures suggest that the price of cotton is the determining factor in southern commercial dairying. This general rule holds good for other crops as well as for cotton. Wheat, cotton, and corn farmers are not dairy farmers by nature, nor are they livestock farmers. They go into the dairy and livestock fields only when the price of their own product is so low that they need other means of piecing out their incomes.

These figures show that from 1930 to 1932, when cotton prices were falling, the cotton farmers shipped steadily more dairy products into the big-city markets to compete with the products from Representative BOILEAU'S State of Wisconsin. This table also shows that when cotton prices or cotton income was rising from 1933 to 1936, the southern farmers withdrew more and more from competition with the dairy producers of Representative BOILEAU'S State in the great city markets of the North.

If Representative BOILEAU and the other Congressmen from Wisconsin and New York and neighboring dairy States want the farmers of the Southern States to go back into competition with them in the big dairy markets, then the way for them to get this competition is to load down the farm program with amendments which make it unworkable. If our farmers cannot make enough money out of cotton and wheat and corn and tobacco, then they will take to milking the cows; and the low buying power of the people in the cities in these surplus producing areas will force our farmers to move their dairy products into the metropolitan markets to compete with the commercial dairy industry of the North. Let it be understood that the South can, if forced to do so because of low-price cotton, compete with any other section in producing hogs and in the dairy business.

My second contention is that the Boileau amendment would jeopardize the whole farm program, and particularly the live-at-home program of the South. The Boileau amendment would encumber the program with absolutely unworkable restrictions. The farmer would have to prove that the sheep he raised did not eat grass from the land taken out of cotton if he sold any sheep. The farmer's wife might want to feed 99 percent of the eggs from her poultry to the children. But if she needed a little money in an emergency and sold a dozen eggs, the farmer would be liable to forfeit the payment if the hens had done their scratching on the diverted acres. Under this amendment the farmer would have to watch his cows to see that they did not stray onto the land taken out of tobacco or cotton. In fact, the farmer might think that the safest thing to do was never to let a pig or a sheep feed on the grass of the diverted lands so as not to run the risk of jeopardizing his payments. The net effect would be to condemn the diverted lands to idleness.

I do not know, of course, what effects this amendment may have upon the wheat farmers of Kansas or the corn farmers of Illinois. But I do know that in the South it will endanger one of the most useful parts of the whole A. A. A. program—the live-at-home movement. I am convinced that it will be just as bad in its effects in the wheat regions and in the corn regions as in the tobacco and cotton areas.

Therefore, I plead with representatives of the dairymen of Wisconsin and New York to join with us of the South and the West and the Corn Belt in voting this Boileau amendment out of the bill so as to safeguard our whole farm program.

The Indigent Transient Problem

EXTENSION OF REMARKS

OF

HON. THOMAS F. FORD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 10, 1937

ADDRESS BY MAYOR FRANK L. SHAW, OF LOS ANGELES, BEFORE THE ANNUAL MEETING OF THE UNITED STATES CONFERENCE OF MAYORS, WASHINGTON, D. C., NOVEMBER 16, 1937

Mr. FORD of California. Mr. Speaker, under leave to extend my remarks in the RECORD I include the following address of Mayor Frank L. Shaw, of Los Angeles, at Washington, D. C., November 16, 1937:

Mr. President, distinguished guests, and honorable colleagues, volumes have been recently written and much has been said on the problem of the transient unemployed. As Dr. Ellen C. Potter has remarked, "More progress has been made in 5 short years along this neglected byroad of relief than in the 150 years which have preceded." Nevertheless, I feel that there is ample excuse for presenting a brief discussion of the problem before this conference. Reliefs and remedies for unemployment remain our major concern despite improved conditions. The plight of the migratory unemployed and the serious situation presented by this group to municipal governments has been little changed by the relief programs of the last 4 years. You and I as public officials confront this fact every day. Every day we must deal with it as practical administrators, while we continue to hope for some ultimate solution. It is unthinkable that such a meeting as this should pass without committing to the record some thought upon this problem.

It is true that the cities of the Pacific coast and certain sections of the South are more keenly aware of the transient unemployed than those of other parts of the country. The study prepared for the Works Progress Administration by Mr. John N. Webb, discussing the migratory casual worker, reveals that out of 500 cases examined more than one-fifth sought their principal employment in the three Pacific Coast States. Add to this proportion the larger part of fugitives from drought and flood areas, who come directly to southern California, and you will understand our deep concern with the problem. But it cannot be our problem alone. The minute we undertake defensive measures the consequences are felt all the way across the continent. Two years ago, when Los Angeles was compelled to establish a border patrol to turn back indigents, the repercussion was immediately felt by cities and States as far east as Mississippi.

As early as 1933 the Federal Government recognized the special problem of the migratory unemployed and undertook measures to relieve these people. The transient camps, established and maintained by the Federal program, contained some 306,000 persons in September 1935. Incidentally, while California has but 4.7 percent of the population of the United States, 14 percent of the transient unemployed of the country at that time were in the Federal camps of our State. Then, with little warning, the Federal problem was completely liquidated in 3 months, leaving the problem apparently as big as ever and certainly no nearer solution than before.

Today it is probable that somewhere between 500,000 and 600,000 persons, including many family groups, are wandering through this country without ample means of support. The net annual earnings of the great majority average less than $300 each. They forage as they go. They huddle together in unsanitary squatter settlements and in "jungles" that radiate disease throughout the community. Their children do not receive any education much of the time, and when they are enrolled in school they find themselves retarded 2 or 3 years behind children of their own age. It is not surprising that more fortunate people, who have established permanent homes and possess substantial occupations, dis-

like having such migrants in their midst. They are foreigners everywhere in their own native land. In Los Angeles, disagreeable as the facts appear, we find it necessary to charge a large part of our crime to these transients. In the winter of 1936 we found that 24 percent of all vagrants arrested by our police had previous felony records. A study just completed by the Los Angeles police department shows that for the fiscal year 1936–37, of those arrested and sentenced from our city to the State penitentiaries, 32 percent of the homicides, 34 percent of the robberies, 21 percent of the burglaries, 15 percent of the forgeries, and 21 percent of the thefts were committed by persons who had been in California less than 1 year. It is our experience that our total crime rate increases 20 percent during the winter months, and that this increase is entirely accounted for by transients from outside the State. I do not doubt that other cities of the West and Southeast can verify every one of these facts from their own records.

I direct no indictment against the transient unemployed as individuals. I recognize that it is superficial thinking which dismisses them as "worthless bums," "undesirables," and the like. This is not a time to argue about who is to blame for their condition. Even if we knew, the knowledge would lend little help toward a solution of the difficulty. The immediate problem is not one of morals or ethics. It is an exceedingly critical problem of economics and social administration. Hence you will pardon the omission of sentimental pity, on the one hand, or raging condemnation, on the other hand, from this discussion.

I have mentioned the study made by Mr. John N. Webb for the Social Research Division of the Works Progress Administration. Mr. Webb draws a careful distinction between the migratory-casual worker and the depression transient. He remarks that in the former Federal-aid programs the two types were merged in their claims for relief. It is true that the immediate social problems created by each, and the emergency treatment required, is identical with the other. Especially during the depression years, the two became difficult to distinguish. The migratory-casual worker suffered unemployment in even greater degree than the workers of fixed residence. The resident unemployed, indeed, largely filled the demand for seasonal labor and crowded the marginal migratory worker out of the picture. So the latter, like the depression transient, became simply a person driven from one place to another, looking for jobs that did not exist. But the ultimate solution of the problem requires careful distinction between the migratory worker and the depression transient. We know them both, very well, in California.

The seasonal migratory worker, who follows the crops or the industrial activities through the country, fills a definite economic need. In grain crops he is in demand throughout the States west of the Mississippi. In fruit crops he is best known to the Pacific States, and to Georgia and Florida. In beet and berry crops he travels up and down the Pacific coast and the Mississippi Valley. Railroad work takes him throughout the United States, but especially in the North Central section. Logging operations take him through the Northwest and into California. In normal times he is self-supporting, on a low level of subsistence. He is typically without family ties. He becomes a serious social problem only during off-seasonal periods, when he and his fellows tend to congregate in our Western cities to spend their small savings and then to become public charges in jails, or charitable institutions, until they can again wander forth in search of work. The problem imposed upon us by migrants of this class is to better their working conditions, raise and stabilize their incomes, give intelligent direction to their movements from place to place, and improve their standards, until such time as agriculture and industry may be so organized as to reduce the seasonal factor to a minimum.

Prof. R. L. Adams, of the University of California, estimated that 97,642 migrants in need of manual employment entered our State in 1936. His estimates for the present year will reach approximately the same figure. Both totals, I may say, are too conservative, and the actual numbers run not less than 10,000 more. In any case, Prof. Paul S. Taylor calculates that fewer than 15 percent of this number comprises migratory casual workers, of the type I have just described. This calculation is substantially verified by Edward J. Rowell in his article published in the Monthly Labor Review in December 1936. This writer shows that 79 percent of the indigent transients who entered California in the year ending June 15, 1936, came from the drought areas in the Middle West and Southwest, seeking new settlement. Our Los Angeles police department now raises that estimate to 89 percent. In a report filed with the United States Senate on July 3, 1937, the Secretary of Labor declared that 200,000 people have migrated from the drought area recently, and more of them are expected to move in the near future. Four-fifths of them, the Secretary declares, have gone to California. The State has received an additional influx of indigent migrants from the flood regions of the Mississippi Valley. Inevitably, some of these people join the ranks of the seasonal workers. For the rest, we have at present only two choices. We must either care for them and secure a foothold for them at the expense of our own taxpayers, or we must round them up like cattle and ship them back to the States they came from. The far West is no longer a frontier, with tillable soil to be had for the asking, and a living to be made by anyone with an ax and a plow. With more than 120,000 employable residents of California still on our relief rolls, it is not easy to see how we can "crowd over" to make room for these newcomers. And we recognize, as well as anyone, that transporting the homeless back and forth across the country is an aggravation of the problem rather than a solution.

Our Social Welfare Act of 1933 in California provides that no person is eligible to public relief until he or she has been a resident in the State for 3 years and in the county for 1 year. We are compelled, by circumstances I have described, to enforce that law strictly. And yet, local, private, and public agencies in Los Angeles even now are expending $16,000 a month for emergency relief, averaging nearly 600 cases a day, of transients who are unable to claim permanent aid under the law. We repatriate transient applicants for relief as rapidly as their places of legal residence can be determined. This policy means that thousands are careful not to apply for relief. They do one of three things. They starve. They turn to lives of crime. Or they go out and take jobs away from our resident workers, by underbidding them in the labor market. Our State relief administration reports that between 11 and 15 percent of the transients who apply for relief are found to have no legal place of residence in any State of the Union, although by far the larger part of them are natives of the United States. These are turned off to swell the ranks of those others, who become a menace to themselves and to society. We are offered no help whatever from the outside, toward solution of this problem which the outside has sent to us. In response to a most urgent appeal, which I directed to the Works Progress Administration last July, I was advised that, under the terms of the emergency-relief appropriation act of this year, no program for transient relief could be developed, except at the expense of local W. P. A. quotas. Since we now carry approximately 60 percent of our local relief load on local resources, we cannot entertain such an alternative.

At this point permit me to make an additional comment upon a phase of this problem that deserves special consideration. I have already mentioned the educational difficulties that arise for the children of indigent transient families. The other side of the same situation is the extraordinary burden imposed upon the educational facilities of the communities concerned. I have just received a report that 7,023 pupils were enrolled in the high schools of Los Angeles this fall, none of whom ever attended a school in our city before. Most of these have entered the high schools in the low-rent area, causing serious congestion. Seven thousand new pupils amount to more than 200 classrooms full of children. At an average of 20 classrooms per school, this would require 10 new high schools for proper accommodation of the overload. Twenty-six percent of this increase comes from the drought region. We estimate, in Los Angeles, that we must have a fixed capital investment of $675.70 to provide accommodations and equipment for each high-school student. In addition to that the current operating cost of our high-school establishments amounts to $148.57 for each pupil for 1 year. In other words, the taxpayers of Los Angeles are immediately called upon to provide $824.27 for each of these new pupils. These costs are not excessive, being approximately the average for the entire United States. The parents of the overwhelming majority of these new pupils are practically nontax producing. Where Los Angeles taxpayers are going to get four or five million dollars immediately to care for this abnormal migration of these children of unemployed is no easy question to answer. I have mentioned only the high-school problem. The elementary-school problem has not been estimated.

The only alternative to the undue local burden for education of these children at the present time is that they shall not be educated. This alternative is a serious one. We find it necessary to use legal compulsion on many transient families in order to get them to enroll their children in school anywhere. They evade the school laws in every possible way in the hope that the children may be kept free to earn a few cents. I dread to think of the future lives of these children. How many of them will be recruited into the ranks of crime and dependency within the next 10 years?

As I have already remarked, while most of the information I have recited is based upon our California experience, nevertheless it is a problem for all of us in one way or another. Other cities suffer similar situations in greater or lesser degree. Those that do not are certain to feel the reaction of any defensive measures adopted by communities that are feeling the burden. Nineteen States of the Union are represented in the migration of drought and flood refugees to Los Angeles alone in the last 2 years. Some of them are represented to the extent of tens of thousands of cases. They cannot escape the consequences of any decision that is made or any program that is adopted.

It has become the fashion, in recent years, whenever we are confronted by great difficulties to insist at once that these are problems for the Federal Government. There is not a little justification for our attitude. In so many factors of modern life, State boundary lines are simply fictions. But in this problem there is an older precedent for asking Federal intervention. That is the distinctly interstate character of the problem. Any attempts at solution on the part of the separate States will unavoidably involve a snarl of reprisals that will only complicate the difficulty. Local efforts, unable to contemplate the entire situation, will produce only superficial results. Purely local relief will mean aggravation of the trouble in other quarters. Only the Federal Government can rise above such efforts and carry out a program that will be at once effective and fair to all.

The resolutions adopted by the Trenton conference on transients and settlement laws, held in New Jersey last year, the council of State governments held in the National Capital last January, and the Midwest conference called at St. Paul last March all agree there is no hope for solution without adequate Federal support and supervision of whatever program may be devised. In the words of the Trenton resolutions, they agree that transiency is a problem

having its roots in conditions beyond the control of the individual States. In one respect the Pacific States will disagree with the resolutions of these three conferences, and our disagreement proves even more plainly the need for Federal action. That point is the proposal for uniform laws on establishment of residence. So long as our Pacific region continues to be the principal goal of the depression transient, and so long as we have no compensating assistance from other States or the Federal Government, we must protect ourselves with higher residence restrictions than other sections. We cannot do otherwise, in simple fairness to our own people. Nor can we consent to the Midwest conference proposal that indigents shall not be returned to their places of legal residence without the permission of those places. I believe that both in our agreements and in our differences we thus confirm the claim upon the prompt aid of the Federal Government.

There are four things that the Federal Government can obviously do. First, it can provide immediate relief by restoring suitable transient camps, and by compensating local subdivisions for emergency medical and hospital aid required. Second, it can adjust W. P. A. quotas so that nonresidents may be given employment in suitable numbers and for limited periods, and charged to the quotas of their places of legal residence. Third, it can give increased rehabilitation aid to distressed regions, which will induce residents of those sections to remain where they are. Finally, it can direct, through the Federal employment service the flow of migrants to places where jobs are available, or where permanent settlement is feasible, and discourage their movements to other quarters where they will only become public burdens. To quote Congressman VOORHIS, "California needs Federal aid to help meet its nonresident relief problem. But a far more constructive approach, from the standpoint of California, is Federal action to guide, stabilize, and reduce this whole migratory movement."

I conclude with the words of a resolution adopted at the Los Angeles regional meeting of the United States Conference of Mayors on May 15, 1937. "Those cities and communities which receive undue influx of migratory indigents are confronted with extraordinary emergencies of relief, social welfare, and crime control far in excess of those with which such local jurisdictions should be expected to cope. These migrations are interstate in character, and therefore constitute a national problem and responsibility."

Farm Bill of 1937

EXTENSION OF REMARKS
OF
HON. GLENN GRISWOLD
OF INDIANA
IN THE HOUSE OF REPRESENTATIVES

Friday, December 10, 1937

Mr. GRISWOLD. Mr. Speaker, my first notice of a special session of Congress came with the radio address of the President in October. One of the reasons given for the calling of the special session was the need for legislation to aid the farmer. The President had just returned from a trip across the country. He was familiar with the needs of the farmer. The farmers of Indiana and the Corn Belt, naturally, expected some benefit from any farm legislation enacted.

For 9 days that farm bill has been before the House. It will be passed by the House today, and the farmer of the Corn Belt will be in no better position by reason of this House bill than he was before. The cotton farmer may have been aided, the tobacco grower and rice grower may benefit, the cattleman who breeds grass-fed cattle to sell in the Corn Belt for feeders may profit, but the slogan seems to be, "Save the corn-hog farmer—never."

Day after day of this debate we have watched Republican Representatives of agricultural areas and industrial districts walk down with smiling faces to join the Democrats from seaboard States and the cotton South to demolish the Lucas amendments offered in the interest of the corn-hog belt.

The Corn Belt is suffering now from too much corn and too low a price. The percentage of corn sold commercially is negligible. Corn in the Corn Belt is sold when made into pork. Cheap corn means low-priced hogs. It was claimed that the intent of this bill was to remedy that condition. If we have too much corn, the way to get rid of it is to reduce the surplus. If we have not too much corn, there is no necessity for the legislation at all. Over a 10-year period the average amount of corn consumed in the United States for domestic uses plus the corn exported is 2,380,000,000 bushels. This is the limit of United States corn which the world can use.

This bill, backed by the Secretary of Agriculture, Mr. Wallace, starts with the normal base. It then adds 7 percent, which makes 2,540,600,000 bushels, which is to constitute the ever-normal granary. On the basis of our average needs over a 10-year period it is abnormal by more than 160,000,000 bushels, and that is a lot of loose corn to be available when an endeavor is being made to maintain the price. But the bill provides for an even greater supply than this. An additional 15 percent, or 381,000,000 bushels, making a total of 2,927,600,000 bushels, must be on hand before any attempt is made to decrease the amount by applying quotas, and then they can be applied only after an election.

Under this bill we must reach beyond the ever-normal granary and have about 3,000,000,000 bushels of corn on hand before we can attempt to do anything about it, and we are placed in the ridiculous position of saying we are trying to pass a farm bill to equalize production with consumption by producing a third more than we can possibly dispose of. By some strange alchemy we are going to have less by producing more.

The Lucas amendments would have cured this inconsistency. Insofar as the Corn Belt farmer is concerned, they would have lent some tinge of reason to the bill to counteract the taint of an abysmal ignorance of Corn Belt needs.

This bill gives the farmer no assurance whatever of a definite price for his corn. Every farmer knows that when he puts high-priced corn into the first 150 pounds of a hog and the price of the hog drops a few points he can never get his money out of the hog, even if the rest of the hog is made from 30-cent corn.

Hogs are made in less than 7 months. It is the quick fluctuation in the price of corn that destroys the profits of the corn-hog farmer. A parity price for corn is 87 cents per bushel. The Lucas amendments endeavored to prevent this rapid fluctuation by providing loans ranging from 55 to 80 percent of parity price, dependent upon the available supply of corn, but the amendments were voted down.

Only a short while ago the Democratic Representatives from the Corn Belt turned a kindly ear to the pleas from the tenant farmer and sharecropper of the South for aid. They joined in giving financial aid from the public fund to the industrial East, and again only last August they helped supply from the public chest $60,000,000 which was claimed to be necessary to save a destitute cotton kingdom.

The farmer from Indiana joined in supplying the feast for all other agriculturists of the Nation; but when he himself comes asking, not alms, but only a loan, he is refused.

I shall vote for a motion to recommit the bill. If that fails, I shall vote for this bill. It contains not one beneficial item for the corn-hog farmer. I shall vote for it because the Senate also has a bill, and it is my hope that when the one bill passes the Senate and this bill passes the House, that among the conferees of that other body the farmer of the Corn Belt will have a friend who is willing to unbar the door that is now latched against him, so that out of the much that is granted to other farmers he may receive at least a pittance.

A. A. A. Soil-Conserving Payments—$10,000 or Over

EXTENSION OF REMARKS
OF
HON. FRED L. CRAWFORD
OF MICHIGAN
IN THE HOUSE OF REPRESENTATIVES

Thursday, December 9, 1937

Mr. CRAWFORD. Mr. Speaker, there has been comment on the floor of the House from time to time since I have been a Member of this body relative to certain large payments issued under our agricultural programs. It is no wonder the debt-burdened farmer of Michigan fidgets while Congress

fiddles with another farm bill when he sees reports to the effect that one firm alone receives over $57,000 in soil-conservation payments while the payments in Michigan average $54 per participant. And the firm receiving the $57,000 check was not located within the 48 States. It might also be added here that more than half of the amount involved in these payments of over $10,000 went to the offshore areas.

As I look over the list of persons and firms benefiting under these large payments and then turn to the financial statements of such as these firms as are available I recall that Benjamin Franklin said:

> Vessels large may venture more,
> But little boats should keep near shore.

The big ships are some of these large companies listed below whose operating statements show handsome, earned surpluses, and who have paid dividends and extra dividends. The little boats are the Michigan farmers, or the small farmers of any other State, laden with a cargo of debts instead of earned surpluses, and who were unable to make dividends on the $1,240 income which the Department of Agriculture has just credited them with having.

This report of the Department of Agriculture shows a total of $851,515.79 involved in these large payments, only $400,001 of which went to cooperators in the continental United States. The largest payment of the entire group went to the Fajardo Sugar Growers Association of Puerto Rico in the form of a check for $57,080.36 and the second largest check went to the same Territory to the Luce & Co. for $46,230.95.

Let us look at the available record of the recipient of this largest check—the Fajardo Sugar Growers Association. This association's net income per annum under the policies of the New Deal's sugar program of subsidizing off-shore areas has jumped from a deficit of $49,087 in 1933 to a net income of $2,306,289 in 1936, according to the published figures. This company has total assets of more than $14,000,000 and of this total more than $4,000,000 of current assets with only $454,000 in current liabilities; or in the language of the financial man a favorable ratio roughly of 10 to 1 and with an earned surplus of over $7,000,000. From this, one can see how badly companies of this type need a contribution from the sugar-consuming taxpayers in the United States amounting to $57,080.36. The financial report of this company also shows an item: "Due from Federal Government $203,401."

This is an illustration of the rank exploitation being imposed upon Puerto Ricans by absentee landlordism resulting in our having to send to Puerto Rico $1,500,000 monthly in order to provide relief for those removed from the small individual farms by consolidation of acres into great plantations which are now receiving additional emoluments under soil conservation.

Then, also listed among the big-check recipients is California's Natomas Co., upon which the New Deal has apparently bestowed a double blessing in its man-made control of Mother Earth's products. Besides its agricultural interests the Natomas Co. is interested in gold mining. So it not only receives soil-conservation money directly from the Federal Treasury, but it also received a neat profit through the administration's act in hiking the gold price. Records indicate Natomas produced fewer ounces of fine gold in 1936 than it did in 1932, but its available financial report shows that its gross proceeds from gold in 1932 were only $1,296,398, while in 1936 under the $35-an-ounce price of the New Deal the company shows gross proceeds from its gold of $2,072,193. This company has, in addition to the land it is paid to keep under soil conservation, approximately 4,000 acres of gold-dredging properties. This includes one area, I am told, that is estimated to contain 7,500,000 cubic yards of gold-bearing gravel.

The payments made to these domestic and foreign holders and operators of lands located in California and to the sugar estates of Hawaii and Puerto Rico are illustrative of the unneeded financial assistance conferred and the expense imposed upon the consumers of sugar when legislation of this type operates.

In a great many cases large landholdings in California, Arkansas, and Hawaii are owned and operated by citizens of the United States who contribute to the maintenance of our Government on the same basis as the small operator located in Michigan, Minnesota, or other States. Those residing in Puerto Rico are not subject to the same tax laws as those who operate in the Territory of Hawaii and the States of the Union.

This statement of payments of $10,000 and over when applied to the financial position of the recipient is a clear-cut illustration of the unfairness and inequity which is always woven into legislative procedure of this type. It is further evidence that such laws, if they are to be enacted should carry provisions which absolutely prohibit payments over and above specifically designated amounts.

I attach hereto the latest list of payments over $10,000 made public by the Agricultural Adjustment Administration:

All payments listed were for diversion of land from soil-depleting to soil-conserving crops and for soil-building practices.

The list by States and insular regions follows:

California, total, $255,363.92:

J. E. O'Neill, Fresno, Fresno County, $30,760.68; Kern County Land Co., Bakersfield, Kern County, $28,485.65; Banducci Bros., Bakersfield, Kern County, $33,668.93; Frick Bros., Bakersfield, Kern County, $28,718.93; K. S. Battelle, Corcoran, Kings County, $18,372.21; the Ervine Co., Tustin, Orange County, $12,789.51; G. F. Scheckler, Stockton, San Joaquin County, $11,551.13; River Farms Co. of California, Knights Landing, Yolo County, $28,544.35; F. E. Redfern, Dos Palos, Fresno County, $10,975.92; Natomas Co., Sacramento, Sacramento County, $14,564.68; Sutter Basin Corporation, Ltd., Robbins, Sutter County, $36,931.93.

Arkansas, total, $89,317.54:

J. O. E. Beck, Hughes, Crittenden County and St. Francis County, $10,908.13; Poinsett Lumber & Mfg. Co., Truman, Poinsett County, $10,608.39; Lee Wilson & Co., Wilson, South Mississippi County, $14,979.74; General American Farms, 130 applications in various counties, $37,908.33; Metropolitan Life Insurance Co., 175 applications in various counties, $14,912.95.

Minnesota, total, $24,995.81:

State of Minnesota, Department of Rural Credit, Polk County, $10,883.14; State of Minnesota, Department of Rural Credit, Marshall County, $14,112.67.

Kansas, total, $11,127.57:

Collingwood Land Co., Johnson, Stanton County, $11,127.57.

South Dakota, total, $19,196.90:

Northwestern Mutual Life Insurance Co., Brown County, $19,196.90.

Hawaii, total, $348,202.74:

Hawaiian Comm. & Sugar Co., Ltd., $35,868; The Lihue Plantation Co., Ltd., $33,499; Oahu Sugar Co., Ltd., $28,166.10; Waialua Agricultural Co., Ltd., $24,884.50; Maui Agricultural Co., Ltd., $23,924.50; Pioneer Mill Co., Ltd., $23,626.60; Ewa Plantation Co., $19,762.80; Kekaha Sugar Co., Ltd., $18,074.50; Kohala Sugar Co., $15,935; Hawaiian Sugar Co., $14,352.55; Hawaiian Agricultural Co., $13,950.65; McBryde Sugar Co., Ltd., $13,456.45; Honolulu Plantation Co., $12,741.10; Wailuku Sugar Co., $12,189.65; Hawaiian Pineapple Co., Ltd., $25,224.09 (covering applications for two farms); Olaa Sugar Co., Ltd., $11,124.25; Kahuku Plantation Co., $10,993.25; California Packing Corporation, $10,429.75.

Puerto Rico, total, $103,311.31:

The Fajardo Sugar Growers Association, $57,080.36; Luce & Co. S. en C, $46,230.95.

Tax Relief for Business

EXTENSION OF REMARKS

OF

HON. HERBERT S. BIGELOW

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, December 10, 1937

RADIO ADDRESS OF HON. HERBERT S. BIGELOW, OF OHIO, ON TAX RELIEF FOR BUSINESS, THURSDAY, DECEMBER 9, 1937

Mr. BIGELOW. Mr. Speaker, under leave to extend my remarks in the RECORD, I include my radio address of December 9, 1937:

The Nation has awakened to the fact that our economic health is affected by our methods of taxation. Bad taxes, not big taxes merely, but bad taxes act as a blight on business.

Business leaders are up in arms against some of these bad taxes. Industrial plants may find themselves in a situation in which it

may be wise to plow their earnings back into new machinery or plant expansion. The Government, however, says to them that they must, nevertheless, pay their earnngs out in dividends or suffer a super tax of 27 percent on these earnings.

The tendency of such a tax is to check the flow of capital into capital goods, and thus to rob heavy industries of orders and employment. It is a tax on prudence in accumulating reserves for slack times. Such a tax naturally is resented by business managers.

The larger business concerns can make their protests heard, as they are now doing. But the very small business ventures have to suffer in silence. We feel that these small independent enterprises are good for democracy and should be encouraged. But our tax system is choking them out.

Business, big and little, wants tax relief. I start this broadcast with the assumption that business really needs tax relief, and that tax relief would help labor as well as business, for they both go up or down together.

This much being conceded, this question arises: If we take taxes off the back of business, where are we going to put them? Are we just going to shove these taxes around without any thought of who bears them, so long as we ourselves escape? If not, what principle or philosophy of taxation is there to which our taxing methods should conform?

It is bad practice to put taxes on commodities the selling price of which is raised to cover the tax. Such taxes are, indeed, covered. They are hidden sales taxes.

A glaring example of this is the tax on medicinal alcohol. You pay your druggist $6 a gallon. Twenty-five cents is the manufacturer's price. Four dollars and sixty cents is tax. Four dollars and sixty cents tax on a 25-cent commodity. That is tax banditry.

Now, we are raising billions of revenue in precisely that way. There is no time to dwell on how that reduces the power of the public to buy these commodities and thus restricts business volume. But that is obvious. Prices should be kept low, and one way to lower prices is to take the taxes out of them.

This can be done by confining ourselves to nonshiftable taxes.

There are three kinds of taxes that cannot be shifted: Taxes on inheritances, and incomes, and land values. Because taxes on houses can be shifted to rent, most people jump to the conclusion that taxes on land can be shifted. But this is an economic illusion. The reason taxes on commodities can be shifted is that the production of the commodity can be curtailed and scarcity produced until the price covers the tax. But land is fixed in quantity. If they taxed the shoes of your factory, you would stop making shoes if you could not add the tax to the price. But the land cannot vanish the way shoes can be made to vanish. A tax on shoes reduces the supply. A tax on land has the opposite effect of increasing the supply of land that is offered for sale.

Now, agreeing that there are billions of dollars of tax burdens that raise prices and are otherwise hurtful to business, the question is, Where are we going to put these taxes? If we push them off one business onto another business, a selfish advantage may be gained for somebody, but there will be no gain to the Nation.

As I see it, if we want to relieve all business and thereby increase employment and prosperity for everybody, there is only one of three things to do. We must shift these taxes to inheritances or incomes or land values. We might bear down more heavily on the larger inheritances. We might get more out of the income tax. Perhaps the higher incomes could stand more taxation. To tax the lower incomes is not sound, for then we cut the standard of living down below what it should be. We might amend the Constitution and tax the incomes on tax-exempt bonds and on the salaries of the politicians.

But the point I wish to make is that the best thing to do with these taxes that we want to get rid of is to put them on land values.

Anywhere else that we put them we are likely to do harm. But I hope I can make you see that if we put them on land values we will actually do good. We will tone up the economic health of the country. We will help the country by taking these taxes off from business, and we will help the country again by putting them on land values.

Here is a fellow, let us say, who has some land down in a blighted slum area. Enterprising builders want to employ labor to build better housing, and they need this land. That excites the cupidity of the owner of the land. He demands all he thinks the traffic will bear. His demands greatly exceed the tax value on which he has been paying.

He may overreach himself and demand so much as to block and defeat the improvement. That often happens. In the very worst slum area of my city of Cincinnati, where the taxpayers have to spend $3 for every dollar they collect, to cope with the excessive ill health and the crime of the district, it would be impossible to acquire the land for rehousing for less than fifty or sixty thousand dollars an acre. This inflated price of the land is one of the chief deterrents to building enterprise.

Now, the point is that the lower the tax on that land, the easier it is for owners to hold out for their speculative price. The heavier the tax the more costly it would be for them to hold the land and wait for their price. The thing to do is to lighten the tax on buildings and increase the tax on land values. The tax will help persuade the landowners to be reasonable, and paying less for the land and less taxes on the house will certainly stimulate building. That is the way to revive the building industry.

We say we need a revival of building to get us out of the depression. But we let the landowners hold up building with their unreasonable prices, and, if this tribute is paid and a building is put up, we slap the taxes on it. We penalize with taxes the thing we want, when we might use the taxing power to penalize the monopoly obstructions to industry.

If I rob a hen coop, they take me down to the police court and fine me once. If I build a hen coop they take me down to the courthouse every year and fine me. Isn't that a brilliant way to encourage industry?

To the extent that we do use the public credit to stimulate building we will inflate land values. It would be far more sensible for the President and the Congress to advise the cities, if they wish to get rid of their slums, to untax buildings altogether and raise their local revenues by increasing the taxes on land values enough to make up for the loss of taxes from buildings.

I happen to have the figures for Cincinnati only, but they are sure to run about the same in all cities. The total real-estate tax revenue of Cincinnati amounts to slightly less than 1 percent of the value of both land and buildings. If the same amount of money were raised by a tax on the land value alone, the tax rate would be 2½ percent.

Now, I ask the home owner which he would rather do: Pay 2½ percent a year tax on his lot alone, or 1 percent on both house and lot. The fact is that such a shift of the local tax burden to land values would reduce the tax on practically every home in the city by at least 25 percent.

Of course, it would raise the taxes on the landowners down in the business center. But these landowners should pay more, for their lands have been soaking up the social values of the entire community. The unearned increment of land value has risen on these lands as cream rises to the top of a pan of milk. There is a law of economic gravitation which sucks values into these centers. One way to make a fortune is just to squat on these acres and let them grow in value.

A few generations ago these acres were cabbage patches. Now their fabulous ground rents support the pension roll of the rich. To put a tax on this way of getting wealth without earning it would seem to be more ethical and sounder economics than to soak business with taxes. And surely it would be more decent to divert some of these unearned dollars into the Public Treasury than to put sales taxes on the purchases of the poor.

I would like to help get tax relief for the men who lie awake nights worrying about how they are going to meet their pay rolls. I have admiration and tax sympathy for the men who have the urge to make things and who risk their capital in the perilous field of productive enterprise. But I don't want to relieve them at the expense of other businessmen, nor by increasing the tax burdens of the poor. I think that producers should be relieved at the expense of squatters.

Land value is not the only form of unearned wealth. But it lies out in the open. It is easy to get at. It is, in fact, publicly produced property. Economics and ethics and religion unite to justify it. Yes; even religion.

There thunders down the ages the command uttered as the voice of God saying: "The land shall not be sold forever, for the land is mine and ye are strangers and sojourners with me."

The earth is God's. Man can make none of it, yet to live he must use it. It is, therefore, beyond all dispute that each generation as it arrives on the earth has a God-given right to the land. We cannot divide the land up and give each one his share. But in our property laws and in our tax methods we should not lose sight of the common right and public interest that attaches to the land of the country.

The way to honor this principle in our complicated modern civilization is to shift taxes from industry to land value, to the end that industry may be encouraged and land hoggishness and land monopoly may be discouraged.

I would be happier as a Democrat in Congress if the leadership of my party were leading in this direction.

Scarcity Programs Will Shut the Door Against Further Development of Our National Well-Being and Succeed in Freezing the Farmer Into His Present Position

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EXTENSION OF REMARKS

OF

HON. HENRY G. TEIGAN

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 10, 1937

ADDRESS OF GOV. ELMER A. BENSON AT THE MINNESOTA FARM CONFERENCE, STATE CAPITOL, ST. PAUL, MONDAY, OCTOBER 4, 1937

Mr. TEIGAN. Mr. Speaker, the address of Gov. Elmer A. Benson printed below gives expression to the hopes and

needs of the farmers of the country. It will be noted that the Minnesota Governor does not approve of an economy of scarcity, but is unqualifiedly for an economy of plenty. Such a scheme is not embodied in the farm bill which is now before Congress and which will probably receive the approval of both House and Senate before this special session comes to an end. It will be noted, too, that Governor Benson is for market control, which in turn "will involve price fixing with the aid of the Federal Government."

The address reads as follows:

I had looked forward with great happiness to this day. I had expected to spend all of it with you, "sitting in" on your debate of the various questions and proposals that will be raised here, and thus learning, along with you, from the discussions of this conference.

Circumstances, however, have denied me this privilege. I shall have to leave here as soon as I have addressed to you these few remarks.

I want to begin by welcoming you to your State capitol. It is, after all, the headquarters of the people of the State, who have built it. And this welcome holds not only for the hours of this conference, but for any time when you have problems or causes to bring here.

The spirit of this conference would be violated if, in its opening moments, I were to place before you a set of already formulated proposals. It was called for the purpose of setting in motion a train of democratic exchanges of experience and opinions, leading to a collective judgment as to what are the next steps in the formation of a farm program for both the State and Federal Governments.

In that spirit I bring before you my own remarks. I shall limit myself to pointing out three things—first, the nature of the farm problem itself; second, a few general principles that I think we should not lose sight of when we formulate programs; and third, specific situations in Minnesota with regard to which we can, if we will, take definite Government action.

II

First of all let us try to lay our fingers directly on the farm problem itself. Briefly, it is as follows: A farm family, in order not to be bankrupt, must maintain a margin of income over expenditures. This means, on the one hand, that the farmer must receive prices which in the long run exceed his expenses of production; it means, on the other hand, that he must not have to spend all of whatever income he receives in merely trying to keep the farm property going.

We can state the matter in another way. At present, the farmer is, on the one hand, the victim of a market that he does not control; on the other hand, he is often pauperized by an accumulation of debts and expenses which control him.

The result is that many farmers, as well as their communities, show an alarming trend toward bankruptcy.

There, in a nutshell, is the farm problem, as I think you will all agree.

III

This problem takes many different forms and has many different phases. Before we tackle any of them, I think we ought to line up in our minds a series of general principles which we shall try neither to forget nor to violate in our planning for farm legislation. I submit to you a number of such general principles, not with the thought that they constitute a complete and final guide, but only with the hope that, as far as they go, they will commend themselves as representing a formal statement of your own experience and judgment.

In the first place, when we deal with the farm problem we need constantly to bear in mind that it is a double-headed problem. Legislation which lightens the farmer's debt load at the production end but leaves his crops unprotected at the marketing end still leaves him open to destruction, and the same is to be said of legislation which gives him crop control without helping him to lift himself out of the mire of debt into which circumstances beyond his control so often thrust him. I do not mean that every particular bill must seek to accomplish both these ends. I only mean that no matter how good are our various proposals, if we do not go at the problem from both these ends, our legislative action will be entirely inadequate.

Next we need to be extremely cautious when we come to the subject of surplus.

We have heard a good deal of talk about preventing surplus. But what is a surplus? A surplus is something for which there is no use, no demand. It is in order to ask the persons who tell us that there is no demand what they mean by that word. Do they mean the wants that people have, even though they are without the money in their pockets to buy what they want? And do they mean the things that people could come to want if their wages and income were increased to the point where their standard of living were raised? If that is what these people mean by demand, then there is widespread demand and little surplus in this country.

But if, by demand, these persons mean buying power, if they mean the money in people's pockets to buy the things they need and should have, then we must surely agree with them that demand is down and surplus is up. Over one-fourth of the people in this country are now living on less than $600 a year—$50 a month.

The remedy for this situation, however, seems to lie in the increasing buying power rather than curtailing production. The problem that faces the farmer in this connection is that of finding some way to see that what he produces is distributed.

Scarcity programs will shut the door against further development of our national well-being and succeed in freezing the farmer into his present position. I believe the majority of our farmers are strongly opposed to such programs. Further, I think we have a duty to ourselves and our posterity to work toward abundance and not scarcity.

Then there is a third general proposition of which I should like to remind you before you begin your deliberations.

The economic ills which afflict the majority of our farmers are duplicated in every State in the Union. Further, these misfortunes are, in many instances, the direct result of unjust patterns of conduct in our economic affairs.

But it is a mistake to argue from these facts that the State should leave the whole job to the Federal Government, or that there is not much use trying to do anything in the face of certain obviously unjust social arrangements. There is a great deal that we can do.

IV

Let me hastily point out some of the specific difficulties facing farmers for which remedies may be had through legislative action by either the State or Federal Government.

First, there is the march toward tenancy. In recent years there has been a rapid trend in the direction of ownership of the land by those who do not operate it. Insurance companies, mortgage companies, and so forth, are rapidly becoming the landowners.

We need not face this problem with despair. The job is to help farmers to keep out of tenancy by making it possible for them to get out of, and keep out of, the vicious circle of debts and mortgages. Such measures are available to us as tax exemption and tax graduation, the right kind of loans at the right time, and favorable refinancing terms.

Then there is the problem of tenancy itself. Loans with a low rate of interest, and loans on a crop-payment plan would help some tenants to buy land and thus move out of tenantry. Others might be greatly assisted by experimentation in cooperative types of farming. For assistance in such matters as these, we shall have to look mainly to Federal legislation.

Soil-conservation and land-utilization measures are needed by all farmers, but especially by tenants and those living on poorer farms. The present Federal Farm Tenancy Act provides for soil conservation, but funds are entirely inadequate.

Rural electrification, providing low-cost power, is needed by all farmers and rural communities. I think it needs the most earnest attention.

The further development of producer and consumer cooperatives will be one of the greatest services that can come to our people in rural communities, and I think you would be doing a great service if you could work out any plans whereby the State departments might lend aid to such development without at the same time leaving cooperatives in any way financially dependent upon the Government.

Finally, and most important of all, our farmers need some degree of market control. Otherwise, they cannot receive more adequate and more stable prices. To achieve and maintain such control is absolutely impossible without Federal assistance.

In this connection there are two matters especially that I think should have the most cautious attention. One is the matter of attempting market control through control of production. Experience has shown that the result of this attempt is not always market control. Next is the matter of the ever-normal granary. Is it to be regarded merely as a means of storing a surplus which will be available in years of drought or famine, or do you believe that it should be employed as an attempted means of taking surplus off the market?

Market control will involve price fixing, with the aid of the Federal Government. If this is based on a fair exchange value to apply only on that portion of the crop which is domestically consumed, I do not see how anyone can object to it on the grounds of fairness. Manufacturers have not hesitated to use tariffs for price fixing, monopoly corporations have fixed prices, public utilities have even won the support of the Federal court for price fixing, and the railroads have received similar assistance from the Government in their rate making.

In any event, Federal legislation is necessary if market control is to be established, and certainly thousands of farmers are looking toward the necessity of such control.

These are only some of the more outstanding of the problems upon which either State or Federal legislation is possible and desirable. Upon some of these matters I have rather definite convictions, but I have tried mainly to avoid making definite proposals about them, because I know that we shall have to have many discussions before programs upon all these matters are finally shaped.

One proposal I should like to leave with you, and that is that you should make provision both for a State farm legislative program and for a Federal program which will be the basis of cooperation with other States.

Before leaving here, I should like to voice certain beliefs of mine with regard to the place of the farmer and the Government in the meeting of these problems. I believe most of you will be in agreement with me upon these matters.

Certainly the farmer's place in our society is not that of a mere creature of toil whose chief end is to work on the land so that he may extract from it materials which, by becoming articles of commerce, will be the means of profit for others but not for himself. That would make the American farmer a serf, rather than a citizen.

Furthermore, I believe it is the business of a democratic government to preserve democracy—and that includes economic democracy. We have a right to expect of Government that it plays its part in seeking to discourage the entrenchment of economic inequalities, and in promoting the development of equality of opportunity.

The vast majority of our farmers, both in Minnesota and the Nation, do not now enjoy such equality of opportunity. It is my hope that this conference may play a part in helping them to achieve it. In that spirit, I wish you well in your deliberations. I deeply regret that I shall not be here to take part in all of them. And I assure you of the most wholehearted cooperation by this administration.

I Vote "No"

EXTENSION OF REMARKS

OF

HON. LYLE H. BOREN

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 10, 1937

Mr. BOREN. Mr. Speaker, my colleagues in Congress, I have not been in Congress long enough to speak with the voice of experience on the legislative processes, neither have I been from the farm long enough to forget how many backaches there are in a bale of cotton. I have spent the most of my life up to now on the tenant farm. I now own and operate a farm. I feel that I am entitled to be heard on the farm bill. I know farm life and farm problems.

Let me say at this point that if prosperity comes again to America it will come when, and only when, there is something besides empty space in farmers' pocketbooks.

The American farmer has more courage and self-reliance than any other man in the world, and I will not vote for a bill which sells the American farmer into serfdom.

Stripped of all camouflage and verbiage, the present farm bill makes the Secretary of Agriculture a dictator whose power is ultimately absolute in its control over every American acre. In the terms of this bill, the Secretary is instructed to practice an economy of scarcity, the greatest fallacy that has ever been perpetrated upon a thoughtful people.

Proration for soil conservation or to prevent the destruction of any natural resource is undoubtedly wisdom, but curtailment to create waste acres is unquestionably absurd and foolish.

Again we are faced with the old fallacy of the bridge builder. In a far country there was a deep impassable ravine. On one side lived a tailor who had too many suits of clothes in his tailor shop, but who was in need of pork for his table. On the other side of the ravine lived a farmer who had a great surplus in hogs, but whose family was ill-clad. And a third individual conceived and executed a plan to build a bridge to permit commerce to pass over the ravine. He then sent out notices to the farmer and to the tailor to come and trade on the bridge; but he instructed the farmer it would take two hogs to get one suit, and he instructed the tailor it would take two suits to get one hog. So the trading went on until finally the man on the bridge had so many hogs and so many suits that he was unable to utilize the vast accumulation. Despite the fact that the farmer did not have enough suits and the tailor did not have enough pork, notices were placed on the bridge that trading had ceased because there was a great surplus and no need for further production and exchange.

The present farm bill declares that in a world where half the people will go to bed hungry tonight and where half the world will start tomorrow ill clad, declares that there is a surplus which must be controlled by the destruction of production.

No nation ever profited by destroying goods or restricting the production of any goods unless that restriction were based solely upon the wise use of a depleting natural resource. The Congress knows that the American farmer does not want acreage control. Every tenant farmer in America knows that Providence alone controls the forces of production. We cannot legislate control of the rain, the wind, and the seasons, and by the eternal I am not going to be a party to legislating serfdom on the great independent citizenry which makes up our American farmers.

The farmer needs and wants only one thing. That is a market for his product. First, it is undeniably right that American markets belong to American farmers, and intelligent farm legislation must be drawn on that principle. Market quotas, not acreage quotas, can be set as a domestic allotment for a parity price market. If America can consume 10,000,000 bales of cotton and 200,000,000 bushels of corn, then allot so many bales and so many bushels to each farm family to be tagged for domestic consumption and for which the United States Government will guarantee the American farmer that the American market will belong to him and that his product will pay parity price to his pocketbook.

There are a few more than 2,000,000 cotton farmers. That would mean that each cotton farm family could sell five bales of cotton at a parity price of approximately 18 cents per pound.

If there should be storehouses for surpluses, and the Government should build "Joseph granaries" and keep them filled with surpluses from year to year, then allot to each cotton farmer additional bales above the five for whatever amount the granary system would create a demand for.

If beyond this domestic program there are other surpluses, let those surpluses go into the world market to recapture for American agriculture the world market lost under reciprocal trade agreements and under former programs based on the theory of economy in scarcity.

This brings forth another evident truth which is a criticism of the so-called farm bill under consideration. That truth is that it is not the farmer who is producing 5, or even 10, bales of cotton who is creating the surplus on the cotton market. It is the farmer who has driven the tenants from his land and destroyed a community life with machine farming who is overproducing for the American market.

Where once I saw neat school buildings, splendid churches, beautiful and prosperous family farms, and happy farm families, I now see throughout America dilapidated churches, abandoned schools, and rotting farmsteads. Now someone drives out from town in a T-model Ford to drive a tractor from sun to sun and returns to the village at eventide to draw his dollar bill from his employer, the nonresident landowner.

They tell me in the cloakrooms that I dare not vote against a farm bill which might or might not prove of some extremely doubtful benefit to some farm groups. Mr. Speaker, I may lack the political sagacity of demagoguery, but I do not lack the courage to vote my convictions, and as sure as I am a Member of this great body when the vote is taken my vote will be ringing clear. I would to God that when the vote is taken on a bill which in my opinion is in every line an empty mockery to the farmer's need and in every issue an extension of red tape instead of benefit, and in every paragraph a compulsory move to shove the farmer into serfdom, I would that when that vote is taken the no that I shout would reverberate into the four corners of the land to sting the ear of every would-be czar and parasite on American agriculture and to cheer the heart and bless the home of every small and tenant farmer in this great land of ours.

And so, Mr. Speaker, as I conclude I want to say once more that from a heart that belongs to the American farmer, from a mind that knows his problems, and from the depth of my convictions, my answer to this bill is, unless it is basically changed and substantially amended, an irrevocable no. The demagogues whisper that a vote against this bill would cost me votes at the next election. That is an empty

challenge to my determination. I will vote my conviction if it costs me 50,000 votes at the next election.

The whisper that a vote against this bill is a vote against the administration is no argument to deter my action. I hold in high esteem the great, wise, honest, and sincere chairman of the great committee which has produced this bill; I respect the brilliance and capability of our Secretary of Agriculture; and except in instances where my convictions differed with our great President, I have voted with the administration, but on this bill, I care not what the wishes of government administration are. I care only for the hopes and for the welfare of the American farmer. My individual convictions stand adamant. When my name is called my answer will be "No," and though I disapprove of unnecessary slang and my religious convictions oppose profanity, I feel like paraphrasing a much touted Arkansas official and saying no, not only no, but hell, no!

Martin L. Davey, Ohio's Champion Labor Hater

EXTENSION OF REMARKS

OF

HON. JERRY J. O'CONNELL

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 10, 1937

Mr. O'CONNELL of Montana. Mr. Speaker, under leave to extend my remarks, I desire to point to Gov. Martin L. Davey, of Ohio, as the outstanding example in this country of that class of politicians who can fairly be called "betrayers of labor." No aspirant for high office ever made more complete overtures and assurances to labor than Martin L. Davey when he was running for the governorship. And now, after having joined forces with the brutal Tom Girdler, of Republic Steel, and his associates in turning his National Guard against the workers in the Little Steel strike, with resultant bloodshed and killings, we find this same Martin L. Davey starting his campaign for reelection by labeling as "Communists" the very men whose votes he sought during his first campaign.

There is no dispute as to the facts in this situation. Governor Davey does not dare deny that he sought the support of these steel workers and their C. I. O. leaders and that he gave them unequivocal guarantees that he would use the power of his office to protect the rights of the workers to organize and strike to improve their conditions. He sent emissaries to the C. I. O. leaders in Akron, Columbus, Cleveland, and other cities. He regarded those leaders then in their true role as Democrats actively interested in the reelection of President Roosevelt. These emissaries from Davey told the C. I. O. leaders that he had never used troops in strikes and that "neither money nor influence of any kind would induce him to use them in the future." These latter words are those of John Owens, C. I. O. director in Ohio, a lifelong labor-union man and official of the United Mine Workers.

Even while negotiations were being attempted during the strike Davey publicly expressed his belief that "the steel companies should agree to sign a contract, as a basis of negotiation, and end the strike." In fact, he drafted two different proposals in his own handwriting and submitted them to the union and the Republic Steel Corporation. Philip Murray, chairman of the Steel Workers Organizing Committee, and Mr. Owens, C. I. O. director for Ohio, accepted Davey's compromise propositions. But Tom Girdler and his associates said, "No!" despite the urging of priests, ministers, educators, Governors, United States Senators, Congressmen, and even President Roosevelt himself.

And Davey did what after this? Did he have the strength of character and conviction to stand behind his promises and his compromise proposals? He wavered a short while and then cast to the winds all pretense to trustworthiness. Having ridden into office on President Roosevelt's coattails, he yielded to the blandishments of Girdler, and others, tossed the President overboard, and sent his troops in, ostensibly to preserve order but actually—according to undenied evidence—under secret orders to "break the strike."

He became the undisguised accomplice of the Girdler crowd, who spent nearly $50,000 in May and June alone to purchase 90 riot guns, 2,300 long-range bombs of tear and sickening gas, 325 short-range gas shells, and over 2,000 gas grenades. The ensuing bloodshed and slaughter can truthfully be laid at Davey's door.

No wonder, as he wines and dines with the Girdler menage, that Davey now tries to hide his perfidy behind the name-calling tactics of the ruthless Little Steel plutocrats, who shout "Communist! Communist!" at every sincere effort to improve the lot of the workingman. The falsity of these white-livered shouts is so palpable it needs no exposure to any intelligent American. Davey, the tool of these inhuman and greedy plutocrats, stands as a graphic symbol of the sneering fear which these antisocial forces exhibit as their privileges and power are threatened by the American workingman and his family, who no longer are tricked by such labels as "Communist."

Davey, the oily orator about law and order, is right now faced with a series of scandals in his own State departments because of his barefaced disregard of the law. Consorting with the Girdler plutocrats and their fellows, he hopes that they will furnish enough money for him to buy his way into office next year, and meanwhile he turns a cold shoulder to the pleas of a vast and increasing army of the unemployed for relief. My prediction is that the working people of Ohio will not be duped again by Davey. They will turn him out of office as a disgrace to the American political scene.

Farm Control Bill

EXTENSION OF REMARKS

OF

HON. CHARLES A. WOLVERTON

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, December 10, 1937

Mr. WOLVERTON. Mr. Speaker, the underlying principle of this bill is one to which I cannot subscribe. Every word, sentence, and paragraph of the bill seeks to limit the production of basic necessities of life. It is a bill to limit and control what a beneficent Providence would otherwise provide for the welfare of our people. It substitutes the wisdom of man for the wisdom of Almighty God. It would seem that the experiences of the past few years in this respect should be sufficient to teach us once and for all time the utter futility of the power of man to change the immutable laws of Nature. But, undeterred, the administration continues to pursue the same course, by a slightly different method, that has brought distress to our farmers and our people in recent years.

PROVIDES FOR SCARCITY IN FACE OF NEED

To adopt such a course in the face of the statement, so frequently made by the President, that "one-third of our people are ill-fed and ill-clothed" is beyond my ability to understand or justify. Without regard to whether the President has correctly determined the actual number who are ill-fed and ill-clad the fact is undisputable that want and need do exist among a large portion of our people. And yet, notwithstanding this distressing condition the authors of this bill, speaking for the administration, are demanding and insisting that this bill be enacted into law even though the result will be to decrease the amount of available food and increase the price of food to the consumer, thereby making it more difficult, if not impossible, for many of our people to purchase what is necessary to maintain themselves and their families. Therefore, the net result of the

passage of this bill, if it accomplishes what its authors intend, namely, increase the price of foodstuffs, will mean an increase in the number of ill-fed within our borders.

Granting that there is agricultural distress in the sections of our country where this bill will operate, it would seem more reasonable if some method should be adopted that would make the foodstuffs, now alleged to be produced in surplus quantities, available to those in need upon a basis that would provide aid at the same time to distressed agriculture.

NO SURPLUS UNTIL NO HUNGER

The reasoning upon which this bill is based overlooks entirely that the fundamental trouble is not "surplus" of foodstuffs but inability to purchase by those who would like to do so. The surplus now alleged to exist is not based upon quantities beyond ability to consume but upon restricted ability to purchase. There is no real surplus in the true sense of the word so long as there is need or use for the product. And no one who has spoken in favor of this bill has contended that there is a surplus from this standpoint. The so-called surplus arises not from the fact that all have been fed and a surplus remains over and above the need, but solely and entirely because of insufficient purchasing power upon the part of those who otherwise would be consumers.

FREEDOM OF ACTION DISPLACED BY REGIMENTATION

Not only does the bill do violent injustice to the consumer by artificially raising the price he must pay but it also sets at naught one of the basic principles of our American form of government. With the enactment of this bill there will pass the right of farmers who come within its provisions to sow and reap with that freedom that has been their privilege in the past. From the moment this bill becomes effective, from that moment the regimentation of the American farmer is commenced.

A study of the bill will reveal a vast number of details to be complied with by the farmer or severe penalties incurred, all of which have been designed to make control of production of the basic crops effective. There can be no doubt that the farmer who comes within the provisions of this bill is regimented beyond all possibility of free or individual action.

A system or policy that regiments American farmers into a production-control program and makes them liable to severe penalties upon failure to comply with each and every rule and regulation set up in a bureau at Washington, and fills the lands with thousands of snoopers, additional agents, and employees at an estimated cost of several million dollars, not including cost of enforcement and prosecutions, is unreasonable and unjust.

The solution of the problem can and must be found in the application of established American principles.

FARM ORGANIZATIONS RECOGNIZE DANGER AND OPPOSE BILL

It is because thoughtful and serious-minded farmers have seen the danger lurking in the provisions of this bill that no national farm organization is in favor of its adoption and all of them have gone on record against it. This presents a strange situation, indeed, and one that creates serious thought, to realize that the farmers of America, casting aside all the benefits it is alleged this bill would bring to them, have individually, and through their farm organizations, opposed the passage of this bill. They have done so because they recognize that the danger it presents to our American form of government is too great to be taken in exchange for the immediate benefits this bill promises to provide. No finer evidence of true Americanism could be found than that which has prompted the National Grange and similar organizations to take their stand against this or any other form of legislation that directly or indirectly tends to destroy established American principles.

DANGER TO OTHER FARMERS BY INCREASED PRODUCTION OF OTHER CROPS

The reasons I have already given are sufficient in themselves to justify my vote against this bill, but, in addition thereto there is also a very real danger created for every other farmer than those who produced wheat, corn, rice, cotton, and tobacco. This arises from the fact that there is no restriction upon the farmers, who under the provisions of the act take acreage out of production of the crops mentioned, from utilizing such acreage in the production of those farm commodities that do not come within the provisions of the bill. Thus the other farmers of the Nation, including those of New Jersey, would be called upon to meet a competition financed by Federal aid, and with all the distressing circumstances that would follow from increased production of such crops, or what is more than likely the acreage taken out of production, under the provisions of the bill, unless amended before final enactment, would be turned into the production of those crops that would enable such farmers to engage in dairying. This great industry already solely pressed as a result of foreign importations, which are constantly increasing and have reached an alarming figure, would become so distressed that no one could adequately picture the consequences.

FAILURE TO HOLD HEARINGS

It is regrettable indeed that notwithstanding the need for adequate farm relief that the administration has utterly failed to present a measure that merits support. In some measure this may be due to the fact that no opportunity was given in either Senate or House for anyone to appear before the respective Agriculture Committees to present the viewpoint of the farmers or the organizations that represent them. There should have been public hearings with full and free opportunity given to discuss the provisions of this bill and to suggest other and more desirable methods. I am convinced that if this had been done and the committee had been willing to give consideration to the views that would have been presented there would be a far different and much better bill before the House today.

FARMERS WANT SENSIBLE NOT FANTASTIC LEGISLATION

It is my opinion that farm-relief legislation should be drawn more in conformity with the thought and desire of real farmers instead of giving so much attention to theorists.

All sorts of fantastic schemes have been brought forward as a cure-all. Some have been tried with disastrous results; some so inherently weak were discarded after short trial; some were abandoned because of an aroused resentment upon the part of the consumer and producer; some were outlawed by the Supreme Court; and now with an assurance that is amazing, in view of past failures, the administration presents this bill as a remedy, although it does not have the endorsement of a single national farm organization.

I was greatly impressed with the action taken by the National Grange at its recent annual session at Harrisburg, Pa. The delegates adopted a farm program of such merit that it should have had the serious consideration of the administration before it presented the present farm-control bill to the House. The program of the National Grange, among other suggestions, provided:

First. Give the American farmer equality of opportunity and a chance to obtain a fair share of the national income.

Second. Permit no legislation to be enacted which will result in either immediate or eventual regimentation of the American farmer.

Third. Restore the American market to the American farmer to the limit of his ability to produce efficiently, with no curtailment of crop production that will place him at a disadvantage; limiting imports to those products which he cannot supply; and guaranteeing equal protection with labor and industry under the tariff, with speedy repeal of reciprocal-trade treaties that prove harmful.

Fourth. Continue the soil-conservation program to help the farmer improve his land and diversify his crops, but not as a means toward production control.

Fifth. Insist that with crops of which there are exportable surpluses and for which marketing agreements are undertaken the program shall be adopted only after vote of farmers affected, with complete control remaining in their hands. Reasonable commodity loans based on warehouse receipts to be made available to assist in orderly marketing.

Sixth. Balance the Federal Budget and insist upon economy and efficiency in local, State, and Federal Governments; eliminate and forbid duplication of public services; protect the taxpayer and always keep in mind that for everything asked from the Government the taxpayer must settle the bill.

(7) Foster cooperation and good will between government, labor, industry, and agriculture; build confidence so that recovery may go forward, the wheels of industry may turn faster, more people be employed, and greater consuming power be created.

Such a program as above outlined if put into effect by appropriate legislation would give far more promise of real relief and aid to distressed agriculture than all the fantastic legislation heretofore, nor, or hereafter presented.

What American agriculture needs today is a permanent, well-considered, and thoughtful program, based upon study and experience, instead of some makeshift or vote-catching proposal that cannot result in the permanent rehabilitation of agriculture.

1937 Farm Bill

EXTENSION OF REMARKS
OF
HON. HERRON PEARSON
OF TENNESSEE
IN THE HOUSE OF REPRESENTATIVES

Friday, December 10, 1937

Mr. PEARSON. Mr. Speaker, having a district largely agricultural in its nature, I have been watching closely the attitude of all Members of Congress toward legislation which was calculated to promote the welfare of the agricultural interests of the Nation. I am today convinced that there are not a dozen Members of Congress who are unwilling, for selfish reasons, to actively support legislation which they believe is wholesome and beneficial to those who earn their livelihood by farming. Without a doubt they all realize and appreciate that their constituents, even though they be industrialists and city dwellers, are vitally affected by the prosperity or adversity of the industry which points the way in our economic life—agriculture. They consider it, as they should, from a national standpoint, and permit the common good of all to outweigh the imaginary disadvantage which a minority group at times advance. It is true that many of them oppose certain types of farm legislation, but the opposition is not born of selfishness. It is due to honest misgivings as to the wisdom of the proposed law. Under such circumstances, no one is to be censured for his position, no matter how much we may differ with him in his conclusions.

If I am correct in these conclusions about the attitude of Congress and its Members what has agriculture to fear as to its treatment at the hands of Congress? There need be no fear provided the farmers of America, individually and through organized groups, let Members know what they really need and want, and provided further that these expressed needs and wants are not unreasonable and inconsistent with the lawful authority of Congress to grant. Up to this time I know of no such unreasonable requests being made.

Congress, during the last few years, has meant more to agriculture than ever before in history. We are just emerging from an era of economic disaster, world-wide in its effects which has turned the faces of the people of every civilized nation to their central governments for aid. Local and State governments have been impotent in this great crisis and we have learned that this great Government which fosters and protects our rights and liberties is not too great to aid the least of our citizens and not too small to protect the greatest of them. No one has been denied aid. Our great financial institutions, railroads, industries, home owners and the underprivileged, unemployed, and helpless people in every State in the Union have had thrown around them the strong arm of protection and security of the Federal Government. One of the sickest and most desperate of them all was agriculture and those engaged in it were reduced to the lowest economic level in this generation.

Congress alone had the power to do something to meet this unprecedented emergency. Legislative processes had to be resorted to in order to provide funds to meet the needs and to authorize their expenditure. How hard Congress tried to remedy the situation and how well it succeeded is now history. As a result of the appeals of agriculture for help and the efforts of Congress to answer the appeal the two have become intimately identified and the interest of the individual farmer in the Congress, the work it does, and in the attitude of his own representative in that body has become decidedly personal.

There has been much criticism of the last Congress on account of its failure to enact permanent farm legislation. The criticism has become more intense since the recent disastrous collapse in the market prices of farm commodities, and I am willing to concede that there is some justification for the criticism. I think, however, it is fair to Congress to say in its defense that the failure to enact such legislation was not due to indifference, lack of interest, or lack of effort. The committee worked for weeks in an effort to report a suitable bill, and I think its failure to do so is directly attributable to two causes, namely, the inability of farm leaders and farm groups to fully agree among themselves as to what they wanted, and, secondly, honest differences of opinion among Members of Congress as to what was best to do. The passage of a bill affecting the rights and privileges of all of America's 130,000,000 people, and adopting a permanent policy calculated to control the production of five of America's major crops is no small task and one that requires time and thought. It should be done in 8 months, but other suggested legislation pending in the last Congress, far reaching in its effect, served to create a legislative jam for months and prevented favorable action on many deserving bills which no doubt would have been enacted into law. I fear that the Agricultural Adjustment Act of 1937 was one falling in that category. Whatever the cause of the failure of Congress to take action on this vital need I know that those of us who were interested in obtaining action did all that could be done consistently to get an acceptable bill before adjournment.

In spite of this indictment against the first session of the Seventy-fifth Congress, there is much to be said about what was done for the farmers during the session and for which it is to be commended. I have the authority of a Member of the House of Representatives for 20 years for the statement that more beneficial farm legislation was passed this year than was ever enacted in a single session of Congress. There is ample proof of the truth of this assertion.

The paramount question now is, What legislation shall Congress enact for the relief of agriculture? It is the answer to this inquiry that we are seeking.

The lesson immediately before us and most vivid in memory perhaps is the one recorded in 1932. None of us have forgotten it. Cotton, 5 cents per pound; corn, 20 cents per bushel; hogs, $2.75 per hundredweight; and tobacco, wheat, and rice proportionately cheap. Mortgages in arrears, taxes unpaid, needed improvements left undone, families poorly provided for, and the year's work brought to a close with nothing to show for our efforts except deficits. We were in want in the midst of plenty, and we realized that a dearth of production without a corresponding demand or need for what we produced destroyed our chances for profitable farming.

The following year under Government leadership a million southern farmers cooperated in a program to reduce the production of all farm commodities, and particularly cotton, and for once knew from personal experience just what they could do for themselves by working together. After enjoying the fruits of this experience in the form of better prices, 9 out of every 10 cotton farmers took part in the adjustment programs of 1934 and 1935. The provisions of the Bankhead

Act and the A. A. A., with their control features, doubled the farm income of 1932. We enjoyed a greater consumer demand with adjusted production and our annual carry-over of cotton was reduced to about normal proportions. Cotton prices ranged from 11 to 14 cents, and other commodities sold at a like ratio.

In January 1936 the Supreme Court invalidated in part the A. A. A., and once again Congress had to devise some means of maintaining the progress which had been made under the several farm programs. It was necessary to act in time to protect the crops of 1936 if possible, and within 60 days after this decision was rendered the Soil Conservation and Domestic Allotment Act was passed. It was hoped that this law would accomplish the dual purpose of restoring soil fertility and reducing the production of cotton, corn, wheat, and tobacco. It authorized financial benefits to those who would forego producing soil-depleting crops and planting instead soil-conserving crops. No processing taxes were imposed and the expense of the program had to be borne out of the general funds of the Treasury. Congress authorized such expenditures each year.

The soil-conservation program was a voluntary program, and therein lay its weakness. Under its operations in 1937 the acreage planted in cotton increased about 3,000,000 acres and, as we come to the harvest season, we find the prices of our farm commodities showing every sign of reverting to 1932 levels. It appears now that on 34,000,000 acres we will make eighteen and one-quarter million bales of cotton—an average of better than 250 pounds of lint cotton to the acre. This is the biggest yield per acre in history. It is the repetition of the lesson taught us 5 years before, and from which we learned that a reasonable control of production constituted a cure for the trouble.

Using cotton as a typical commodity and one which is affected by and affects the markets of the world, what is our situation today?

We have increased production both in the United States and abroad. We have increased consumption both in the United States and abroad but even with the increase, domestic consumption totaling 8,000,000 bales and foreign consumption 23,000,000 bales, we will have a carry-over next year of about 9,000,000 bales, and a world carry-over of approximately 18,000,000 bales. Foreign consumption of American cotton this year is off a million bales, or down to about 5,300,000 bales. The market price has gone from 14 cents to around 7 and 8 cents.

Now, with full knowledge of the facts I come back to the question: What legislation shall Congress enact for the relief of agriculture?

To parry for a moment and argue the question further I would say such legislation as will provide the best way for the farmer to get the best price for what he produces. Just what that way is I cannot say beyond peradventure but I do know that so far as we have gone in our legislative experience we are bound to have observed that limited control of production has gone a long way toward achieving that objective.

It is well to note the different results obtained through a control program with penalties attached for noncompliance and those obtained through a voluntary program. We are driven to the conclusion that a limited control of production of cotton, corn, wheat, rice, and tobacco through legislation that will require and enforce cooperation of producers is of sufficient merit to challenge the attention of Congress and worthy of its consideration.

I realize that the greatest argument against such a program lies in the fact that we have a constantly increasing production of cotton abroad and that in reducing our own production we encourage other countries to continue increasing acreage and run the risk of losing our foreign markets. This argument has its merit but is subject to many answers. Foreign production has been increasing for many, many years—long before we started decreasing our production. We cannot stay this trend unless all producing nations would agreed to enter into mutual compacts whereby a proportionate reduction in acreage might be effected throughout the world. In the absence of such a plan it is a factor over which we have no control.

The Agricultural Adjustment Act of 1937 now pending is in part a control bill. It seeks to revive some of the features of the A. A. A., with added emphasis on balancing the good and bad years through the ever-normal granary and is definitely the type of legislation which the farmers themselves are beginning to demand.

I believe they have learned in their bitter experiences that only through cooperative and mutual control of production can they get away from the evils of "small crop, high prices, bumper crops, low prices." They seem to concede that they need protection from their own human weaknesses if they hope to stabilize income and escape the lean years which come all too frequently.

Whether we suffer from overproduction or underconsumption is a mooted question which is debated year in and year out. The answer is not certain but of one thing everyone is certain—the American farmer can and does overproduce. We know that with our broad and productive acres, farm mechanization and intensive farming methods that all of our markets can and do reach the saturation point and with that saturation comes the inevitable slump in commodity prices. This has happened repeatedly. Warnings have not stopped it and each year spring time optimism becomes sordid disappointment at harvest time.

The admitted objectives of the pending bill are parity prices for the commodities affected, ever-normal granary, control of surpluses, and conservation of the soil, all of them are to be devoutly desired and it is for us to decide whether or not we want to accomplish them in the manner suggested in the pending bill.

I stand ready to support legislation which I believe will accomplish this result and I hope that the Congress of the United States will by reason of its efforts to help American agriculture stand vindicated before the bar of public opinion.

We have spent 2 weeks in open discussion of the bill which is to be acted upon today. Some very material and damaging amendments have been adopted by the Committee which I earnestly hope will be eliminated by a vote of the House. I doubt if we will succeed in passing a bill which will be acceptable to all agricultural interests alike and frankly there are some provisions in this bill which I would like to see changed or modified. Provision has been made for the small producer and some of the injustices which come into existence under former farm legislation have definitely been eliminated under the terms of the pending bill. I realize that all legislation as far reaching in its effect as this must be accomplished through compromise hence in spite of some objectionable portions of it I shall support it because I think it will accomplish some good for 30,000,000 people engaged in the Nation's greatest basic industry.

The Farm Bill—I Favor Supplemental Legislation to Benefit the Dairy and Poultry Farmers

EXTENSION OF REMARKS

OF

HON. MARTIN F. SMITH

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Friday, December 10, 1937

Mr. SMITH of Washington. Mr. Speaker, I am voting for this legislation because it is the best that is offered and that can be secured under the present circumstances. I am far from satisfied with some of its provisions and omissions. However, the measure meets with the approval of President Roosevelt, the chosen leader of the Nation and the leader of my party, and I feel confident that he will recommend to Congress such changes, modifications, and additions as experience will prove to be necessary and advisable.

DAIRY AND POULTRY INDUSTRIES

Mr. Speaker, I voted for the Boileau amendment to safeguard the interests of the dairy industry in the Committee of the Whole and have again voted for it on the roll call in the House, when it was adopted by a vote of 202 to 188. In my opinion, the dairy farmers are justly entitled to the protection contemplated by the Boileau amendment. I trust that in the near future the Committee on Agriculture will consider and report favorably legislation which will further benefit the dairying and poultry farmers, who are deserving of consideration and assistance the same as the cotton, tobacco, corn, wheat, and rice farmers who are included in this bill. I realize that reasons have been advanced why the dairying and poultry farmers have not been included within the purview of this legislation, but I strongly dissent from the viewpoint which has been expressed. I will gladly join with my colleagues to have the interests and welfare of the dairying and poultry farmers provided for in future farm legislation, which should by all means be brought before Congress in the regular session.

H. R. 3144—EXCISE TAX ON EGG PRODUCTS

Mr. Speaker, I favor the early enactment of H. R. 3144, introduced by the gentleman from California [Mr. LEA] to amend section 601 of the Revenue Act of 1932, as amended, to provide for an excise tax on egg products. This legislation would materially assist our important domestic poultry industry in successfully meeting foreign competition, particularly from China, as over 90 percent of our egg imports at the present time come from China. Mr. Speaker, I am unwilling to subsidize the Chinese at the expense of our own poultry farmers, many of whom reside in my district in southwest Washington. My constituents maintain high wage and living standards which render it impossible for them to compete with the eggs produced more cheaply in China, and I therefore strongly favor the early enactment into law of H. R. 3144 to protect the interests of the thousands of American citizens who are engaged in the egg and poultry industry and constitute an integral branch of American agriculture.

How the Deane Plan Will Help the Farmer—Why the Farmer Should Support the Deane Plan (Embodied in H. R. 1620)

EXTENSION OF REMARKS

OF

HON. C. ARTHUR ANDERSON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, December 10, 1937

Mr. ANDERSON of Missouri. Mr. Speaker, the following discussion should be considered from the standpoint not of a farmer but of farmers as a group.

What conditions do farmers require in order to be assured of opportunity for economic prosperity?

First. They must possess land of sufficient productivity so that by the application of their intelligence and labor they can produce a sufficient quantity of products which, at the price at which they can be sold, will enable them to purchase sufficient products, which they cannot personally produce, to assure them a standard of living comparable to that available to those of equal ability and industry in other lines of endeavor.

Second. There must exist a consistent and adequate demand for the products of their enterprise sufficient to absorb their maximum production at such price.

Before discussing the implications of these two major requirements for the farmers' economic security, it may be well to set forth the attitude of farmers toward their profession. Perhaps the fundamental characteristic of farmers as a class is their desire for independence, and next, is the feeling of security inherent in wresting their living from the soil. This feeling of independence is possible only under free competition, where they are enabled to pit their industry and intelligence, as individual human beings, against the industry and intelligence of others. But such opportunity for the exercise of individual initiative entails a corresponding individual responsibility for success or failure, barring, for the moment, natural hazards of drought, flood, and other so-called acts of God.

In other words, if success is the result, not of individual initiative, but of political or other arbitrary action, the feeling of individual independence disappears.

Therefore, in order that farmers may secure the just rewards of their intelligence and industry under free competitive conditions, they must be assured that there will be no arbitrary interference with the automatic elimination, by competition, of those farmers who are unable to produce by their labor a satisfactory livelihood. Otherwise, the intelligent and industrious farmer loses the security which he demands.

The element of security, therefore, can only be assured provided there exists some automatic means of absorbing elsewhere into our economic life those individuals who are unable, competitively, to secure a satisfactory livelihood on the farm. If such a means of absorption of the unsuccessful farmer into other lines of endeavor were available, there would remain on the farm only those individuals whose industry and intelligence, when applied to basically satisfactory physical farming conditions, rewarded them with a satisfactory standard of living.

To insure such conditions our economy must be so organized as to provide two requisites for the farmer. First, the largest possible demand, at a satisfactory price, for his products. Second, the automatic absorption into other lines of pursuit of the so-called marginal or unsuccessful farmer.

Our economy may be divided essentially into only two main groups, namely, agriculture and industry—industry being defined as embracing trade, transportation, and practically all activities aside from agriculture. Therefore we must look to industry to provide the farmer with both the largest possible demand for his agricultural products, and for the removal from the soil and the absorption into industrial activities of the submarginal farmer. And the paramount interest of the farmer lies in insuring that industry shall function for his benefit in these respects. Fortunately there is adequate proof that industry can so function once we adopt a practical and automatic method of functioning. This is because the unfulfilled desires of our people for industrial products—including services—are so far from being filled, that in spite of the rapid technological and scientific advance that has been made and is being made, the opportunity to expand industrial production is unlimited for all practical purposes. And such necessary expansion will be promoted to the extent that we find the means of automatically distributing such production, on a basis that will place the requisite purchasing power in the hands of those who desire and will consume the goods and services produced.

While agriculture likewise is expansible, for it is quite evident that great masses of our population today do not have even proper food and, further, that scientific advance is gradually teaching us how to utilize, to a greater and greater extent, farm products in industry, nevertheless, with the proper distribution of purchasing power among the mass consumers of the Nation, we might eventually reach the saturation point for agricultural products—certainly for food products. This possibility is evident from an analyzation of the proportion of total income spent for food by those in various income brackets. The higher the income the lesser the proportion spent for food. In other words, the first expenditure from our income must be for sufficient food to sustain life, after which expenditures increase for foods that provide an enjoyable, healthful, and appetizing diet. After these are once secured an increase in the income of the individual does not importantly increase his expenditures for food, but it does expand the demand for all types of industrial products, both goods and services.

Under the Deane plan the conditions just described as prerequisite to the farmers' prosperity would be assured on a sound economic basis. These conditions would be created by sustaining at all times the highest possible demand for the total production of the Nation, both agricultural and industrial. Through the adoption of accurate indexes of current and long-time average production, the Nation would know immediately whenever any maldistribution of purchasing power was creating a condition where effective purchasing power was inadequate to sustain a continuation of maximum production. Immediately this condition was known, an automatic distribution, on the broadest possible base, would be made from a central reserve fund so as to supplement declining purchasing power and thus insure its adequacy to cause a continuation of maximum production. This reserve fund would be replenished from a tax on industrial pay rolls in times of prosperity when the reverse condition was found to exist; that is, when purchasing power (demand) was greater than current supply (production), which would be reflected in rising prices which would initiate a reduction in effective demand.

By sustaining production at the highest possible economic level, the Deane plan would automatically sustain a demand for labor in industry with sustained wages, thus providing those conditions necessary to induce the transfer of submarginal or unsuccessful farmers into industry at wages sufficient to provide a standard of living for which they had unsuccessfully striven on the farm.

These prerequisites for the prosperity of the intelligent and industrious farmer would be secured automatically under the Deane plan without any arbitrary restrictions by legislation, or otherwise, on prices, hours, wages, and so forth, which restrictions obviously are abhorrent to him because they destroy his independence.

It is often stated that the problems of the farmer cannot be considered solely from the standpoint of economics; that farming is a "way of life" and that even under the worst conditions there is a security to be found on the land which is not present in industry, and which is, to some extent, at least, a compensating factor. Let us analyze this contention for a moment. When we talk of security on the farm what we really mean is that with a minimum of intelligence and labor it generally is possible to sustain life from the land, whereas in industry, if a worker is thrown out of a job, he may have no way of sustaining life in the absence of charity or relief. This is, of course, true at the present time. But can we accept as a premise for any method which we may adopt to secure the well-being of our population as a whole the fact, first, that Americans can or should be satisfied with a bare subsistence standard of living, and second, that there is anything inherent in industry making it impossible to provide the same security for those engaged herein as on the land; which, in the final analysis, simply means continuity of employment and income? Certainly no one can have any quarrel with the individual farmer who is so enraptured with farming as a "way of life" that he is satisfied simply to sustain life from his labors. But, assuming that at least some of those who are now on the farms, living on a bare subsistence level, would prefer to trade a higher standard of comfort for such "way of life," we should, at least, adopt every possible means to permit a free choice to be made by each individual.

Under the Deane plan such choice would be available and, based on our experience during the war and during other past periods of industrial prosperity, when there was a strong demand for labor, we might reasonably expect a large number of submarginal farmers to make their choice in favor of a job in industry. In some of these past periods the influx of workers from the farms to industry, in order to secure a higher income, was so great that the "reformer," who seldom is interested in the independence of the individual, demanded arbitrary action to prevent it. But recognizing that red-blooded Americans always desire independence of action, then the least that can be done is to afford them the opportunity of choice. What choice they make then becomes their problem.

We can all have sympathy for a farmer who works intelligently and industriously and finds at the end of the year that when he disposes of the products of his labor the proceeds are entirely inadequate to provide a decent standard of living. And we can understand his willingness to support any scheme that will result in the supplementing of such inadequate income, through Government subsidy or otherwise, so as to permit of a satisfactory living. And as long as we disregard the economics of the problem and attempt to meet it on an emergency basis for this group or that group, we will continue to build arbitrary restrictions into the functioning of our economy as a whole, pitting group against group and class against class. And the political implications of such policies of expediency eventually may be disastrous to our democracy.

Now, it does no good to quarrel with the adoption of emergency methods. If a man is starving, he must be fed, even though it may be more constructive to eliminate the conditions which cause him to starve. But certainly we can approach the problem from the standpoint of adopting, for our economy as a whole, some governing device that will assure the automatic economic distribution of the largest possible production of both agricultural and industrial products. And of providing the same relative security in industry as, in theory, is found on the land. Only by so doing can we provide the highest possible standard of comfort and well-being for all of our population. In other words, our problem is to prevent the fire, quite as much as to put it out once it starts. We must adopt some basically sound economic mechanism that will eliminate emergencies. By so doing we automatically will eliminate unsound emergency methods, as well as the recurring destruction of values and morale and the physical and mental distress which flow from a lack of a stabilized economy. The Deane plan would provide such an economic mechanism and because, inherently, industry, which must provide the market for agricultural products, as well as a means of absorbing the submarginal farmer, is the really expansible part of our economy. Farmers, more than any other class, would benefit from its adoption.

As an example, let us take the arbitrary restriction of agricultural production and the levying of processing taxes, with which we shall not quarrel as emergency means. But as a permanent cure they are no answer at all. Let us carry them to their logical end and see what would happen to our economy as a whole. We need for the health and well-being of our people today a much greater production of foodstuffs than we are producing currently. This is quite evident from the undernourished condition of millions of our population. The reason this large portion of our population is undernourished is because they haven't the purchasing power with which to buy proper and sufficient food. They require either increased purchasing power or lower prices so that their present purchasing power will secure more and better food. Yet what have we done to meet the emergency? We have restricted production, although more is needed, and through the processing tax we have raised prices although lower prices are needed. Why have we done this? Because the purchasing power of industrial workers is so low that it cannot supply an adequate demand for agricultural products at satisfactory prices that enable our farmers to secure a satisfactory standard of living. But by adopting the emergency measure that has temporarily benefited the farmers, we have reduced the effective purchasing power of that very group to whom the farmers must look as the consumer of his products. This is certainly uneconomic and if persisted in is bound to lead, in a constantly narrowing circle, to the lowest possible production combined with the highest possible price, resulting in the lowest standard of living for our people as a whole. How much more constructive it would be to insure continuous and adequate purchasing power in the hands of the farmer's customers sufficient to call for the highest possible production of agricultural products at the lowest possible price that will yield the farmer a satisfactory reward for his intelligence and labor.

It is equally true that any artificial emergency measures applied to industry which cut production and hold up prices

work to the economic disadvantage of farmers. For instance, the support of millions of our population by the Government on essentially nonproductive enterprises works exactly in this way. This is not to argue that the Government should not take care of our otherwise unemployed, but such steps can only be justified on the basis of an emergency, and if persisted in will lead to economic disaster for the Nation as a whole. We must, of necessity, find a way to increase agricultural and industrial production and to lower the prices of such production in order to enable the farmer as well as those in industry to secure the largest possible quantity of the material satisfactions of life from the labor he expends.

It is inevitable that the good sense of our people will cause them to disregard the erroneous theory that there is not sufficient work for everyone willing to work in the production of all those products and services, agricultural and industrial, which provide a constantly improved standard of living. We must eventually tackle our economic problems from the standpoint of methods that assure maximum production by automatically providing for its economic distribution. The demand for our total production cannot exceed the purchasing power in the hands of those who want the goods and services produced; and the economic distribution of our total production, or purchasing power, requires that it find its way into the hands of those who demand and will consume such production.

Such automatic distribution would not be at the expense of those who have accumulated worldly goods, because the value of such producers' goods depends on their earning power, which in turn depends upon their utilization. A factory is of no value unless there is demand for its products. A farm is of no value unless there is a demand for its products, except for the one fact that life can be sustained on a piece of land and not in a factory. Therefore, as the value of accumulated property—producers' goods—depends upon a demand for the goods and services it produces, it is to the economic advantage of the owners of property to see that such demand is consistently sustained. And this applies directly to the owners of farms.

Postmaster General Farley's San Francisco Address

EXTENSION OF REMARKS

OF

HON. JAMES M. MEAD

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, December 10, 1937

ADDRESS OF THE HONORABLE JAMES A. FARLEY, POSTMASTER GENERAL OF THE UNITED STATES, BEFORE THE ANNUAL CONVENTION OF THE NATIONAL ASSOCIATION OF POSTMASTERS, SAN FRANCISCO, CALIF., TUESDAY, OCTOBER 19, 1937

Mr. MEAD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by the Postmaster General before the annual convention of the National Association of Postmasters at San Francisco, Calif., Tuesday, October 19, 1937:

I am delighted to be in California again, and appreciate very much the invitation of your national officers to attend this convention of the National Association of Postmasters. You have a splendid organization and I congratulate you most heartily on the progress you have made. I also want to congratulate you on the fine attendance. You are here at your own expense, and many of you have come a long way, which indicates that you have more than an ordinary interest in postal affairs.

Meetings of this kind are of great benefit to the Department and to the postmasters. They enable all concerned to come to a better understanding of the problems to be met—and when men and women who are engaged in the same profession or business fully understand each other's difficulties, they are more tolerant and less inclined to magnify their own local problems.

We are all engaged in a great public service that is of vital interest to every citizen of the Nation. It was organized for the public good, for the dissemination of information, and principally for the transportation and delivery of mail matter. Its founders contemplated that its benefits should be offered on an equal basis to all. Throughout the history of the country that fixed policy has been maintained by all administrations of the Government. In the course of its development the Postal Service has taken on other activities to meet the increasing demands of the population.

I think every American has a justifiable pride in the Postal Service of the United States. Everyone connected with the Service seems to become imbued with the importance of its position in the affairs of the Nation, envious of its reputation, and intensely interested in maintaining its prestige. I can say in all frankness that in my whole experience in public and private life I have never been associated with an organization or activity which has brought me so much personal pleasure as I have found in the position of Postmaster General. I am deeply grateful to the President for the opportunity he has given me to serve as your chief during the past 4½ years. I also want to publicly express my sincere appreciation and heartfelt thanks to my splendid departmental staff in Washington, the inspectors, postmasters, supervisors, clerks, carriers, railway postal clerks, rural carriers, and all others connected with the Service, for their uniform courtesy and fine loyalty to me and to the Department.

Obviously all of the good and all of the progress in the post office is not confined to the term of this administration. I fully appreciate the splendid accomplishments of many of those who have served in the past, and you and I owe them a debt of gratitude. The Department has been built on a firm foundation and its progress has been steady, so I say again in all sincerity, "Many thanks to those who have gone before us."

When I came to the Department in March 1933 I had no preconceived notions with respect to the Postal Establishment. Neither did I have a desire to inaugurate revolutionary policies. I did, however, have the purpose to maintain a businesslike administration of this tremendous business Department of the Government. Having come from business, I naturally felt that an institution which sold its services in the main for hire should receive in revenues a sufficient amount of money to pay its expenses. I did not then, and do not now, have any thought of making a profit out of the Postal Service. The people do not expect the post office to be a money-making institution, but I am convinced that the average citizen agrees with me that it should pay its way.

Upon assuming charge of the affairs of the Department, I appointed as my assistants men in whom I had every confidence, and whose loyalty could not be questioned. We then brought in a group of experienced postal people in whom we had equal confidence. After setting up this administrative organization in the headquarters at Washington we assigned some of the most experienced inspectors in the Service to make a careful and painstaking survey of the Department itself and of the field operations. When full and complete information was secured, I set about to continue and make more effective the many good things that were being done, and to discontinue unnecessary activities and wasteful and overlapping methods.

We found that the organization of the Department was sound. The headquarters were organized into four separate and distinct bureaus, each operating under an Assistant Postmaster General. In order that proper classification could be made of expenditures, and to insure a clear-cut separation of administrative responsibilities, the appropriations of the Department were set up separately for the several bureaus.

In addition to the four bureaus which exercise administrative control over the field services there had also been set up a Bureau of Accounts, under the Comptroller; an investigation force, under the Chief Inspector; a law department, under the Solicitor; and a purchasing department, under the purchasing agent. Insofar as the general policies are concerned, the several bureaus and departments were coordinated by the Postmaster General. This organization is similar to the plan followed in the general conduct of most large concerns, and to a modified extent it is carried out in the organization of the larger post offices. We have made no change in the basic organization of the Department and have added no bureaus.

The country had just passed through a major depression which had its effect on the postal business, as well as on all other business. Revenues were down, mail volume was down, which resulted in an overmanned condition through the Service in almost all of its branches. You well know how that situation was handled. I had the option of ruthlessly dismissing from their positions thousands of junior employees, many of whom had family responsibilities, or of spreading the burden by ordering payless furloughs throughout the Service. As you know, I adopted the latter method to tide us over the period of reconstruction of our field organizations. I also adopted the policy of retiring on pension several thousand senior employees who could properly be relieved of active duty after 30 years of service.

In an amazingly short time the President, with the aid of Congress and the people generally, brought about a restoration of business that greatly improved conditions in our Service. When receipts began to pick up and mail volume was restored furloughs were discontinued and all of our regular employees were restored to full-time work and full pay. However, we still had the question of unemployment for the substitutes, thousands of whom had been on the rolls of the Department in the various cities for a great many years. Their situation was most distressing, but we felt that our first duty was to the regular employees who had served longer—but I firmly resolved that at the first opportunity something would be done to provide employment for those substitutes. I did not

feel, however, that it was fair to the general public to place them on the regular pay rolls until such time as we had real need for their services. Just as soon as the income of the Department showed a steady increase and there was assurance that our business was definitely on the upgrade, I gave my approval to the shorter workweek law, which provided thousands of additional jobs and in the main solved the substitute problem.

During the trying days of 1933, when strict economy was essential, we kept before us the need for maintaining the Service at a high standard of efficiency, and second only to that we thought constantly of the welfare of the employees. To me it seems these two things are inseparable. Good will of the patrons and good will of the employees are almost on a parity in determining policies to be followed in the management of either public or private business. I think I can say without fear of contradiction that the Postal Service is more efficient today than at any time in its history and that the employees are better satisfied.

Success or failure in business is determined primarily from a consideration of its financial balance sheet, therefore I am going to call to your attention our progress in that respect.

During the fiscal years from 1927 to 1932, inclusive, there had been constantly growing adjusted or net postal deficits, ranging from more than $26,000,000 in 1927 to more than $153,000,000 in the fiscal year 1932. The postage rate on first-class matter was increased from 2 cents to 3 cents at the beginning of the fiscal year 1933. The previous administration had charge of the affairs for 9 months during that fiscal year, and in spite of the increased postage rate the net deficit for the fiscal year 1933 was more than $48,000,000. We recommended to the Congress and secured a reduction in the local first-class rate from 3 cents to 2 cents, which became effective July 1, 1933, and thereby gave up approximately $17,000,000 in postal revenues in the fiscal year 1934. Notwithstanding this loss in revenue we finished that fiscal year, which was the first full year of operation under this administration, with a net postal surplus of more than $12,000,000. It was also during the fiscal year 1934 that we took over the maintenance of public buildings from the Treasury. In the fiscal year 1935 a net postal surplus of nearly $5,000,000 was accomplished. In the fiscal year 1936, which was the year that the shorter workweek law became effective, the net deficit was approximately $17,000,000.

When I left Washington the final audit of the accounts of the Department for the fiscal year ended June 30, 1937, had not been certified by the General Accounting Office. I do know, however, that the postal revenues for the last fiscal year were approximately $726,000,000—the largest in history and about $60,000,000 in excess of the gross receipts for the fiscal year 1936. I can say to you with full confidence that when the final audited figures are received, I anticipate a net operating surplus of several million dollars will be shown. The accomplishments then from strictly a financial viewpoint during the period from March 1933 to June 30, 1937, have been most satisfactory.

To some it may seem that if the management of the Post Office Department can show a net surplus of several million dollars it is time to consider reduction in the first-class rate for out-of-town mail. However, I would advise against such action. We have done much to improve the service. We have strengthened and made more effective its facilities, but in view of the drastic changes that are being made in transportation throughout the Nation, and the need for greater speed in the handling of the mails all along the line, the Department could properly spend many more millions in service improvements, and will probably be faced with the necessity of making such expenditures in the near future. We have done much to improve the condition of the employees, and to make the postoffice a better place in which to earn a livelihood; but we have not yet done everything for our employees that we can and should do for them when the funds are available from the revenues.

I am of the opinion that the 3-cent rate on first-class matter for out-of-town delivery is reasonable. There is no other service in America that offers the unlimited possibilities of communication that are offered by the letter service in the post office. Most citizens appreciate that fact. Careful observation and full consideration of all phases of the situation lead me to the definite conclusion that the 3-cent letter rate should stand until such time as we have accomplished all service improvements that are necessary and until such time as we have established the Postal Service as the ideal employer of labor in America.

We have directed our efforts to both increased revenues and the reduction of expenditures. By stimulating interest in stamp collecting, the sale of stamps to collectors through the Philatelic Agency in the Department has shown a marked increase and has now reached the high total of $2,000,000 annually.

By exercising better supervision over the use of car space on the railroads, several million dollars have been saved during this administration.

Since 1933 the Department has consolidated several thousand rural routes and effected a saving of nearly $8,000,000.

Several million dollars have been saved in the cost of operating the motor-vehicle service.

The air mail, both domestic and foreign, is in the highest state of efficiency in its history. Contractors are using the finest and safest planes available. This high-speed service has been extended to many cities and States, and the cost of operation has been materially reduced. Foreign air mail has been established from this great city of San Francisco across the Pacific; the air lines of Alaska have been extended; air mail has been provided for inter-island service in Hawaii; and in the near future we will have trans-Atlantic air mail operating between the United States and Europe. Mail is being flown to the South and Central American countries, to Canada, Mexico, Cuba, Jamaica, Nassau, Puerto Rico, Haiti, and the principal islands in the Windward and Leeward groups.

Congress has provided funds for about 1,400 new post-office buildings. More than 800 have been completed or are in course of construction, and the remaining projects will be under contract within a short time. Every State, Territory, and insular possession has shared in this building program.

We sell United States savings bonds for the Treasury.

We delivered the bonus bonds and handled the cash payment of those bonds to the veterans.

We registered 29,000,000 workers for the Social Security Board and are now undertaking the distribution and collection of questionnaire forms in connection with the census of the unemployed.

All of these things have been accomplished quickly and efficiently due to the fine loyalty and industry of you postmasters and all others connected with the Service. You should be proud of the record you have made, and I have every confidence in your ability to carry on, even to the attainment of greater accomplishments. In that connection I want to present for your careful thought and consideration the following excerpt from the President's message to Congress transmitting the report of his Committee on Administrative Management, dated January 12, 1937:

"Our struggle now is against confusion, against ineffectiveness, against waste, against inefficiency. This battle, too, must be won, unless it is to be said that in our generation national self-government broke down and was frittered away in bad management."

The President has directed that all Government Departments, which, of course, includes the Post Office Department, shall reduce expenditures to the minimum, consistent with public need, and in keeping with that objective we have been required to set aside as a reserve a part of the appropriations for this fiscal year with the hope that such reserve might be saved. In looking over the situation it appears to us that we have already accomplished most of the savings that can be effected from the expenditures that are made under contract, and that we must now look to the postmasters and supervisors in the field for such savings as may be secured from better supervision of the personnel.

Everyone in the Department fully appreciates that there has been a steady increase in business. That condition has been recognized and has governed our action in the apportionment of funds for the employment of help. Therefore, most postmasters have had generous consideration, but if we are to do our part in the general program of reduced Government expenditures, it is necessary for every field official to scrutinize more carefully the service under his charge, take prompt steps to eliminate waste, and make no request of the Department for increased allowances until it is determined beyond a doubt that such increases are necessary.

I want you to clearly understand my position in this matter. There is to be no curtailment of existing service. No unreasonable demands are to be made upon the employees, and no one need have fear of losing his job or part of his salary. We are simply striving to secure the full cooperation of all officials and employees. You are the Department's representatives in the field—you are the managers of the establishments in which the work is carried on—and it is therefore through you and by you that we will attain this most important objective.

I have said to the postmasters in many of the State conventions, and I think it will bear repetition to you, that I want commonsense business principles applied in the conduct of the post offices. You must, of course, carry on your work within the scope of the postal laws and regulations and within the limits of expenditures fixed by the Department, but you are given full authority in the assignment of your personnel and you have many opportunities for economy of the right kind. Economy that interferes with good service or penalizes the employees is not the right kind of economy. I shall therefore urge you to follow several definite policies that have been adopted by the Post Office Department under my administration:

The first is: That we shall maintain the service to the public at the highest standard of efficiency;

Second, That we shall maintain a liberal policy in dealing with the employees, and that we shall recognize their rights at all times and do our utmost to provide good working conditions for them;

Third, that we shall make every effort to balance expenditures with income.

I think you understand that neither you nor the Department has any control over the rates of pay or the hours of daily service required of employees in the classified civil service. Those are matters that are controlled by the Executive and Congress. For myself, I am glad to say that I shall be pleased to recommend better wage scales and better working conditions whenever the funds are available. On the other hand, I fully expect that all employees in the service shall be diligent and industrious in the performance of the tasks assigned to them, and that they shall work without complaint and without grumbling.

I feel sure that the Department can count on the wholehearted support of every postmaster in carrying out those policies, and I want each and every one of you who are here to carry this message to your districts and to your States. I particularly want to enlist the very active cooperation of you postmasters who are in charge of the 137 largest offices in the country, where 59 percent of the

receipts are accumulated and 65 percent of the expenditures for supervisors, clerks, carriers, and laborers in post offices are made.

In urging your cooperation at this time I am not speaking for myself alone but am outlining to you the wishes of President Franklin D. Roosevelt, who will go down in history as the greatest humanitarian of our time, and one of the most capable administrators of our public affairs. At the President's request I give you his warmest personal regards and his best wishes for a most successful and happy convention.

May I add that I hope the deliberations of this convention will result in much good to you personally and to the Postal Service.

The best of luck, good health, and success to each of you.

Rural Arts Exhibit of the Department of Agriculture

EXTENSION OF REMARKS

OF

HON. WALTER M. PIERCE

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Friday, December 10, 1937

Mr. PIERCE. Mr. Speaker, those of us interested in rural life and its opportunities and those Members of Congress who take advantage of the good things which Washington offers have during the last few weeks enjoyed the exhibit of rural arts sponsored by the Department of Agriculture and the land-grant colleges. This very artistically arranged and unusual exhibit has recently come to a close, and I desire to comment upon it and review some of the details which may interest Members and readers of the RECORD. My colleague [Mr. TOBEY] has already called attention to the exhibit, which has now closed. Public interest grew rapidly during the course of the exhibition, which might have had a successful run for many more weeks.

It was indeed a very happy idea to incorporate this exhibit as part of the observation of the seventy-fifth anniversary of the founding of the Department of Agriculture and the land-grant college system. Having been a regent of one of these colleges for nearly a quarter of a century, I should like to take this opportunity to congratulate the Department and the colleges on their splendid presentation of rural arts and crafts. It proved to be an excellent exhibition of the art of the people. Some items were primarily useful, some primarily beautiful, but most of them were both useful and beautiful. In the catalog of the exhibition, art is defined simply as doing well something that needs to be done. That seems to have been the guiding spirit of the exhibition, and it seems to me as sensible a definition of art as I have ever seen. There can be beauty in the objects of everyday life, and whoever wanted proof of that could have found it in this exhibition.

The most surprising thing about the exhibit was the great number of objects assembled from the different parts of the country showing a Nation-wide interest in handicrafts and creative arts. All of the articles in the exhibit were the work of country craftsmen, generally working on native materials. Many of the craftsmen who wrought these things had no more than a meager education—some, I am told, could not even read—yet somehow they mastered useful and creative skills. They developed artistic tastes and manual dexterity and general creative resourcefulness sufficient to stamp their work with quality and distinction and individuality.

Mr. Allen Eaton, of New York, was director of the exhibition. He was formerly from our Oregon University and is now with the Russell Sage Foundation in New York City. Mr. Eaton served with me in the Oregon Legislature, of which he was an outstanding member. He told me many interesting, revealing facts about the people whose works were represented there. I quote herewith some of his statements about the creators of those attractive objects:

One woman, with a nervous break-down, took to making rugs when her doctor ordered her to do something with her hands. She started making hooked rugs. Instead of following the usual conventional patterns, she made a design which pictured the scene from her kitchen window. The result was a beautiful depiction of trees and leaves and a stretch of greensward, too beautiful to be used as a rug. So she hung it on the wall. Then she made others. People with an eye for such things now buy all she can make to hang as pictures on the wall. And the woman, through this new occupation, found a relief from her nervous troubles.

There was a Utah boy who played truant from school to the great distress of his parents and his teacher. Finally, they followed him to an old shack and found him whittling out wooden animals. The teacher had an eye for such things, recognized their merit, and encouraged him to come to school to do his whittling. An exhibit of his carvings was held and they have been admired by many. Now the boy makes progress both in his whittling and in his regular school work.

Another whittler, in this case a Kentucky mountaineer who could neither read nor write, on being asked why he was so devoted to whittling and to the local whittling club, explained that he liked to whittle in the first place and that in the second place a cedar log worth only 15 cents as a fence post grew to $40 in value after being whittled up. Still another whittler in North Carolina has paid 2 or 3 years' taxes entirely from the income brought by sale of carvings of animals made in his spare time.

It is certainly true that the excellence of the articles on display was very marked. Most of us who were there learned things we had never even suspected about our native country arts. I believe now that our continent-wide Nation must have in it a richer variety of folk art and country art than any other nation, and I think all of us should learn more about the possibilities of artistic representation in the articles of common use.

These country arts have an economic value. Many farmers practice a craft during the slack seasons and thus increase their income. In regions where the agricultural resources are not rich some farmers have found that by the exercise of a craft they can add appreciably to the family income. Thus, small potteries, cabinet shops, and such, have sometimes sprung up where the soil was thin. Sometimes country families have been able to make for themselves objects of necessity or of luxury for which their limited cash could never have paid. Many whose regular jobs have been cut away by depression or by technology have rehabilitated their whole life through the practice of a handicraft.

But there are other values than economic values in this life. It is these other values that the country arts chiefly serve. They provide a vehicle that is accessible to great masses of the people for expression of a creative urge that all of us to some extent share. We cannot all be great painters or sculptors or poets or musicians. But all of us have something in us that finds satisfaction in one or another of the arts. He who cannot draw nor carve nor write may yet have the latent skill to construct an excellent chair or weave a basket. Thus these forms of popular art encourage by their wide diversity the important principle of participation. They offer an outlet to a wide variety of skills and talents. By doing so they foster active participation instead of mere admiration. A society of doers is far healthier than a society of watchers.

Again I quote the director of the exhibit who has given so much thought to the subject of creative art, especially in its relation to rural life.

I believe this touches upon a criticism of our civilization that has been expressed elsewhere. Athletics, for instance, are enjoyed by most people from the grandstand, yet the real virtues of athletics affect only the athletes. There is no reason why we should not all enjoy music performed by others, yet I wonder if there isn't more real good in figuring out for one's self a faulty rendition of a Chopin nocturne than in hearing the most perfect rendition. These country arts invite wide participation, and for that reason alone they seem worth while.

Another thought that occurs to me is that since this is native art employing principally native materials it may develop to an increasing extent native and peculiarly American themes. I have the impression that great national art has in the past derived its themes and its most distinctive character from folklore and folk ways. I wonder, therefore, if these genuinely native arts may not possibly develop characteristics that will influence the so-called higher forms of art. This may be only idle speculation, yet the fact remains, I believe, that no art is more real nor more genuine than this country art. We need go no farther to learn that a piece of pottery, if it be good, must not only hold water but must please the eye as well.

This sort of art is neither idle nor frivolous. It is worth the sober attention of the most serious-minded. It is a matter that concerns human welfare, and I think none of us is so materialistic

as to believe that we can approach human welfare only from the political or economic angle. We have always recognized the beneficence of religion. I see no reason why we should ignore the cultural approach to problems of human welfare.

In order to give some idea of the scope of the exhibit, I desire to incorporate in this brief statement a summary of the kinds of items which were shown:

Ranged in orderly profusion around the four walls was an infinite number of objects various enough in nature to appeal to all tastes. There was pottery of many kinds, from vases large enough to hold a small child to tea sets of fine delicacy. Invariably the coloring and glazing and general craftsmanship were of the highest quality. There were wonderful examples of home spinning and weaving, linen tablecloths, napkins and towels, blankets and coverlets of wool. One very handsome woolen blanket was the product of a single pair of hands, from the raising of the sheep through the growing and preparation of the vegetable dyes to the final weaving. There were neckties made of homespun handsomer than any silk. There were some good old-fashioned knitted mittens of the kind that really keep your hands and wrists warm. There were baskets of every shape and size and description which were fit to serve any use that any basket ever served; each one was tasteful, handsome, and symmetrical. There were hooked rugs and hand-stitched quilts of infinite complexity and beauty. Whittlers were represented by carvings of animals and by small statue portraits of people that seemed excellent art. There was a round-up of over a hundred range horses whittled out of chips by a Montana cowboy, and a very handsome strong ox yoke carved out by I don't know who. There were many wooden products of the lathe and some excellent pieces of furniture, chairs, tables, and odd pieces of various sorts. There were examples of fine handwork in the metals, principally iron and brass. Among the most interesting items in the whole exhibition were sets of harness of good quality made by Negro farmers of Texas, who cured and tanned the leather and made everything except the rivets and metal parts, which, I understand, they had to purchase off the farm. The State of Texas also contributed a full pantry of canned foods that would tempt any natural appetite—boned chicken, vegetables and fruits of all kinds, jams, jellies—enough to feed an average family through a winter. There are many of these model 4-H pantries in the homes of Texas farmers. There was a roadside stand so pleasing to the eye, with its products so artfully arranged, that few motorists could pass without stopping to buy. There were almost innumerable other items: A collection of homemade musical instruments, a menagerie carved from peach stones, a 20-foot chain whittled from a single piece of wood, little figures made from corn husks and grasses, handsome glassware, and a hooked rug and quilt almost as old as this Nation. There were articles or photographs on display from every State, Territory, and possession.

It is clear that the Department of Agriculture deserves public congratulation for its recognition of the rural arts and crafts. Through this exhibition it has opened the eyes of a lot of us, first of all, to the really worthy nature of these country arts, and in the second place, to the human values which they foster. Mr. Eaton and his associates deserve high praise for their work. The arrangement of the articles on display was a work of art comparable to the articles themselves. If the continued recognition and development of the country arts could profit thereby—and that certainly should be the case—it would be well worth considering making such an exhibition a permanent, or at least a regular, affair. Thus more and more people who know nothing of these arts could be given some acquaintance with them. Once known, they are almost universally appreciated. The result would probably be to increase the demand for the excellent products of these crafts, and the independent craftsmen who make them would reap the reward of which lack of recognition alone deprives them. I can imagine no more wholesome and satisfying channels into which spare-time energies and interests could be directed. If public interest mounts as it seems capable of doing that enthusiasm would be very encouraging.

In aiding or encouraging vocational education, several Federal agencies have fostered the arts and handicrafts. This is a worthy cause and I hope that efforts in this direction will be increased. The Department of Agriculture, particularly in the work of its extension service, has long recognized that it can serve our country people well by giving attention to the cultural as well as to the economic phases of rural life. I believe we have much yet to learn, but gradually we are all learning that there are new approaches to the problem of public welfare.

The exhibition of country arts seems to indicate that the Department of Agriculture is alive to the fact that it must serve an infinite variety of country interests. It was a good job and congratulations are in order. But I hope that this was more a beginning than an end, more a promise than a fulfillment. I hope that the Department will see fit to perpetuate and to extend such activities, and to investigate still other means of serving the human and personal welfare of our agricultural communities. We have all been a little too immersed in purely economic matters. The Department of Agriculture, for all its proper concern over wheat, has shown that it knows that man does not live by bread alone.

I cannot close this notice of inclusion of the arts in the Department's anniversary celebration, without mention of the delightful evening of American folk music which was a notable contribution.

I venture to suggest also that citizens of Washington might well add to its art galleries a permanent exhibit of the art which has sprung from the rural life of our country. It is really art, and it is indigenous to our soil. The thousands of people who visit Washington each year would be stimulated to emulation, and the effect would be felt throughout the country.

Wage and Hour Bill

EXTENSION OF REMARKS

OF

HON. MICHAEL J. BRADLEY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 10, 1937

Mr. BRADLEY. Mr. Speaker, under unanimous consent which I have received, I am extending my remarks and including therein a communication from the Philadelphia Chamber of Commerce, in which opposition is expressed to the pending wage and hour legislation, and my reply thereto, in which I have informed them of my position on this bill and the reasons why I intend supporting this legislation:

PHILADELPHIA CHAMBER OF COMMERCE,
Philadelphia, November 27, 1937.

Hon. MICHAEL J. BRADLEY,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: One of the most disturbing factors in the present business and employment situation as you must know is the threat of the pending Federal wage and hour bill itself. Equally disturbing is the apparent disposition of a small group to bring forward this revolutionary piece of legislation even before the Labor Committee itself has been able to come to any clear agreement as to its major provisions, and when large elements of labor and the public as well as of business are so solidly opposed to it.

The enclosed editorial from yesterday's New York Times, in our opinion, presents facts that no citizen, certainly no far-sighted Congressman, can overlook.

On behalf of the great volume of employment, pay rolls, and human welfare represented by the membership of the Philadelphia Chamber of Commerce, I therefore urge you either to withhold or withdraw your signature from the petition to bring out this ill-conceived bill until it has at least been thought through, and to use all your influence to induce your colleagues to do likewise.

Very truly yours,

GEORGE W. ELLIOTT, *General Secretary.*

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., December 9, 1937.

PHILADELPHIA CHAMBER OF COMMERCE,
Twelfth and Walnut Streets, Philadelphia, Pa.
(Attention of Mr. George W. Elliott, general secretary.)

GENTLEMEN: I have before me your letter of November 27, which I was unable to answer sooner due to pressure of business here in Washington opposing the enactment of the minimum-wage and maximum-hour bill.

Frankly, I cannot understand why you should oppose legislation of this kind, particularly as the representative body of the business interests of our city. We in Philadelphia have need of this legislation more perhaps than any other section of the country to protect our industries from the low-wage scale prevailing in other parts of the United States. In my own particular district—indeed, in my own community, in the Kensington mill district—there has been an exodus extending over a period of years and continuing right up to the present time of industries which furnished employment to thousands of our people and which have moved to

localities in order to take advantage of substandard labor conditions and a lower wage scale. In my humble opinion, if the Philadelphia Chamber of Commerce was alive to the real interests of our city it would be among the foremost advocates of this legislation, as it is particularly designed to protect manufacturing industries in Philadelphia from competition with industries located in other localities where low wage scales prevail and where long hours are the rule rather than the exception. No one can deny that these industries have left Philadelphia for other localities, as our vacant mills offer indisputable evidence of what has taken place. If you can explain to me why I should favor continuance of conditions which have forced these industries, especially in the textile field, to move from Philadelphia, I will be glad for you to do so. Indeed, the pending bill, in my opinion, does not go far enough to afford Philadelphia the protection against these conditions, which should be evident to all who reside in our city, but it is, however, a step in the right direction in an effort to afford some protection to our people against indefensible labor conditions prevailing elsewhere.

The minimum wage proposed by the bill is $16 per week for a 40-hour week. I wish the pending legislation were more definite in this regard, so that there would be no exceptions from this wage scale. No one, I think, can publicly maintain that $16 a week is an exorbitant wage for an American adult to receive as a minimum wage. No one can maintain that an American citizen can provide even the bare necessities of life for his family on $16 a week. For anyone to oppose a minimum wage of $16 a week, to me indicates that they are either misinformed or insensible to the hardships imposed upon American citizens who are compelled to eke out a miserable existence. For anyone to say that a minimum wage of $16 a week would disrupt industry, particularly in our city, seems to me fantastic, and I think any fears in this respect are unfounded and have no basis in fact. I certainly, both as a citizen and as a Member of Congress, cannot subscribe to such philosophy, and, frankly, I do not understand why any business organization in Philadelphia should oppose a measure which is designed to correct existing evils in other localities and to remove the incentive which has prompted so many business concerns to move from Philadelphia and has left our mills idle and our people without employment, and has resulted in the deterioration of the business life in our local communities.

Only this week a Philadelphia newspaper whose political policy is in opposition to the administration here in Washington in its editorial column conceded the need for such legislation insofar as our own interests were affected.

I feel that if you reexamine the whole question that you probably will agree with me that there is nothing Philadelphia has to fear from this legislation, but that it can be productive of a great deal of good.

Very truly yours,

MICHAEL J. BRADLEY.

Frank "I Am the Law" Hague Fights Labor

EXTENSION OF REMARKS

OF

HON. JERRY J. O'CONNELL

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 10, 1937

CORRESPONDENCE BETWEEN 26 MEMBERS OF CONGRESS AND MAYOR HAGUE, OF JERSEY CITY, N. J.

Mr. O'CONNELL of Montana. Mr. Speaker, under leave to extend my remarks, I wish to state that the exchange of correspondence between 26 Members of this House and Mayor Hague, of Jersey City, and myself, which I herewith submit for the RECORD, has a significance far beyond that which Mayor Hague attempts to give it.

FRANK HAGUE, THE KIDDER

The mayor of Jersey City, whose name has become a byword in every thoughtful American household for a kind of political control which has brought disrepute to the term "politician", attempts to pass off our questions by wisecracking. He would have us descend to the sleazy level of barroom and race-track kidding in which he finds himself most at home. But Frank Hague's attempt to draw us down to his back-slapping standard of discussion does not take us in.

"I AM THE LAW" HAGUE

His conduct in recent labor attempts to organize in Jersey City is symbolic of the most insidious kind of effort to undermine our democratic form of government. I am not in the least concerned with Frank Hague personally. I am concerned only with the fact that over the years he has attained a power in Hudson County, N. J., which he is now abusing in a sinister manner. In this morning's New York Times there appears a picture of Mayor Hague with the following caption under it: "I decide, I do, me, right here," says Hague. This statement was in answer to the question put to him as to who decides whether efforts to organize Jersey City workers constitute "an attempted invasion." In other words, Mayor Hague sets himself up as a miniature dictator, defying not only all decent citizens but denying the existence of our Bill of Rights, and, as Secretary Ickes observes, "parroting Louis XIV's 'I am the law.'"

A NATIONAL, NOT A LOCAL PROBLEM

It would be bad enough if Mayor Hague had no influence beyond the confines of his city and county. But he has extended that influence to embrace much of the State of New Jersey. Moreover, as a member of the Democratic National Committee, he is a factor in the councils of the party to which I belong. His effect is, in short, great enough to be cause for serious national concern.

BILL OF RIGHTS MUST BE PRESERVED

I am not here interested, one way or another, in what labor organization or organizations are attempting to organize the workers in and around Jersey City. The C. I. O. happens to be in charge of the present laudable effort. I am only insisting—and I believe I reflect the attitude of an overwhelming majority of this legislative body—that these labor organizers have a right to attempt to bring their fellow workers together in an effort to improve their working conditions and standards of living. This right is inherent in our constitutional Bill of Rights. It has been specifically expressed as the will of Congress in a number of legislative acts, typified by the Wagner Labor Relations Act and the Norris-LaGuardia Anti-injunction Act.

MEN, WOMEN, AND CHILDREN EXPLOITED

In a State where 34,000 employed women and children receive less than $5 a week and where 292,000 receive less than the never-enforced $17 State minimum wage, Mayor Hague's efforts to block labor organization takes on an added implication. Only a few days ago Edward J. Flynn, supervisor of the minimum-wage division of the State labor department, declared that factory pay rolls in a number of New Jersey localities average as low as $7.40 a week.

There is a minimum cost of living—

He asserts—

necessary to maintain human beings at a certain standard. Living below that level they become moral and physical menaces to society.

Whenever any personal organization employs human beings for the purpose of making a profit on their labor and pays them less than an amount sufficient to sustain the moral and physical strength necessary to do the work expected from them, it is self-evident that society is paying at least a part of the employer's labor bill.

SOCIETY PAYS INDUSTRY'S BILL

The mayor of Jersey City and others like him are endeavoring to perpetuate the system under which society itself is being undermined by having to pay a large part of the employer's labor bill. Though the mayor's brazen effrontery in violating every American tradition of decency is such that financial and industrial leaders do not dare openly to applaud him, there is little doubt that he receives their secret approval and support. The history of his political machine makes it abundantly evident that his power and effectiveness have been built on an exchange of favors which no self-respecting American citizen would tolerate.

CIVIL LIBERTY FLAGRANTLY VIOLATED

The mayor's chief of police testifies under oath that the police have the right to eject people from the town. People have, in fact, been so ejected by being forcibly placed on ferryboats, tubes, or even driven out in their own cars. Residents of the city itself have thus been ejected. Hall owners have been terrorized so that they are afraid to rent their halls for meetings. Picketing is permitted only after Hague's police decide that the union is bona fide.

Illegal searches and seizures without warrant of court are perpetrated, apparently with impunity. Papers of labor organizers are actually stolen by the police. Organizers, day and night, are trailed by Hague detectives. Counsel for the organizers seriously assert that some of them have actually been kidnaped by police and plain-clothes men under Hague's direction. Bail is illegally denied if the organizers are arrested. In short, the picture is one of complete abrogation of every standard of civil rights we, as citizens, have been taught to cherish.

DICTATORSHIP OR DEMOCRACY

As I said before, I am not entering upon this attack on the mayor of Jersey City as a person. I am engaging in it with the unremitting intention of trying to help arouse the American public to the importance of Mayor Hague's conduct as a symbol of what is happening, not only in New Jersey, but in other sections of the country. The Civil Liberties Committee of the Senate, chairmaned by Senator LA FOLLETTE, of Wisconsin, has spread before the people of this country the corrupt and un-American tactics used by too many of our American employers in trying to prevent the organization of labor. In the case of Hague's machine, as in the case of other political machines in important industrial areas, the employer does not show his hand. The machine does the work for him and whole populations are so terrorized under the threat of insecurity in their jobs, that they become abjectly cowering individuals, ashamed to lift their heads and look squarely at the situation in which they find themselves. The trend in this country toward local dictatorships under the impetus of labor's awakening and attempt to organize itself is so marked that many thoughtful observers foresee the development here of the dictatorship pattern which has been followed in European countries.

HAGUE AND HIS TRIBE MUST GO

Our job as true representatives of our constituents is to aid in arousing them to a realization of the imminent danger confronting them. I have faith enough in the American people to believe that if they are informed of the insidious program of political machines such as Hague's, they will rise up in their voting strength and throw off the yoke under which they become mere slaves. Labor's Non-Partisan League, composed of all elements of labor, including C. I. O., A. F. of L., and railroad brotherhoods, is of the same opinion and is doing yeoman service in that direction.

LABOR HATERS EMPLOY OLD TRICKS

Mayor Hague, like all of his type, turns on the labor movement which threatens his power, and says that it is communistic and un-American. That has for many years been the trick in mass psychology played by financial and industrial interests fearful lest they lose some of the dividends and accompanying power which they have achieved, in large measure, at the expense of their workers and the workers' families. To say that these big interests are blind in not recognizing that their only hope of survival in the long run is the spread of purchasing power among the mass of the working population, does not answer the immediate problem.

CIVIL LIBERTY MUST BE PRESERVED

These interests undoubtedly will accept the promises of dictators as they have in Europe, dictators who guarantee to protect their property for them against rising demands of the working population for enough of the material necessities of life to maintain themselves as decent, self-respecting citizens. Our only hope in averting a similar period of degradation under dictatorship in this country is the acceleration of labor organization and, with it, the increase of awareness by the laboring multitude that the preservation of our democratic processes lies in their hands and in the hands of the middle classes, whose interests are, in fact, closely tied to those of labor.

As requested by Mayor Hague, I am inserting the correspondence involved:

LETTER OF 26 CONGRESSMEN

DECEMBER 4, 1937.

MAYOR FRANK HAGUE,
Jersey City, N. J.

DEAR MAYOR HAGUE: Newspaper accounts of recent events in your city, connected with an attempted labor organizing drive, raise serious questions in our minds. On the face of these accounts, it appears that officials of your administration, acting under blanket orders, are denying labor organizers the rights guaranteed to them by our Constitution and by the expressed will of Congress, exemplified by such measures as the Wagner Labor Relations Act and the Norris-LaGuardia Anti-injunction Act.

We have not had an opportunity to investigate the facts at first hand, but the reports concerning them appearing in our press are sufficiently disturbing to move us to ask you for your version of the situation.

We refer specifically to the wholesale arrest and deportation from the city limits of organizers, both resident and nonresident in your city, seeking to organize the workers in various industries in that region.

We call your attention to the speech delivered by President Roosevelt on Constitution Day, in the course of which he said, referring to the world threat of dictatorship:

"I believe that democratic government in this country can do all the things which common-sense people, seeing that picture as a whole (social-economic picture), have a right to expect. I believe that these things can be done under the Constitution, without the surrender of a single one of the civil and religious liberties it was intended to safeguard.

"Nothing would so surely destroy the substance of what the bill of rights protects than its perversion to prevent social progress. The surest protection of the individual and of minorities is that fundamental tolerance and feeling for fair play which the bill of rights assumes. But tolerance and fair play would disappear here, as it has in some other lands, if the great mass of people were denied confidence in their justice, their security, and their self-respect."

In addressing this communication to you we are not interested in any organization or organizations, as such, to which the labor organizers referred to above may belong. We are concerned solely with the fundamental question of whether these people are being denied the rights to which the President referred in his Constitution Day speech.

We will appreciate an early reply from you to this inquiry.

Yours sincerely,

Signed by: John M. Luecke (D.), Michigan; Hugh M. Rigney (D.), Illinois; Matthew A. Dunn (D.), Pennsylvania; Jerry J. O'Connell (D.), Montana; John T. Bernard (F. L.), Minnesota; John M. Coffee (D.), Washington; Knute Hill (D.), Washington; Thomas R. Amlie (P.), Wisconsin; B. J. Gehrmann (P.), Wisconsin; Gerald J. Boileau (P.), Wisconsin; Gardner Withrow (P.), Wisconsin; Harry Sauthoff (P.), Wisconsin; William Lemke (R.), North Dakota; Maury Maverick (D.), Texas; Herbert S. Bigelow (D.), Ohio; Byron N. Scott (D.), California; Robert Gray Allen (D.), Pennsylvania; Jerry Voorhis (D.), California; Kent E. Keller (D.), Illinois; Ed. V. Izac (D.), California; Frank W. Fries (D.), Illinois; Henry G. Teigan (F. L.), Minnesota; Usher L. Burdick (R.), North Dakota; George Schneider (P.), Wisconsin; Robert Ramspeck (D.), Georgia; Herman Kopplemann (D.), Connecticut.

MAYOR HAGUE'S LETTER

OFFICE OF THE MAYOR,
City Hall, Jersey City, N. J., December 8, 1937.

DEAR JERRY: Your kind letter of the 4th received. I am very happy to know you have been thinking of me. My regards to your 25 associates who also have gone to the great inconvenience of communicating with me. I can assure you that everything is under control.

There is nothing for you to be disturbed about that I can see. The people of my city feel as I do; they are very grateful for your interest.

Give the boys my regards. If I do not catch up with you before then I will look forward to meeting you at the 1940 convention, when we will have plenty in common.

So, until then, good-bye and good luck. Leave everything to me and don't worry.

Very truly yours,

FRANK HAGUE.

P.S.—Because of the importance of this communication, and because I feel that it will be very beneficial to you and your 25 associates in their respective districts, I would suggest that you have it inserted in the CONGRESSIONAL RECORD.

A REPLY TO HAGUE

MY DEAREST FRANKIE: Thanks for your reply to our letter. It confirmed our worst fears about you. In spite of those fears, we took a chance that you might rouse yourself from the miasma of machine politics in which you have your being and try to answer the important questions we put to you. But you're apparently still incurable and can't summon enough intellectual or other fortitude to face any issue squarely.

We note that you say labor is "under control" in your city. Knowing something about your methods of operation, we're not

surprised that you think it is. You've gotten away so long with profitable conniving between your machine and corporate industrial and financial interests that you can't imagine your "control" ever coming to an end. Though the slogan on your letterhead inviting industry to locate in your city doesn't spell out your promise to industrialists and financiers to keep labor there from ever being effectively organized, it might just as well. You don't care at what low levels the workers in your city are kept. But, Frankie, you've got a rude awakening ahead of you. You ought to get hep to yourself and recognize the handwriting on the wall.

Your letter is just a supposedly kidding variation of your frequent assertion that "I am the law in Jersey City." That, of course, is a pale imitation of Mussolini and Hitler. But it's something you better not try to kid about any longer, Frankie. American citizens both inside and outside your city won't take it as a slick politician's joke. The great majority of them agree with the President's Constitution Day speech.

Before closing we want to tell you we may not see you in 1940, as you suggest, because we'll see you in 1938 and you may not feel securely genial enough to be around much after that. But we'll go on seeing you just as long as it takes to help end the type of control you exercise—a type that makes a mockery of our best American traditions, exemplified and expressed by such leaders as Washington, Jefferson, and Lincoln.

Oodles of love and kisses.

Yours truly,

JERRY J. O'CONNELL.

Fair Labor Standards Bill

EXTENSION OF REMARKS
OF
HON. ARTHUR D. HEALEY
OF MASSACHUSETTS
IN THE HOUSE OF REPRESENTATIVES

Friday, December 10, 1937

COMMUNICATIONS FROM THE NATIONAL CONSUMERS' LEAGUE

Mr. HEALEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following communications:

NATIONAL CONSUMERS' LEAGUE,
New York, N. Y., December 9, 1937.

DEAR MR. HEALEY: The National Consumers' League has been watching closely the fair labor standards bill. Since action on this bill next week is likely, we feel that the point of view of a nonpartisan organization that has long experience in labor legislation will be valuable. We therefore wish to submit to you briefly our recommendations.

Sincerely yours,

MARY C. WING,
Secretary of Legislative Committee.

DECEMBER 9, 1937.

RECOMMENDATIONS BY THE NATIONAL CONSUMERS' LEAGUE ON THE FEDERAL FAIR LABOR STANDARDS BILL

The National Consumers' League has for 40 years worked for legislation in the field of minimum wages and maximum hours. Federal legislation is now a legitimate means of maintaining the standards set up by State legislation and of eliminating substandard labor conditions throughout the country. In consequence we believe in the principle of the fair labor standards bill. Our recommendations are to be taken with this in mind; they are aimed at the improvement of the bill and are not to be construed as favoring its elimination or the substitution of a new bill.

The league offers the following recommendations to the bill:

1. ADMINISTRATION

The bill should be administered by the United States Department of Labor, working through State labor departments, where adequate ones exist; or by direct Federal enforcement in States where such departments do not yet exist and until they are functioning adequately. This method of administration has worked well in regard to the Walsh-Healey Federal Contracts Act. The creation of a separate board would cause complication and reduplication of functions.

2. CHILD-LABOR PROVISIONS

The child-labor provisions of the bill should be isolated in one section with its own list of exemptions to prevent the application to children of all the general exemptions. The administration of the child-labor provisions by the Children's Bureau and the method of enforcement advocated by the House Labor Committee amendments are supported. Such methods of enforcement as those included in the Wheeler-Johnson bill are unworkable. Provision should be made to prohibit industrial home work for children.

3. MINIMUM-WAGE AND MAXIMUM-HOURS STANDARDS

The fixing of a definite minimum wage or maximum hours in the bill would be unfortunate, in that conditions in different industries vary so widely. Flexibility of these features would prevent unnecessary hardship and the creation of prejudice against the bill as a whole.

PEPPERELL MANUFACTURING CO.,
Boston, Mass., December 6, 1937.

Hon. ARTHUR D. HEALEY,
House of Representatives, Washington, D. C.

DEAR MR. HEALEY: The cotton textile industry is, as you know, in a serious condition. It is a condition which requires prompt correction. In every State, wage earners are either out of work entirely or working on a 2- or 3-day-a-week schedule.

In view of the fact that one of our plants is located in Massachusetts, and knowing that you are very keenly interested right now in this problem, I thought you would be interested in seeing a copy of a letter which I have written to the president of the Cotton Textile Institute, Inc., which I enclose herewith. I am sending a copy of the letter to the Governors and to Senators and Congressmen from all States in which our company has plants.

Very sincerely yours,

RUSSELL H. LEONARD, *President.*

PEPPERELL MANUFACTURING CO.,
December 3, 1937.

DR. CLAUDIUS MURCHISON,
President, the Cotton Textile Institute, Inc.,
Washington, D. C.

DEAR MR. MURCHISON: It seems to me that our industry has right now a great responsibility. It has also the best opportunity it has ever had to correct the fundamental abuse which is contributing more than any other factor to its continuing uncertainty and wretchedness.

No one who has studied the industry and whose vision is at all clear has failed to realize that the productive capacity of cotton textiles and rayons on three 40-hour weekly shifts is completely out of relation to any conceivable demand. On this basis there are still, at least, ten or more millions of surplus spindles. Does the industry propose to continue on through another 10 years of depression while these spindles are being junked? Of course, no one in his senses would look forward to such a period except with despair. And yet this will happen inevitably if the unregenerate, chiseling minority are permitted to continue their selfish ways.

Besides being an economic monstrosity, the midnight to sunrise shift is, to say the very least, not a pleasant or healthful occupation for anyone. Especially is it of positive harm and danger to the health of women.

Our industry should assemble its enlightened membership, I believe, and insist upon a law passed now in the present Congress, as part of the wage and hour bill, or separately, which will wipe out unequivocably and for all time this injudicious, disgraceful, uneconomic practice which a small minority must inevitably force on everybody who desires to remain in business.

According to my view, the institute will never find a finer purpose for its leadership and its accomplishment would justify the existence of the institute for years to come.

With regards,

Faithfully yours,

The Farm Problem

EXTENSION OF REMARKS
OF
HON. RALPH O. BREWSTER
OF MAINE
IN THE HOUSE OF REPRESENTATIVES

Friday, December 10, 1937

Mr. BREWSTER. Mr. Speaker, the farm problem now resounds throughout the country and through the Halls of Congress. A down-East Yankee may well ponder its significance.

The problem seems to have arisen because the farmer has ceased to live upon his farm. Specialization in all phases of our complex economic life has finally reached the farm. Those who devote their land and their resources and their energies to the production of a single crop without raising their other means of subsistence find themselves in an increasingly precarious position.

This is particularly true throughout the South.

The farm bill now before the special session of the Congress, summoned by the President of the United States, is especially designed for certain crops and certain sections. The South has faced a terrific challenge in the gradual elimination of the foreign markets for its cotton which formerly consumed approximately one-half of the southern cotton crop. Whether or not the agricultural policies of recent years have helped or hindered the disappearance of the foreign markets for southern cotton, the fact remains that cotton production in other competing countries has been tremendously increased, and particularly in certain new areas, such as Brazil, where tremendous plantings are taking place.

During the past 5 years our cotton exports have decreased from 8,000,000 to 4,400,000 bales, and during the same period foreign production of cotton has increased from 10,000,000 to 20,000,000 bales.

These facts tell the story of the crisis in the South.

In seeking a solution of the difficulties that shall at least temporarily ameliorate the impact of this terrific loss of foreign markets, certain cotton interests have formulated a program and enlisted the cooperation of producers of wheat and corn in other sections, and incidentally have cooperated with their neighbors in the South to introduce tobacco and rice in the formulation of the bill which is now before the Congress.

The inclusion of rice is significantly of its southern origin, as this crop is produced exclusively in the South, although its commercial importance in comparison with other agricultural crops is negligible.

Rice is produced only in the four States of Arkansas, Louisiana, Texas, and California, but here again it is interesting to note that 43 percent of this production moves either to foreign countries or to Hawaii, Alaska, and Puerto Rico.

The total value of the rice crop of the United States last year was only $40,730,000. This is about one-fifth the value of the United States potato crop in any normal year.

POTATOES

Potatoes are normally the fourth food crop in value in the United States. They are a staple article of diet in the food of everyone in the United States, rich or poor. The United States is entirely able to produce all the potatoes that are required in this country without foreign importations of any kind.

It is for this reason that the action of the State Department in reducing the tariff on potatoes imported from foreign countries under both the Cuban and Canadian trade agreements has been puzzling in the extreme.

The competition between growers in the United States is such that anything suggesting a monopoly is ridiculous, since potatoes are produced in every one of the 48 States, and the slightest suggestion of a shortage immediately stimulates production to ruinous heights.

It is to be remembered that potatoes are planted in every month in the year in some section of the United States and are also being harvested practically every month in the year, with the result that production readily adapts itself to demand.

Potatoes have now been declared a basic commodity and are entitled to whatever prerogatives that may accord them under the Warren Potato Act. Potatoes are also entitled to benefit along with all other crops without discrimination under the provisions of the Soil Conservation Act—the provisions of which are not repealed by the present legislation.

POTATO GROWER PREJUDICED

The potato grower, may, however, be adversely affected by the operation of the growing and marketing quotas under the pending legislation by which the soil-depleting acreage allotted to any farmer may not be used for the production of the crops in which the control program is operating without a severe penalty but may be used in any other soil-depleting crop—among which potatoes would be included—unless the Department of Agriculture exercises its powers under existing law to prevent such a transfer.

DAIRY FARMER

The problem is different from that of the dairy farmer who may find himself under the unfair competition of dairy products coming from cattle fed on soil-building crops as they are technically termed. The adoption of the Boileau amendment to protect the dairy farmer in the House need not blind us to the entire probability of its elimination in conference.

Under the A. A. A. when land was eliminated from certain crops, the released acreage together with the Federal contributions of cash might be used for the production of any other than basic commodities and under this program potatoes faced the worst crisis in their history which culminated in millions of bushels being dumped on the ground and a nominal price of a cent a peck being paid for potatoes in some of the growing areas.

EVER-NORMAL GRANARY

Throughout history the impact of a surplus has been visited upon the producers of the crop. The ever-normal granary of Bible times was not designed for the relief of the producer but in order that the consumer should not starve. There is nothing to indicate that the producer was rewarded for the crisis he had created.

Imposing the penalty of surplus production upon the commodity clings most closely to the law of Nature and assures most quickly the return to normal times.

This was the purpose of the McNary-Haugen bill, and its fundamental philosophy and simple and concrete application is as sound today as when it was first proposed.

The problem of the export surplus is both faced and solved and domestic producers and consumers are meanwhile left to find their own adjustment under adequate protection from the incursion of foreign crops.

REPRESENTATIVE WARREN

The words of Representative LINDSAY WARREN, of North Carolina, in condemnation of all phases of the pending bill, other than the tobacco provisions, must be a warning to all those who recognize his intense devotion to the interests of the farmer and his long-time study of the problems that are involved.

From time to time we are told that one-third of this Nation is underclothed and undernourished. Is it not an amazing commentary that the purpose of this pending measure is to reduce the production of the necessities of life—the very things which nourish and clothe the population with whose welfare we are presumably concerned?

There has been brought to my attention by several of my constituents an editorial dealing with this problem of the restriction of production, and under the authority granted I am happy to insert it in the RECORD at this point:

[From the Townsend National Weekly, December 13, 1937]

IN DEFIANCE OF LAW

As was to be expected, much bitter controversy has developed in Congress over the proposed crop-control measure. Much of the opposition is inspired by sectional and political prejudice, and this expresses itself in many interesting ways. For instance, there is the ringing charge that crop control as now proposed is a deliberate inauguration of Hitlerism and fascism in America. Although there is abundant ground for this charge, this criticism still does not approach the fundamental objection to the proposal. It does not lay bare the economic fallacy of the present trend toward limitation of production.

There exists one stubborn fact, recognized early in the history of man's attempt at civilization, that when the consumer lacks sufficient money with which to buy another's products, the price for that product falls. This is a fundamental law, and it will continue to be a fundamental law as long as any civilization, based on the present economic system, endures. When the consumers of any nation have money with which to buy, and when demand is therefore brisk, prices rise, and it has always been noted that the resultant prosperity of the producer contributes substantially to the prosperity of the rank and file of the people—the consumers.

Seizing only upon the latter manifestations of this economic law, the administration has determined upon a program of control of production in order to create an artificial scarcity. This will, indeed, result in higher prices, as scarcity always does. But it is not a scarcity induced by a demand for commodities on the part of a prosperous consumer who has purchasing power.

It is an attempt to curtail production to fit a seriously limited purchasing power, and in the very process of doing this destructive thing it further limits that purchasing power by processing taxes

and other levies which are paid to the producer in return for limiting his production. Thus the consumer pays for the privilege of paying higher prices. In so doing he finds himself with his normal purchasing power arbitrarily curtailed.

Production control ignores the millions who have no work. Worse than this, it will send hundreds of thousands of recruits to join their helpless and hopeless ranks, for labor is not needed in fields which lie fallow nor in cotton mills which have been forced to curtail their production. Soon this loss will be felt by all industry, for when the purchasing power of 1 man is lessened, the income of 10 other men is inevitably affected.

Medical history contains no single case history of the successful treatment of anemia by limiting the food intake. The only reason the people of America cannot absorb the products of industry is found in their lack of buying power. Instead of still further curtailing this by an ill-advised limitation of production, with its resulting higher prices which will limit consumption further, it seems much more logical and rational to go to the root of the difficulty and concern ourselves immediately with the problem of a genuine and enduring restoration of purchasing power. If we do this, we need not worry further about the producer nor the profitable prices he will receive for the thing which he produces.

Limitation of production is neither new in theory nor in practice. It ruined Brazil's coffee market; it cost Great Britain untold millions when that Government applied it to the production of rubber; the disastrous results of Government control as applied to our own cotton industry are appalling. But apparently we have not learned our lesson.

"And amid the noise of the political and sectional battle which now rages around the crop-control measure, the voice of the Townsend movement is raised, and will be raised in increasing volume until the dreamers of dreams, those in mad pursuit of dangerous economic fallacies, must heed, ere we all go down in complete destruction as the result of our own selfish folly."

EQUALITY IS EQUITY

The pending bill invites opposition not only because of its questionable economics but also because of its discrimination against all the other agricultural crops of the country and its sectional application.

Yet those responsible for its formulation must recognize that it will almost inevitably have its impact upon farmers everywhere and may well force every other producer to demand similar consideration from an increasingly all-powerful state. Perhaps this is the intent of some among its sponsors. At any rate a tremendous force is being set in motion. Whether it will be centrifugal or centripetal only time can tell.

CONFLICT OF PHILOSOPHIES

The fundamental philosophies which come in conflict in this situation present, on one hand, the ultimate regimentation of all our economic and social life and, on the other hand, the viewpoint that would constantly increase consumption and thus absorb the surplus that distresses the farmer and yet is so urgently needed to satisfy whatever portion of our population are under supplied with the good things of this life.

Ultimately this issue will come to be recognized. Regimentation with all it implies of totalitarian government will give way to the stimulation of production and consumption by the social exercise of the taxing power and the resultant and continuing increase of our national wealth and its more nearly equitable distribution.

United States Supreme Court Again Recognizes Puerto Rico a Territory of the United States

EXTENSION OF REMARKS

OF

HON. SANTIAGO IGLESIAS

RESIDENT COMMISSIONER FROM PUERTO RICO

IN THE HOUSE OF REPRESENTATIVES

Friday, December 10, 1937

STATEMENT OF HON. SANTIAGO IGLESIAS AND DECISION OF THE UNITED STATES SUPREME COURT

Mr. IGLESIAS. Mr. Speaker, with unanimous consent of the House, I desire to extend my remarks and to include therein a statement which I made at the recent convention of the American Federation of Labor, and also a decision of the Supreme Court of the United States, rendered last Monday, again recognizing Puerto Rico as a Territory of the United States.

PUERTO RICO—UNITED STATES TERRITORY

Resolution No. 88, by Delegate SANTIAGO IGLESIAS, Puerto Rico Free Federation of Workingmen.

Whereas by treaty of peace between the United States of America and the Kingdom of Spain duly signed December 10, 1898, and thereafter duly ratified by said contracting powers, the Kingdom of Spain ceded to the United States the island of Puerto Rico and other islands then under Spanish sovereignty in the West Indies lying east of the seventy-fourth meridian of longitude, together with the waters of said islands;

Whereas by the Organic Act of March 2, 1917, providing a civil government for Puerto Rico, United States citizenship was extended to the citizens of Puerto Rico and the people of Puerto Rico, thereby incorporated into the United States: Now, therefore, be it

Resolved by this Fifty-seventh Annual Convention of the American Federation of Labor assembled to urge the President, the Senate, and House of Representatives of the United States of America in Congress, That said islands so acquired and designated under the name of Puerto Rico and as an organized Territory are hereby declared to be a part of the territory of the United States of America and subject to the Nation thereof; and be it further

Resolved, That the present Organic Act and other Federal laws now in force in Puerto Rico and all local laws enacted by the Legislature of Puerto Rico and now in force are hereby continued with full force and effect until otherwise provided, to comply with the duties and obligations of the people of Puerto Rico toward the United States.

This resolution has for its purpose urging the President, the Senate, and House of Representatives in Congress that the island of Puerto Rico be made part of the territory of the United States and subject to the dominion thereof.

Your committee believes this subject should receive careful attention by the executive council, and recommends it be referred to it for investigation and such action as this inquiry may warrant.

A motion was made and seconded to adopt the committee's report.

Delegate IGLESIAS, Puerto Rico Free Federation of Working Men: Mr. Chairman and fellow delegates, Puerto Rico is a part of the United States from 1898 up to date. We have been made citizens of the United States by action of Congress of 1917. Were it not for the actions and the help and cooperation of the American Federation of Labor the workingmen of Puerto Rico could never have had freedom, respect, and the consideration of a democratic form of government. We have had the pleasure of having now an organized government, with all of the rights of freedom of association, freedom of speech, freedom of the press, and the protection of the laws of the United States. The influence of the people of the United States in Puerto Rico has been of tremendous help to us, and we want to keep and maintain those guaranties of freedom for the masses of the workers of the islands.

Of course, you may ask why Puerto Rico needs any declaration by Congress to the effect that she is either an integral part of the territory of the United States or a part of the United States. Her inhabitants have been incorporated into the United States as were the inhabitants of Alaska and Louisiana. She is an organized Territory under a liberal form of government with all necessary constitutional guaranties. In a financial sense she has been favored above any other governmental division of the United States, with the possible exception of the Virgin Islands.

The answer is, I believe, that the doubt as to our exact political status has caused a feeling of uncertainty, unrest, and at times even of dissatisfaction. Groups of men who are against the liberty and the promotion of the rights of the working classes in Puerto Rico are continuously starting propaganda against the workingmen and the labor unions over there. We want, we desire, we are begging that those guaranties that have been granted to the people of Puerto Rico be maintained forever.

The Free Federation of Working Men of Puerto Rico was organized after the American Nation went over there, and it has proclaimed that the only salvation for the future is the permanent union of the people of Puerto Rico and the United States. It has not been generally understood by many of our brothers over here that the uncertainties of our political status have been brought about largely by the policy of Congress of favoring us by special legislation considered as possibly inconsistent with a declaration of incorporation. Puerto Rico wants to be a part of the United States forever. Notwithstanding the fact that the Supreme Court of the United States has declared that Puerto Rico is an organized Territory, we are treated yet as a possession. We want to be part of the family and to obtain this it is absolutely necessary that the Congress of the United States make the declaration that Puerto Rico, after 40 years of education, has created institutions already very much similar to those that prevail in the Nation. We want those institutions to be kept forever. It is believed by a substantial part of our citizens that such a declaration by Congress will completely and finally put to rest those feelings of uncertainty of what Puerto Rico is going to be in the future.

The masses of the people, the producers, the men who work, the women and the children in the generations to come want to be sure that these institutions of freedom that we have shall

remain with us, so that we may build up a better condition and a better life.

Puerto Rico, in a period of 40 years, has popularized in the Spanish language all the institutions of the American Federation of Labor through the Pan American Republic, and those countries which speak Spanish.

The resolution asks for that declaration, and I ask this convention, the president of the American Federation of Labor, and the executive council to recommend sincerely this matter of chartering forever the statutes of the island, in behalf and in favor of 1,700,000 people of the island of Puerto Rico.

President Green: I think it might be of interest if I would report to this convention that our good friend, Santiago Iglesias, is the Commissioner from Puerto Rico to the Congress of the United States. He was elected by the people of Puerto Rico to serve in that honorable position. He is filling it with dignity, honor, and faithful service, as you have noted just now.

The motion to adopt the committee's report was carried by unanimous vote.

Supreme Court of the United States. *The People of Puerto Rico*, Petitioner, v. *The Shell Co. (P. R.), Limited, et al.* On writ of certiorari to the United States Circuit Court of Appeals for the First Circuit. No. 18.—October Term, 1937

[December 6, 1937]

Mr. Justice Sutherland delivered the opinion of the Court.

This is a criminal proceeding brought by petitioner against the respondents in the insular district court of San Juan, P. R. An information filed by the district attorney charged respondents with entering into a conspiracy in restraint of trade in violation of the local antitrust act, passed by the Legislature of Puerto Rico March 14, 1907. Demurrers to the information were sustained by the district court on the ground that the Sherman Antitrust Act of 1890, supplemented by the Clayton Act of 1914, covered the entire field embraced by the local antitrust act, and the latter, therefore, was void. The Supreme Court of Puerto Rico accepted that view and dismissed the appeal; and its judgment was affirmed on appeal by the court below (86 F. (2d) 577). The single question which we have to decide is whether the existence of section 3 of the Sherman Act precluded the adoption of the local act by the insular legislature.

The pertinent provisions of the Sherman Act and the local act are set forth in the margin.[1] Section 3 of the Sherman Act and section 1 of the local act, so far as the question here involved is concerned, are substantially identical. Section 4 of the Sherman Act confers jurisdiction in respect of violations of the act upon the several district courts of the United States. Section 3 of the local act confers jurisdiction upon the district courts of Puerto Rico in respect of violations of that act.

First. Section 3 of the Sherman Act extends to "any Territory of the United States." But it is urged that Puerto Rico cannot be brought within the intent of this phrase, and, therefore, the section does not apply to that dependency. The point is not well made. When the Sherman Act was passed (1890), we had no insular dependencies; and, necessarily the application of section 3 did not extend beyond our continental domain; and, undoubtedly, it was this domain which was in the immediate contemplation of Congress. Certainly, Congress at that time did not have Puerto Rico in mind. But that is not enough. It is necessary to go further and to say that if the acquisition of that insular dependency had been foreseen, Congress would have so varied its comprehensive language as to exclude it from the operation of the act (*Dartmouth College* v. *Woodward*, 4 Wheat. 518, 644; *Ozawa* v. *United States*, 260 U. S. 178, 195–196; *United States* v. *Thind*, 261 U. S. 204, 207–208). The only question, therefore, is whether the word "territory," as used in section 3 of the Sherman Act, properly can be applied to a dependency now bearing the relation to the United States which is borne by Puerto Rico.

In *Balzac* v. *Puerto Rico* (258 U. S. 298, 304–305) it was held that, although the sixth amendment of the Constitution, with respect to the right of trial by jury, applied to the Territories of the United States, it did not apply to territory belonging to the United States which had not been incorporated into the Union; and that neither the Philippines nor Puerto Rico was territory which had been so incorporated or had become a part of the United States as distinguished from merely belonging to it. But it is evident from a consideration of the pertinent acts of Congress and the decisions of this Court with respect to these acts that whether Puerto Rico comes within a given congressional act applicable in terms to a "Territory" depends upon the character and aim of the act. Words generally have different shades of meaning, and are to be construed, if reasonably possible, to effectuate the intent of the lawmakers; and this meaning in particular instances is to be arrived at not only by a consideration of the words themselves, but by considering as well the context, the purposes of the law, and the circumstances under which the words were employed (*Atlantic Cleaners & Dyers* v. *United States*, 286 U. S. 427, 433; *Helvering* v. *Stockholms, Etc., Bank*, 293 U. S. 84, 86, 87–88). Thus, although Puerto Rico is not a Territory within the reach of the sixth and seventh amendments and may not be a "Territory" within the meaning of the word as used in some statutes, we held in *Kopel* v. *Bingham* (211 U. S. 468, 474, 475, 476) that Puerto Rico was a "Territory" within the meaning of section 5278 of the Revised Statutes, which provides for the demand and surrender of fugitive criminals by Governors of Territories as well as of States. The Court said that it was impossible to hold that Puerto Rico was not intended to have power to reclaim fugitives from its justice or that it was intended that it should be an asylum for fugitives from the United States. The word "Territory" as used in that statute was defined as meaning "a portion of the country not included within the limits of any State and not yet admitted as a State into the Union, but organized under the laws of Congress, with a separate legislature under a Territorial governor and other officers appointed by the President and Senate of the United States." And the Court concluded, "It may be justly asserted that Puerto Rico is a completely organized Territory, although not a Territory incorporated into the United States, and that there is no reason why Puerto Rico should not be held to be such a Territory as is comprised in section 5278." See *Porto Rico* v. *Rosaly* (227 U. S. 270, 274). Compare *Talbott* v. *Silver Bow County* (139 U. S. 438, 444–445).

With equal force it may be said here that there is no reason why Puerto Rico should not be held to be a "Territory" within the meaning of section 3 of the Sherman Act. We pointed out in the Atlantic Cleaners & Dyers case, supra, page 435, that in the light of the applicable history and circumstances, it was apparent that Congress meant to deal comprehensively with the subject of contracts, combinations, and conspiracies in restraint of trade, "and to that end to exercise all the power it possessed"; that while Congress in passing section 1 exercised only the power conferred by the commerce clause, in passing section 3 it exercised a general power, unlimited by that clause. We therefore concluded that the word "trade" as used in section 3 should be given a more extended meaning than the same word as used in section 1.

If, as we there determined, Congress intended by the Sherman Act to exert all the power it possessed in respect of the subject matter—trade and commerce—it is equally reasonable to conclude that Congress intended to include all Territories to which its powers might extend. The same reason which requires the utmost liberality of construction in respect of the word "trade" also requires the same degree of liberality of construction in respect of the word "Territory"; and we hold, accordingly, that the word "Territory" was used in its most comprehensive sense, as embracing all organized Territories, whether incorporated into the United States or not, including Puerto Rico.

Second. The court below held that although section 1 of the local act contained some words not to be found in section 3 of the

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[1] Sherman Act (July 2, 1890, c. 647, 26 Stat. 209):

SEC. 3. Every contract, combination in form of trust or otherwise, or conspiracy, in restraint of trade or commerce in any Territory of the United States or of the District of Columbia, or in restraint of trade or commerce between any such Territory and another, or between any such Territory or Territories and any State or States or the District of Columbia, or with foreign nations, or between the District of Columbia and any State or States or foreign nations, is hereby declared illegal. Every person who shall make any such contract or engage in any such combination or conspiracy, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding $5,000 or by imprisonment not exceeding 1 year, or by both said punishments, in the discretion of the court.

SEC. 4. The several district courts of the United States are hereby invested with jurisdiction to prevent and restrain violations of this act; and it shall be the duty of the several district attorneys of the United States, in their respective districts, under the direction of the Attorney General, to institute proceedings in equity to prevent and restrain such violations. * * *

By section 24 (2) of the Judicial Code (28 U. S. C., sec. 41 (2)), the district courts of the United States are given jurisdiction "Of all crimes and offenses cognizable under the authority of the United States."

The Puerto Rico Act of March 14, 1907 (Laws 1907, p. 328):

SECTION 1. Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade, commerce, business transactions, and lawful and free competition in a town, or among the several towns of Puerto Rico is hereby declared to be illegal. Every person who shall make any such contract or engage in any such conspiracy, shall be deemed guilty of a misdemeanor, and on conviction thereof shall be punished by fine not exceeding $5,000 or by imprisonment not exceeding 1 year, or by both such punishments in the discretion of the court.

SEC. 3. The district courts of the island are hereby vested with jurisdiction to prevent, prohibit, enjoin, and punish violations of this law; and it shall be the duty of the attorneys of the district courts of the island to institute proceedings of injunction or any other civil proceeding to prevent, prohibit, enjoin, and restrain such violations. * * *

Sherman Act, the pertinent provisions were in substance the same; that the act charged in the information as a crime under the local statute was the same as that denounced as a crime in the Sherman Act; and that in each instance the offense was a crime against the sovereignty of the United States. With that view we agree. But that court concluded that the act of Congress preempted the ground occupied by the local act and superseded it; and consequently the local district court was without jurisdiction of the offense. With that conclusion we are unable to agree.

1. Section 14 of the Foraker Act, passed April 12, 1900 (ch. 191, 31 Stat. 77, 80) provided that the statutory laws of the United States, not locally inapplicable, should have the same force and effect in Puerto Rico as in the United States, with certain exceptions not material here. Section 27 (p. 82) provided "That all local legislative powers hereby granted shall be vested in a legislative assembly * * *." And by section 32 (pp. 83–84), it was provided that the legislative authority "shall extend to all matters of a legislative character not locally inapplicable * * *." These various provisions are continued in force by sections 9, 25, and 37 of the Organic Act of March 2, 1917 (ch. 145, 39 Stat. 951). These provisions do not differ in substance from the various provisions relating to the powers of the organized and incorporated continental Territories of the United States, in respect of which this court said in *Clinton* v. *Englebrecht* (13 Wall. 434, 441) that the theory upon which these Territories have been organized "has ever been that of leaving to the inhabitants all the powers of self-government consistent with the supremacy and supervision of national authority, and with certain fundamental principles established by Congress"; and in *Hornbuckle* v. *Toombs* (18 Wall. 648, 655–656) we said: "The powers thus exercised by the Territorial legislatures are nearly as extensive as those exercised by any State legislature." See also *Cope* v. *Cope* (137 U. S. 682, 684) where this court, speaking of this typical general provision contained in the Utah Organic Act, said that, with the exceptions noted in the provision itself, "the power of the Territorial legislature was apparently as plenary as that of the legislature of a State." In *Maynard* v. *Hill* (125 U. S. 190, 204) the essential similarity of the various provisions in respect of the powers of Territorial legislatures was pointed out, and it was said that what were "rightful subjects of legislation" was to be determined "by an examination of the subjects upon which legislatures had been in the practice of acting with the consent and approval of the people they represented."

The grant of legislative power in respect of local matters, contained in section 32 of the Foraker Act, and continued in force by section 37 of the Organic Act of 1917, is as broad and comprehensive as language could make it. The primary question posed by the challenge to the validity of the act under consideration is whether the matter covered by the act is one "of a legislative character not locally inapplicable." It requires no argument to demonstrate that a conspiracy in restraint of trade within the borders of Puerto Rico is clearly a local matter, and that it falls within the precise terms of the power granted by sections 32 and 37 of the respective acts in which the grant is found. The power being given without express limitation, a conclusion that the present exercise of the power is precluded by the existence of section 3 of the Sherman Act must rest upon the assumption that a congressional statute penalizing specific local behavior and a statute of Puerto Rico to the same effect cannot coexist. With due regard to the status of the Territory, the character of its established government, the positive terms of the congressional grant of power, and the lack of conflict between the two acts, that assumption must be rejected.

2. The aim of the Foraker Act and the Organic Act was to give Puerto Rico full power of local self-determination, with an autonomy similar to that of the States and incorporated Territories (*Gromer* v. *Standard Dredging Co.*, 224 U. S. 362, 370; *Porto Rico* v. *Rosaly*, supra, p. 274). The effect was to confer upon the Territory many of the attributes of quasi sovereignty possessed by the States—as, for example, immunity from suit without their consent (*Porto Rico* v. *Rosaly*, supra). By those acts the typical American governmental structure, consisting of the three independent departments—legislative, executive, and judicial—was erected. "A body politic"—a commonwealth—was created (31 Stat. 79, sec. 7, ch. 191). The power of taxation, the power to enact and enforce laws, and other characteristically governmental powers were vested. And so far as local matters are concerned, as we have already shown in respect of the continental territories, legislative powers were conferred nearly, if not quite, as extensive as those exercised by the State legislatures.

This comprehensive grant of legislative power made by Congress plainly recognizes the great desirability of devolving upon the local government the responsibility of searching out local offenses and prosecuting them in the local tribunals. The insular supreme court in this case declared in emphatic terms the wisdom of such local control in respect of the matter dealt with by the act in question. Although striking down, with evident reluctance, the act as invalid, that court said: "The right of the insular legislature and officers to prosecute and punish such monopolies as may be set up within our jurisdiction is really inestimable. It was so understood by our legislature when it took upon itself to legislate on the subject. This is a wholesome and necessary legislation that should be enforced through the insular courts. It must be admitted that the people of Puerto Rico have a special interest in prosecuting before the courts those citizens who violate its own laws. No matter how interested the National Government may be in prosecuting such offenses, instances might occur where the latter would pass unnoticed by the Federal officers, or where, for some reason or other, such officers might not display the same activity and interest that is to be expected from the local officials."

3. In the light of the foregoing considerations, including the sweeping character of the congressional grant of power contained in the Foraker Act and the Organic Act of 1917, the general purpose of Congress to confer power upon the government of Puerto Rico to legislate in respect of all local matters is made manifest. In this connection it is significant that the only express limitation upon the power is, that in certain of its aspects, it shall be exercised consistently with the provisions of the respective acts. See sections 37 and 57 of the Organic Act, and section 32 of the Foraker Act. Nothing is expressed in these acts or, so far as we are advised, in any other Federal act which suggests a congressional intent to limit the exercise of the power of local legislation to those subjects in respect of which there is an absence of explicit legislation by Congress; and we find nothing in the nature of the power or in the consequences likely to ensue from the duplicate exercise of it which requires an implication to that effect.

Our attention is called to certain differences of language in the two acts and it is urged that these differences create a "risk" of conflict of interpretation between the local courts and the Federal district courts. The fear of conflicting decisions is more fanciful than real, since we agree with the court below that there is in fact no substantial conflict between the pertinent provisions of the two statutes. But in the unlikely event that, in spite of this conclusion, a conflict of decisions shall arise the power of the Federal appellate courts to resolve that conflict is clear (secs. 128 (a) and 240, Judicial Code, as amended by the act of Feb. 13, 1925, c. 229, 43 Stat. 936; U. S. C., secs. 225, 347).

It likewise is clear that the legislative duplication gives rise to no danger of a second prosecution and conviction, or of double punishment for the same offense. The risk of double jeopardy[1] does not exist. Both the Territorial and Federal laws and the courts, whether exercising Federal or local jurisdiction, are creations emanating from the same sovereignty. (See *Balzac* v. *Porto Rico*, supra, p. 312.) Prosecution under one of the laws in the appropriate court necessarily will bar a prosecution under the other law in another court (*Grafton* v. *United States*, 206 U. S. 333). In that case Grafton, a soldier in the Army, had been acquitted by a general court martial convened in the Philippine Islands of a crime not capital, alleged to have been committed in violation of the sixty-second article of war. Subsequently, a criminal information in the name of the United States was filed in a Philippine court of first instance, charging him with the same offense committed in violation of a local law. This court held that the acquittal of the accused by the court martial precluded his being again tried for the same offense in the civil courts, for the reason that he would thus be put twice in jeopardy of punishment. The sixty-second article of war[2] was a Federal statute (Rev. Stat., sec. 1342). The general court martial was a Federal tribunal. The Philippine act was a local law; and the court of first instance was a local court. But both of the laws and both of the courts owed their existence to the same supreme authority. The situation presented there was, in all essentials, the same as that presented here. The decision of the court in that case rested upon the ground that the accused, having been acquitted by the Federal tribunal, could not be subjected to prosecution in another court, civil or military, of the same sovereignty. We held that although the same act might constitute distinct offenses against a State and against the United States, for both of which the accused might be prosecuted, that rule had no application to acts committed in the Philippine Islands. We said (pp. 354–355): "The Government of a State does not derive its powers from the United States, while the Government of the Philippines owes its existence wholly to the United States, and its judicial tribunals exert all their powers by authority of the United States. The jurisdiction and authority of the United States over that territory and its inhabitants, for all legitimate purposes of government, is paramount. So that the cases holding that the same acts committed in a State of the Union may constitute an offense against the United States and also a distinct offense against the State, do not apply here, where the two tribunals that tried the accused exert all their powers under and by authority of the same Government—that of the United States."

An attempt is made to distinguish the Grafton case on the ground that but one statute was there involved—namely, the statute of the Philippine Islands—and that both the general court martial and the Philippine court undertook to enforce that

[1] The fifth amendment to the Constitution provides "nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb." Section 2 (the Bill of Rights) of the Puerto Rico Organic Act of 1917 (39 Stat. 951) provides that "no person for the same offense shall be twice put in jeopardy of punishment."

[2] "All crimes not capital * * * which officers and soldiers may be guilty of * * * are to be taken cognizance of by a general * * * court [martial], * * * and punished at the discretion of such court."

statute. Obviously that view is incorrect. The court-martial proceeding was not to enforce the Philippine legislation, but to enforce the sixty-second article of war; and that article was nonetheless a Federal law, distinct from the local law, because it might be necessary to refer to the local law to determine whether the act charged against the soldier was embraced by the term "crimes" in the sixty-second article. This is well illustrated by section 289 of the Criminal Code (18 U. S. C., sec. 468), which, in respect of offenses committed upon places subject to the exclusive jurisdiction of the United States within the limits of a State or organized Territory or District, makes applicable the laws of such State, Territory, or District in respect of such offenses. Prosecutions under that section, however, are not to enforce the laws of the State, Territory, or District, but to enforce the Federal law, the details of which, instead of being recited, are adopted by reference. See *United States* v. *Press Publishing Co.* (219 U. S. 1).

4. The decisions of the supreme courts of four States, rendered when the States were newly created from former Territories, are, except in one particular, of which we shall speak later, in harmony with the views we have expressed. Those decisions, though not conclusive, are entitled to great weight, because they dealt with Territorial powers in operation at a time so shortly before the rendition of the decisions that the judges who rendered them well may be credited with such knowledge of the purpose of these powers and their history and application as to make these judges peculiarly competent to decide questions relating thereto.

The Supreme Court of Wyoming, in a very full and carefully drawn opinion, reached the conclusion that a statute of that Territory defining and punishing the crime of bigamy was valid and enforceable, notwithstanding the fact that an act of Congress defined and prescribed punishment for the same crime when committed in any of the Territories (*In re Murphy*, 5 Wyo. 297). Following its discussion in respect of the relations between the National and Territorial Governments, and the extensive powers which had been conferred upon the latter, that court (p. 315) concluded: "* * * the crime of bigamy as defined and punishable by act of Congress is a crime against the sovereignty of the United States. The act of Congress embraces no express limitation upon the right of the Territory to also punish the same act as an offense against it and its local laws, nor upon the local legislature to enact a law defining and providing a punishment therefor as an offense against the Territorial sovereignty. As there are in practical and legal effect two governments, although the one emanates from the other, we are unable to perceive why the legislature of the Territory under the general grant of power with which it was invested may not have enacted a valid law assuming to punish as a Territorial offense the crime of bigamy. It does not conflict with the United States statute. It could not and did not assume to destroy the force or effect of the congressional provision. It could not have assumed to offer immunity to those desiring to contract polygamous marriages. By silence it could only have refused to punish it as a Territorial crime. To avoid this possibility Congress undertook to punish it as a crime against the Federal Government." That decision was followed by the Supreme Court of Utah in *State* v. *Norman* (16 Utah 457).

The Wyoming and the Utah courts thought that prosecution and punishment could be had under both statutes and attempted to justify that view by invoking the rule applicable to State and Federal statutes denouncing the same criminal acts. This, of course, in the light of our later decision in the Grafton case, is now seen to be erroneous; but the error does not affect the accuracy of the reasoning and conclusion of these courts upon the main point—that the local statute was a valid exercise of Territorial power, notwithstanding the identical legislation by Congress.

In Territory v. *Guyott* (9 Mont. 46), a territorial statute making it a felony to sell, barter, or give intoxicating liquor to an Indian, was sustained against the contention that the authority of the Territory to pass the statute had been foreclosed by section 2139, United States Revised Statutes, which defines and punishes the same offense.

Territory v. *Long Bell Lumber Co.* (22 Okla. 890) involved the validity of the Antitrust Act passed by the former territorial legislature. Suits were brought against the defendants, charging violations of the territorial act, which were also violations of the Sherman Act. The court sustained the validity of the territorial act, holding that it was not repugnant to or in conflict with the Federal act. In doing so, it followed the reasoning of, and relied upon, the Wyoming, Montana, and Utah decisions, above cited.

The Supreme Court of the Territory of Arizona, in *Territory* v. *Alexander* (11 Ariz. 172), had before it for consideration a bigamy statute like that involved in the Wyoming case, and erroneously held it to be invalid. In reaching that conclusion, it expressly rejected the Wyoming, Utah, and Montana decisions upon the authority of *Davis* v. *Beason* (133 U. S. 333), a case which we shall presently consider.

5. There is some general language in *El Paso & Northeastern Railway Co.* v. *Gutierrez* (215 U. S. 87) and *Davis* v. *Beason*, supra, which, considered apart from the question which was involved and apart from the opinions in their entirety, seems to support the decisions of the court below in the present case. The opinion of the court below and the argument of respondents here rest in the main upon these cases. An examination of them, however, will show that they have been misunderstood. The Gutierrez case involved the validity of a statute of the Territory of New Mexico, which provided that no action for injuries inflicting death caused by and person or corporation in the Territory should be maintained unless the person claiming damages should, within 90 days after the infliction of the injuries complained of and 30 days before commencing suit, serve upon the defendant an affidavit covering certain specified particulars. The statute also required that suit must be brought within a year and in a specified district court of the Territory. The statute is set forth in full in the margin of the opinion of this court in *Atchison, Topeka & Santa Fe Railway* v. *Sowers* (213 U. S. 55, 59–63). An action was brought in Texas by Enedina Gutierrez against the railway company to recover damages for the death of her intestate. The accident causing the death happened in New Mexico, and the railway company set up the New Mexico statute by way of special plea and answer. A writ of error brought here for review the judgment of the Supreme Court of Texas holding that the case was controlled by the Federal Employers' Liability Act (34 Stat. 232) and refusing to give effect to the New Mexico statute—a statute which was plainly an attempted restriction upon the right of action conferred in unlimited terms by the Federal Employers' Liability Act, and, therefore, in direct conflict with that act. In deciding the question, this court said that there could be no doubt that the act of Congress "would necessarily supersede the Territorial law regulating the same subject." This is broad language; but it must be construed in the light of the question presented which was whether a Territorial act, in plain conflict with the Federal act, was valid. In that situation the applicable rule is that formulated by Chief Justice Marshall in *Cohens* v. *Virginia* (6 Wheat. 264, 399), where, speaking for this court, he said: "It is a maxim, not to be disregarded, that general expressions, in every opinion, are to be taken in connection with the case in which those expressions are used. If they go beyond the case, they may be respected, but ought not to control the judgment in a subsequent suit, when the very point is presented for decision." See, also, *Humphrey's Executor* v. *United States* (295 U. S. 602, 627) and cases cited.

In the course of the opinion rendered by this court in *Davis* v. *Beason*, supra (p. 348), it was said: "The cases in which the legislation of Congress will supersede the legislation of a State or Territory, without specific provisions to that effect, are those in which the same matter is the subject of legislation by both. There the action of Congress may well be considered as covering the entire ground." This generalization was not necessary to the decision of the case, and, taken literally, cannot stand, because, as in the Gutierrez case, it omits the element of actual conflict between the two acts of legislation. The decision itself sustained the validity of a statute penalizing any person who teaches, advises, counsels, or encourages the practice of bigamy or polygamy, notwithstanding there was a general act of Congress which had for its object the suppression of bigamy and polygamy in the Territories. And the court said in its opinion (p. 341) that bigamy and polygamy are "crimes by the laws of the United States, and they are crimes by the laws of Idaho"; and further (p. 348), that the act of Congress was a general law applicable to all Territories and "does not purport to restrict the legislation of the Territories over kindred offenses or over the means for their ascertainment and prevention." Each of the two observations which we have last quoted, may have gone beyond the necessities of the case and may fall within the rule announced by Chief Justice Marshall in the Cohens case. In any event, however, they indicate that the general statement first quoted is not to be given the sweeping effect which a categorical reading of the words might at first suggest.

Only a word need be said about *Domenech* v. *National City Bank* (294 U. S. 199), which the court below thought lent support to its judgment. That case involved the validity of a tax sought to be imposed by Puerto Rico upon a branch of a national bank organized under the laws of the United States. We held that section 5219 of the Revised Statutes was in force in Puerto Rico and that that section forbade the tax. The grant to the territory of the general power to tax did not constitute consent on the part of Congress that a tax not authorized by section 5219 could be laid; and it is upon that ground that our decision rests. The conflict between the tax and the Federal law we regarded as plain.

6. Finally, it is contended that, if the local antitrust act and the Sherman Act both stand, a conflict of jurisdiction between the Federal courts and the local courts may result. But clearly there is slight, if any, ground for the apprehension. The local act simply confers jurisdiction upon the local courts to enforce that act. No attempt, of course, is made to confer jurisdiction upon those courts to enforce the Sherman Act, or upon the Federal courts to enforce the local act. It is hard to see why a conflict as to which law shall be enforced and which jurisdiction shall be invoked should ever arise, since the officers charged with the administration and enforcement of both acts are, in the last analysis, under the control of the same sovereignty and, it well may be assumed, will work in harmony.

We conclude that the antitrust act of Puerto Rico is valid and enforceable; and, accordingly, the judgment below is reversed.

A true copy.

Test:

CLERK, *Supreme Court, United States.*

The United States Customs Court

EXTENSION OF REMARKS

OF

HON. MILLARD E. TYDINGS

OF MARYLAND

IN THE SENATE OF THE UNITED STATES

Saturday, December 11 (legislative day of Tuesday, November 16), 1937

ARTICLE BY HON. GEORGE STEWART BROWN, JUDGE OF THE UNITED STATES CUSTOMS COURT

Mr. TYDINGS. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD an article by Hon. George Stewart Brown, judge of the United States Customs Court, entitled "The United States Customs Court."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TERRITORIAL JURISDICTION—CASES COMING BEFORE COURT SOMETIMES INVOLVE IMPORTANT QUESTIONS OF INTERNATIONAL LAW AND THE CONSTRUCTION OF TREATIES—SERIOUS CONSTITUTIONAL ISSUES OCCASIONALLY ARISE—VALUATION OR APPRAISEMENT CASES—MOST IMPORTANT PHASE OF COURT'S JURISDICTION IS DECISION OF CASES ARISING FROM RULINGS OF COLLECTOR OF CUSTOMS FIXING RATE AND AMOUNT OF DUTY TAKEN AT CUSTOMHOUSE—SITUATION OF CUSTOMS TAXES, ETC.

(By Hon. George Stewart Brown, judge of the United States Customs Court)

The United States Customs Court was created to hear and decide controversies arising between the Government and the citizens who import foreign merchandise.

The court's jurisdiction covers the entire continental United States in addition to Alaska, Hawaii, and Puerto Rico. The cases coming before the court often involve claims for refund running into millions of dollars and sometimes, as did the wood-pulp and American-bottoms cases, involve interesting and important questions of international law and the construction of treaties, and occasionally serious constitutional questions. Although the court is in the Department of Justice, its decisions appear in the semiannual publication known as Treasury Decisions.

The principal trial rooms and the clerk's offices are located at 201 Varick Street, New York City, for the reason that a large percentage of the total importations are made at that port. Regular dockets are held at stated terms each year at all the important cities in the country, and upon request a hearing can be had at practically any place which may be convenient to the importer. In addition to the seaboard cities, such as New York, Boston, Philadelphia, Baltimore, Newport News, Tampa, New Orleans, and Galveston, and on the Pacific coast, Seattle, Portland, San Francisco, and Los Angeles, regular terms are held and dockets heard at such inland cities as Buffalo, Cleveland, Cincinnati, St. Louis, Chicago, St. Paul, Minneapolis, etc.

Under the American system an importer at an inland city like Cincinnati may actually import merchandise at Baltimore, Boston, or Galveston, and instead of making entry at the seaboard, he may place the merchandise in a bonded carrier and formally make entry in the customs district where he resides. At the latter place the decisions of the collector and the local appraising officer take place, complaint in the form of protest or appeal is made, and the trial of the appraisement or classification case is had nearby.

Thus every importer, no matter where he resides, may have a hearing near where he lives, and where his expert or trade witnesses are readily accessible. The full nisi prius function is performed by the Customs Court, the jurisdiction of the Court of Customs and Patent Appeals being appellate only.

Tariff classification has always seemed to lend itself to litigation. There are a multitude of tariff cases reported in the Supreme Court Reports, Federal Reporter, and Federal Cases, running back to the beginning of the Government. Under what taxing provision an importation will fall frequently depends upon the application of such legal rules as commercial designation (borrowed from the law merchant), i. e., by what name an article is bought and sold in the trade (this rule is expounded in a long line of Supreme Court decisions collected in *Lamont, Corliss & Co.* v. *United States*, T. D. 44083, 57 T. D. 906), its component material, its chief value, the way it is manufactured, its chemical composition, its use or chief use, its similarity to a taxed group of articles, which of two provisions more particularly cover it, etc., etc. The application of these rules cover a wide field of business law involving the customs and practice of traders as well as matters elucidated by scientific expert and trade testimony. Almost all phases of the rules of statutory construction as well as many other rules of law are dealt with in the application of customs law to particular instances and situations.

In *Ehrhardt* v. *Schroeder* (155 U. S. 124, p. 129), the Supreme Court, after discussing the very limited judicial review, which frequently exists, of the acts of ordinary tax assessors, says:

"In the case of customs duties, however, a party dissatisfied with the classification of imports may apply to the courts to have examined and reviewed everything involving the legality of the demand which has been made upon him by the collector * * *. The unlawful demand of the duty does not conclude his rights, but, at the most, merely lays upon him, the inconvenience of going before a tribunal in which those rights will be declared."

JUDGMENT MAY WIPE OUT ALL PROFIT

Valuation or appraisement cases frequently involve large sums of money and with the penalties incident thereto the judgment may wipe out for the importer the profit from the sale of the goods whose value under an ad valorem rate is in contest.

Moreover, if the advance over the entered value is sustained at more than 75 percent, the decision may involve the goods in forfeiture proceedings and perhaps lead up to criminal action against the merchant himself. Penalties for undervaluation may be remitted upon timely petition with a showing that there was no intention to defraud, or deceive, *United States* v. *Fish* (268 U. S. 607). In valuation cases the appeal may be either by the Government or by the importer from the action of the administrative official who appraises the value in the first instance. This appeal goes to a single judge with a further appeal to a division of three, and on questions of law only to the Court of Customs and Patent Appeals at Washington, D. C. (Sec. 501, pt. III, Tariff Act of 1930.)

THE REMEDY IS ALL-INCLUSIVE

The most important phase of the customs court's jurisdiction consists in deciding cases arising from the decisions of the collector of customs, in fixing the rate and amount of duty which is taken at the customhouse. This is called the classification side, but it covers many other matters where administrative action, not dealing with classification per se, fixes the rate and amount of duty as assessed by the collector in his liquidation, and from which, therefore, protest also lies.

For instance, if the collector's decision came about by reason of a regulation passed by the Secretary of the Treasury under his general authority to pass reasonable regulations to carry out the law, the legality of such regulations can be tested on protest of the collector's decision which starts the case before the Customs Court. (*Conkey's case*, G. A. 7668, 28 T. D. 82, Affd. 6 C. A. R. 487. *Goodsell's case*, G. A. 3880, T. D. 18078, Affd. 91 Fed. 519. *United States* v. *R. H. C. B. Co.*, 16 C. C. A. 248.) Or, again, if an appraisement by a local appraiser or a reappraisement by the appraising court is illegal for any jurisdictional defect, its legality may be attacked before the classification division of the customs court by protesting the decision of the collector who must adopt such appraised value in his liquidation. (*United States* v. *Passavant*, 169 U. S. 16; *Kean* v. *United States*, T. D. 46186, 20 C. C. P. A.)

The amount of duty fixed by the collector's liquidation is often affected by legal questions growing out of the weight, the packing, or marking of the goods, the size of the package, their short shipment, the allowance for tare and draft, whether goods put together must be treated as entireties, clerical errors in entering, interpretation of words fixing the tax upon "clean content" comparison with standard strength or other characteristics or forms, and questions of residence and citizenship as affecting Americans returning from abroad. These and similar questions may be litigated and refunds recovered when the paragraph under which the article should be taxed, i. e., the classification proper—is not in dispute. Other such instances are as follows:

Marriott v. *Brune* (9 How. 619) was a leading case on nonimportation, preventing the application of the customs tax to the part of the shipment which did not actually arrive in this country.

American Sugar Refining Co. v. *United States* (181 U. S. 610) declared the effect upon the duty of the evaporation from sugar during the voyage.

Lawder v. *Stone* (187 U. S. 281) made an equitable allowance for duty upon certain decayed and damaged goods.

United States v. *Falk* (204 U. S. 143) decided when the weight of goods entered for warehouse should be calculated.

Schoenfeld v. *Hendricks* (152 U. S. 691) deals with the broad scope of the jurisdiction and its exclusive character.

Charges for storage under Pure Food Law were held illegal in *United States* v. *Acker*, etc. (133 Fed. 842).

Jurisdiction was sustained in declaring illegal a fee on packed package on merchandise not entered. *United States* v. *American Express* (154 Fed. 996).

In *United States* v. *Ranlett*, etc. (172 U. S. 133), where American goods returned were mingled with others, the Supreme Court made a fair approximation of those held to be exempt from duty.

In *Hoeninghaus* v. *United States* (172 U. S. 622) penalties for undervaluation were held to attach to entry of specific duty goods where the amount must not be less than a specified ad valorem. (For other examples see Customs Duties, 17 Corpus Juris, p. 528, by Charles E. McNabb and Frank L. Lawrence, and the Digest of Customs cases prepared by Thomas J. Doherty, published by the Treasury Department as Compilation of Customs Laws, 1908, and a

supplemental Digest by John J. Mulvaney, published by the Treasury Department in two volumes in 1918, and Judicial Review in Customs Taxation, Forum Magazine, July 1918.)

THE CITIZEN AND THE STATE

Among the ancient conventional legal fictions is the fiction that the state cannot be sued. If the state commits a wrong for which there would be legal redress between private parties there is no legal redress against the state itself except by its own voluntary permission. This idea comes from the doctrine of the infallibility of the monarch.

While the Supreme Court (*Langford* v. *United States*, 101 U. S. 341) has held that the maxim "The king can do no wrong" has no place in our system of government, nevertheless, the state itself cannot be sued directly without the authority of a statute authorizing such remedy.

In other words, if all the people acting collectively through the state retain or take money or property to which they are not entitled from one of their number, he has no redress at law to recover it unless by special permission of the state. Perhaps because, as applied to tax matters where the necessity of a remedy is so apparent, it would in effect be dishonest for the state to withhold such judicial remedy, and in such circumstances illegally keep the citizen's money, an indirect remedy was evolved by the courts by judicial construction without any statutory authority therefor.

Thus it was early held that there was a remedy at common law against the tax collector for assessing an erroneous amount or rate of tax, on the theory that the collector, when he made a mistake, went outside the law and became personally liable for the excess paid by the citizen under protest (*Elliott* v. *Swartwout*, 10 Peters, 137; *Bend* v. *Hoyt*, 13 Peters, 263).

SITUATION OF CUSTOMS TAXPAYER

As the Government was bound to protect its collector and reimburse him for any judgment which might thus be recovered against him, the effect of this rule of law was in reality to allow a suit against the Government under another name.

While this rule applies to all forms of taxation, it is peculiarly applicable to customs taxation in view of the commercial circumstances under which goods are imported. In many forms of taxation the citizen can obtain a judicial review of administrative action increasing the rate or amount of his assessment without paying the tax in advance. In the case of tariff taxation he must pay his tax in advance, and if he does not thereafter obtain a judicial review he is left to the mercy of the administrative officials and their interpretation of the law and facts. In effect, this amounts to a government of men and not of law.

Imported merchandise is either sold in advance or contracted for in advance, or brought in to satisfy the demand of an existing market for the particular class of goods, and must be promptly delivered or promptly sold. The exigencies of the Government revenue require that duty must be paid in the first instance at whatever rate and amount the administrative officials demand. These administrative officials, acting with proper caution (as they should) so as to avoid any erroneous construction of law or mistake of fact, which might result in a loss of revenue, must necessarily resolve every doubt in favor of the Government and demand the highest rate and amount of duty. That is not only their justification and their right, but their duty as well. This the citizen must, perforce, pay in order to get his goods to market and any question of law or disputed fact of necessity be postponed for subsequent judicial inquiry to determine whether or not there should be a refund of excess payment. As Mr. Justice Lamar says in *United States* v. *Sherman* (237 U. S. 146), page 152: "The Government will not allow foreign goods to be brought into this country and then litigate with the importer as to the amount of duty. Neither bond, nor security, nor retention of the goods during litigation, will dispense with the necessity of payment. * * * When that has been done, Congress, in order to prevent injustice, has given the importer, who thus pays and protests, the right to bring the goods into the United States, has granted him the opportunity to review the finding of the collector, and has also given him the promise of a refund in case the collector is found to have made an overcharge)."

Of all the many varieties of governmental action committed to the executive branches of the Government, taxation is the one as to which little or no discretion is or ought to be confided to the judgment of the administrative officials. Our tax laws should never direct the executive authority to levy or not to levy a particular sum of money or to determine the individuals or classes, or the property or classes of property, or activities upon which the burden shall fall. The delegation of such discretion is obnoxious as destructive of individual freedom under any form of constitutional government.

Yet if, under a particular tax act the executive official administering the same, without judicial review of his findings of fact or law, determines what the tax object is, he in effect fixes such taxable object, and what rate it shall pay, instead of the legislature.

JUDICIAL REVIEW NECESSARY

Again, the legislature decrees that a house or an imported article shall pay a proportion of its value in taxes, or a business a certain percentage of an excess profit, or an inheritance a fixed proportion thereof in descending to certain relations. If an executive officer, vigilant to aid the Treasury, acting upon the most efficient and best qualified expert advice, conclusively determined the value of the house or imported article, fixed the method of calculating the excess profit, or ruled upon the legitimacy of a disputed relationship thus determining the inheritance rate, without any right on the part of the citizen to test the accuracy of such findings by presenting affirmative evidence and by rigid cross-examination of the Government witnesses—under the sanctions and protections of a judicial hearing, before a tribunal independent of executive control—autocracy of the worst form would inevitably result.

Whatever arguments may be presented upon the claim that executive efficiency may occasionally be advanced by bestowing an absolute discretion upon some officer in making administrative decisions of a certain character—for instance, concerning the health, morals, or police of a community—such arguments can never apply to the official act of administering a tax law; that is, in collecting the taxes from those persons upon whom the legislature, by general rule, has imposed the obligation of financially supporting the state. It may be occasionally considered necessary to commit to a health officer's discretion the compliance with a sanitary regulation concerning, say, the construction of a cow stable in order to prevent infection in milk or for the combat of disease, or to a building inspector to determine whether the owner has made his building safe for use, or safe against fire danger. However, even in matters of this kind, such discretion, if not subject to judicial review, may be greatly abused. But after the legislature has fixed the class of taxable persons or taxable objects and prescribed the rate and amount of tax to be collected therefrom or thereon, it is plain that the existence of the facts which bring the person or object within the class, and the interpretation of the language used by the lawmakers in describing the class, can never be safely left to the fiat or discretion of any executive officer.

A judicial review of such administrative action must of necessity be provided.

INDEPENDENCE OF THE JUDICIARY

To be effective, such judicial review must be before a tribunal independent of executive control.

Dr. Frank J. Goodnow, in his Principles of Constitutional Government (summarizes the chapter on the courts in Europe as follows:

"We may say, then, that one of the fundamental principles of constitutional government, as seen in the law of modern European states, is:

"First. The existence of judicial bodies independent in tenure of the executive; which shall,

"Second. Apply the law regulating the relations of individuals one with another—usually called the private law—by deciding the cases brought before them; and,

"Third. Shall apply in the same manner the law regulating the relations between officers of the government and private individuals—usually called the public or administrative law.

"Whether a formal distinction is made between the private and the administrative law, and whether these two functions are discharged by the same courts, are matters of comparatively little importance. The important thing is that the courts which have these powers shall be independent of the executive. Without such independence it may be said that constitutional government is impossible."

The sole function of the court in a tax case is to decide whether the tax has really been levied or not, whether the legislature has said that the citizen before the court has been taxed at all or by the correct amount. To deprive the citizen of the right to have that issue sifted and tested before an independent judicial body either by giving him no appeal or by technicalities and expensive procedure rendering such appeal, if nominally given, impracticable in use, is to deprive him of a right so fundamental that without it constitutional liberty is indeed impossible.

Without such remedy, or if by technicality it becomes too expensive to invoke, no matter how small his claim, the citizen will go away disgruntled, believing that his government has not dealt go away disgruntled, believing that his Government has not dealt honestly by him, which is the first step toward making him a bad citizen and ultimately a Bolshevik.

Perhaps the best statement of the fundamental principles upon which this jurisdiction is based appears in an opinion by Judge Story in the case of *Cary* v. *Curtis* (3 How. 236), from which I quote as follows:

"I know of no power, indeed, of which a free people ought to be more jealous, than of that of levying taxes and duties; and yet if it is to rest with a mere executive functionary of the Government absolutely and finally to decide what taxes and duties are leviable under a particular act, without any power of appeal to any judicial tribunal, it seems to me that we have no security whatsoever for the rights of the citizens. And if Congress possess a constitutional authority to vest such summary and final power of interpretation in an executive functionary, I know of no other subject within the reach of legislation which may not be exclusively confided in the same way to an executive functionary; nay, to the Executive himself . . . what ground is there to suppose that Congress could intend to take away so important and valuable a remedy and leave our citizens utterly without any adequate protection?

"Where then is the remedy which is supposed to exist? It is an appeal to the Secretary of the Treasury for a return of the money, if in his opinion it ought to be returned, and not otherwise. No court, no jury, nay, not even the ordinary rules of evidence, are to pass between that officer and the injured claimant, to try his rights or to secure him adequate redress.

Assuming that the Secretary of the Treasury will always be disposed to do what he deems to be right in the exercise of his discretion, and that he possesses all the qualifications requisite to perform this duty among the other complicated duties of his office—a presumption which I am in no manner disposed to question—still it removes not a single objection. It is, after all, a substitution of executive authority and discretion for judicial remedies. Nor should it be disguised that upon so complicated a subject as the nature and character of articles made subject to duties, grave controversies must always exist (as they have always hitherto existed) as to the category within which particular fabrics and articles are to be classed. The line of discrimination between fabrics and articles approaching near to each other in quality, or component materials, or commercial denominations, is often very nice and difficult, and sometimes exceedingly obscure. It is the very case, therefore, which is fit for judicial inquiry and decision. * * *

"Besides, we all know that, in all revenue cases, it is the constant practice of the Secretary of the Treasury to give written instructions to the various collectors of the customs as to what duties are to be collected under particular revenue laws, and what, in his judgment, is the proper interpretation of those laws. I will venture to assert that in 19 cases out of 20 of doubtful interpretation of any such laws, the collector never acts without the express instructions of the Secretary of the Treasury. So that in most, if not in all cases where a controversy arises, the Secretary of the Treasury has already pronounced his own judgment. Of what use then, practically speaking, is the appeal to him, since he has already given his decision? Further, it is well known, and the annals of this court as well as those of the other courts of the United States establish in the fullest manner, that the interpretations so given by the Secretary of the Treasury have, in many instances, differed widely from those of the courts. The Constitution looks to the courts as the final interpreters of the laws. Yet the opinion maintained by my brethren does, in effect, vest such interpretation exclusively in that officer.

"These considerations have led me to the conclusion that it never could be the intention of Congress to pass any statute, by which the courts of the United States, as well as the State courts, should be excluded from all judicial power in the interpretation of the revenue laws, and that it should be exclusively confided to an executive functionary finally to interpret and execute them—a power which must press severely upon the citizen, however discreetly exercised, and which deeply involves their constitutional rights, privileges, and liberties. The same considerations force me, in all cases of doubtful or ambiguous language admitting of different interpretations, to cling to that which should least trench upon those rights, privileges, and liberties and a fortiori to adopt that which would be in general harmony with our whole system of government."

While this was a dissenting opinion, the majority of the Court having held that a rider in an appropriation bill requiring collectors to turn over to the Treasury money received on protested classifications, had destroyed the common-law remedy, the Congress immediately by a special declaratory statute signed 36 days thereafter made Judge Story's opinion the law of the land, before the ink was dry on his pen, expressly enacting therein that nothing in the appropriation rider should be construed to destroy the common-law remedy by suit against the collector (act of February 26, 1845 (5 Stat. L., ch. XXII)).

As late as 1901, in a case where the merchandise upon which duties were levied was not technically imported and where, therefore, under the Customs Administrative Act, as it then stood, no protest lay to the Customs Court, the Supreme Court reaffirmed and reasserted the right to sue the collector at common law, citing *Elliott* v. *Swartwout*, and referring to the act of Congress where by "legislative construction of the act of 1839," following *Cary* v. *Curtis*, the common-law remedy was restored (*DeLima* v. *Bidwell*, 182 U. S. 1, pp. 177–8).

Except for the few weeks following *Cary* v. *Curtis* until the act of February 26, 1845, was passed, the customs taxpayer has always enjoyed a full and complete judicial remedy against illegal customs taxation. As Mr. Justice Lurton expressed it in *Louisiana* v. *McAdoo* (234 U. S. 627):

"There have always been remedies by which an importer may recover an excess rate of duty exacted from him by a customs collector, either by common-law action against the collector, as in *Elliott* v. *Swartwout* (10 Peters 137), or by statute, section 2931, Revised Statutes; act of June 10, 1890; act of August 5, 1909."

The act of June 30, 1864, required the importer to first appeal from the collector's decision to the Secretary of the Treasury. If the Secretary affirmed the collector's ruling, a suit against the collector to test the legality of the official action could then be instituted.

PRESIDENT M'KINLEY'S CONTRIBUTION TO THE SCIENCE OF LAW

Forty-three years ago, June 10, 1890 (*United States* v. *Ranlett*, 172 U. S., p. 145. "The remedies provided by the act of June 10, 1890, furnish the equivalent for the action against the collector, which was originally the remedy for an illegal exaction of duties"), the so-called Customs Administrative Act was passed; it is William McKinley's contribution to the science of the law.

The act was, in the first place, an administrative act, that is, it codified and coordinated the rules of law for guiding the administrative management of the customs, and secondly, established a new judicial remedy for the litigation and customs cases.

It was thus at one and the same time a customs administrative act and a customs practice act. It enlarged the remedy, abolished court costs at nisi prius, dispensed with a jury trial and the necessity for common-law pleadings, and simplified and expedited the procedure, so that the suitor with a few dollars at issue could obtain relief as easily as the large importer, by means of a hearing at or near his home port where the facts and law upon which he based his claim could be presented.

The classification jurisdiction under this statute is judicial in every respect and always has been. (*In re Blankensteyn*, 56 Fed. 474; *Marine* v. *Lyon*, 65 Fed. 992; *Stone* v. *Whitridge*, 129 Fed. 33; *United States* v. *Schwartz*, 3 C. A. R. 24, 32; *United States* v. *Kurtz*, 5 C. A. R. 144.) By a series of statutory enactments, reappraisement hearings also gradually evolved into a judicial procedure, with parties, subject matter, and the form of a court trial. (Sec. 501, pt. III, Tariff Act of 1930.)

The law provides that the customs court shall have and possess all the powers of a district court of the United States in preserving order, compelling the attendance of witnesses and the production of evidence, and in punishing for contempt. The tenure of the judges is for life subject, of course, to impeachment by Congress.

As originally established by McKinley in the Customs Administrative Act of June 10, 1890, the appeal under the customs remedy ran from the customs court (then called the Board of General Appraisers) to the district (then circuit) court and further to the circuit court of appeals of the appropriate circuit, with certiorari to the Supreme Court.

In the Tariff Act of August 5, 1909, the Court of Customs Appeals (now called the Court of Customs and Patent Appeals) was created to hear all the customs appeals previously heard by the various United States circuit courts of appeal.

The same act completely bestowed upon the Board of General Appraisers the performance of the full nisi prius function in customs suits previously performed in part by the United States district courts upon a de novo hearing in the form of an appeal from the Board, thus fully establishing the Board as an inferior court of the United States, performing a function within the judicial power of the United States, previously committed to the district and circuit courts. The title remained a misnomer until the act of May 28, 1926, wherein the Congress changed the name of the Board of General Appraisers to the United States Customs Court, without affecting in any way its status, powers, duties, or jurisdiction This is the form of enactment known as a legislative recognition of an existing fact, merely recognizing the previously existing judicial status.

An appeal in classification cases now lies to the United States Court of Customs and Patent Appeals, consisting of five members sitting at the National Capital. Certiorari lies to the Supreme Court. (Pleading, similitude, *United States* v. *Rice*, 257 U. S. 536; classification of mixed acids, *United States* v. *Aetna*, 256 U. S. 402; clothing, wool, *Stone & Downer* v. *United States*, 274 U. S. 225; constitutionality of the flexible tariff, *J. W. Hampton, Jr.*, v. *United States*, 276 U. S. 394; hearing before Tariff Commission, *Norwegian Nitrogen Products Co.* v. *United States*, 288 U. S. 294, February 6, 1933; exemption of State universities, *Trustees University of Illinois* v. *United States*, 288 U. S. ——, Mar. 20, 1933.)

THE CONTINENTAL VERSUS THE AMERICAN MIND

The continental mind works differently from the Anglo-Saxon mind. The development of their respective systems of public law is a good illustration of the difference.

The continental mind worked out logically on principle the necessity of a judicial review of administrative action to protect the liberty of the citizen, while the Englishman and the American merely invented remedies in piecemeal, and more or less imperfectly, as the necessity or the popular demand for some particular remedy arose.

So we find in France and some of the smaller continental countries a well-defined plan with a logically developed system—sometimes through special administrative courts created for the purpose, a special forum having a wide and comprehensive jurisdiction for the remedy of individual wrongs arising from executive action.

In England and America the ordinary courts have been given, in a limited class of subjects, a special jurisdiction to meet the particular public demand for such reform, along some particular line where the abuse from the absence of the remedy was flagrant, or where the courts themselves have from sheer necessity, without statutory authority, sustained the right to sue the tax collector at common law, or have applied the original common-law writs of mandamus and prohibition.

Where special tribunals like the United States Customs Court or the Court of Customs and Patent Appeals, or the Court of Claims, have been created their jurisdiction has usually been of a special and limited character to cover some particular class of subjects.

Under the common-law writs—mandamus, prohibition, and the writ of right—all of which were invented or adopted by the English courts to give some judicial review of the legality of the acts of public officers, as a rule, the remedy is limited to the correction of errors of law and does not include errors of fact. Moreover, if a discretion is expressly confided by the terms of the law to the official, such discretion cannot be reviewed by the court on such writs, but the court can only correct an abuse of discretion. Further, as a rule, such writs lie not as a matter of absolute right but issue in the sound discretion of the court.

Consequently, a judicial review by means of such writs, and the kindred writ of injunction, is not always fully effective. To procure a full, adequate, and complete remedy, an appeal covering all questions of law and fact involved in the decision complained of must be provided by statute, of which, I suppose, the appeal provided by the Customs Administrative Act is probably the best particular example.

FRENCH ADMINISTRATIVE LAW

LaFerrière, in his Traité de la Jurisdiction Administrative et des Recours Contentieux, states the general principle upon which the jurisdiction of the French courts over certain administrative contests is founded, as follows (vol. 1, p. 6, par. 2) (free translation):

"It results that with resistance set up in opposition to the acts of the administration or an act of public authority founded on a right which the administration may have disregarded, upon an error of fact or of law which it may have committed in its relation with the citizen, * * * and which may have resulted in the violation or erroneous application of the law or of an existing right. If the injured party thinks himself justified in opposing his individual right to the right invoked by the administration, there is a subject matter for contest, for litigation; an administrative contest is immediately created by the conflicting claims; judicial action is necessary to resolve the difficulty. In other words, the offended interest involves only the idea of utility, of expediency, of policy, whereas the disregarded right involves the idea of justice, of legal sanction, of a judicial determination. In the first case, the injured party can only beg and complain; in the second, he can require verification of his right and demand that it be respected."

It is upon the basis of such theoretical definitions as this that the continental jurisdiction appears to have been worked out. Speaking of the French system, in Principles of Constitutional Government, Dr. Goodnow says (p. 240):

"The French system has proved itself to be more effective in the protection of the individual, not only because of the law which the administrative courts have developed, but also because of the more simple and less expensive remedies which have been provided. Much of the procedure in the Anglo-American courts is extremely technical, and on that account expensive, because the litigant must retain the services of a highly paid lawyer. Most of the remedies provided by the French law are simple and a lawyer's services are often not required."

In England the common-law action against the collector is distinctly recognized (39 and 40 Victoria, ch. 36, sec. 34). Decisions of customs cases brought to procure a refund of excessive duties appear in many of the law reports in the British Colonies.

Our own statutes relating to the Philippine Islands provide for a court review there, and a number of customs cases have been decided by the Philippine Supreme Court.

In the preservation of "equality before the law" the right to go before a judicial tribunal independent of the executive and there obtain relief from the illegal levy of a tax by the administrative official is fundamental.

NATURE OF THE CUSTOMS CLASSIFICATION REMEDY

The executive officials take the duty. The importer, whose goods have gone into consumption, has paid it. He must sue to get back the whole or any portion which he claims to have been illegally taken. The suit is instituted by filing a protest against the collector's liquidation. This protest constitutes the initial and only pleading in the case. It must definitely and specifically state the classification claimed to be correct and the error in the collector of customs' classification or liquidation. It may be amended upon written motion in the discretion of the court at any time before the case is called for trial (rule 38). No answer by the Government is required because the plaintiff, in order to recover, must affirmatively prove his case, i. e., he must show (1) that the classification or liquidation made is erroneous, and (2) he must show that the classification, weight, or other matter affecting the liquidation, upon which he relies is correct. A motion to dismiss often serves as a demurrer to the protest, as in other Federal courts.

The testimony of the witnesses produced must conform to the strict rules of legal evidence with all the sanctions and protection of other judicial trials. In every respect it is identical with the common law action for money had and received, which it succeeded, brought in a State court for the return of duties claimed to have been illegally exacted, except that the division of three judges decides all questions of fact as well as law, the common-law jury having been dispensed with. If the decision is in favor of the Government the judgment of the court overrules the protest. The judgment, if for the plaintiff, results in the return of money held to be illegally exacted as duty, that being the purpose of bringing the suit. No execution, of course, is necessary, as all such judgments are paid out of a continuing appropriation for the purpose in the same way many of the money judgments of the Court of Claims are satisfied, as referred to in *United States* v. *Klein* (13 Wallace 128), and held to constitute a binding judgment. In a real sense therefore the custom court's judgment executes itself. The absence of conventional execution does not affect the validity and binding force of the judgment. In *Mills* v. *Duryee* (7 Cr. 480–485), Mr. Justice Story said:

"The right of a court to issue execution depends upon its own powers and organization. Its judgments may be complete and perfect and have full effect independent of the right to issue execution."

In *Fidelity National Bank* v. *Swope* (274 U. S. 123) Mr. Justice Stone said:

"While ordinarily a case or judicial controversy results in a judgment requiring award of process of execution to carry it into effect, such relief is not an indispensable adjunct to the exercise of the judicial function."

This principle is affirmed and the authorities reviewed in *Nashville, Chattanooga & St. Louis Railway* v. *Wallace* decided by the Supreme Court February 6, 1933 (288 U. S. 249). There Mr. Justice Stone specifically referred to the Supreme Court's power to review the money judgments of the Court of Claims "although no process issues against the Government" (p. 263). While for convenience the judgment of the Customs Court often takes the form of a direction to the collector to refund the money decided to be due the plaintiff, it can and does sometimes take the conventional direct money form (*Fox River Butter Co.* v. *United States* (T. R. 44667, 59 T. D. 485); *Marine* v. *Lyon* (62 Fed. 153)), Such form was attacked and sustained in *United States* v. *Davis* (54 Fed. 147) per Shiras, Caldwell, and Sanborn, judges.

The subject matter of the suit is a case at law "arising * * * under the laws of the United States" and is also one of the "controversies to which the United States shall be a party," as the United States is always defendant. These are two of the categories specifically mentioned in article III of the Constitution to which the judicial power of the United States shall extend (*United States* v. *Hopewell* (51 Fed. 798) per Gray, circuit judge, where the judgment below was a money judgment. See also *Anglo-Cal.-Bank* v. *United States* (175 U. S. 37). In *United States* v. *Rice* (257 U. S. 536) Chief Justice Taft says:

"This case involves the sufficiency of a protest necessary to justify a suit against the United States for duties illegally exacted."

The United States is defendant in every classification case. In *United States* v. *Jahn* (155 U. S. 109) Chief Justice Fuller said: "This case was docketed here under the title: 'In the matter of the application of Gustave A. Jahn & Co. upon certain merchandise entered by the "Alps," August 15, 1890,' but the correct title is *United States* v. *Gustave A. Jahn et al.*, for the reasons given by Mr. Justice Gray in *United States* v. *Hopewell* (5 U. S. App. 137, 51 Fed. 798)" including petitions for remission of penalties and the so-called manufacturers' protest. The manufacturers' protest protests the rate collected as too low and of course does not ask for a money judgment. The United States has consented to be sued under it (sec. 516, Tariff Act of 1930). Its nature is explained in the similar suit of *Louisiana* v. *McAdoo* (234 U. S. 627) where Mr. Justice Lurton described all customs suits as suits against the United States. Its scope is being litigated in *Dutchess Hat Works* v. *United States* (T. D. 45974) motion for retrial (T. D. 46124) decided by division 1 of the Customs Court on January 17, 1933, now on appeal to the Court of Customs and Patent Appeals. The case instituted by the manufacturers' protest is perhaps the only instance in the law where a citizen, not paying the tax, may litigate concerning the application of a tax law to his tax-paying rival in business and if successful thus increase the tax collected by the Government officials from such rival.

BROAD SCOPE OF CUSTOMS COURT'S JURISDICTION

The jurisdiction of the United States Customs Court being coextensive with, and the equivalent of, the original common law action in a State court against the collector of customs, covers a very wide scope including almost every possible legal controversy which may arise between the importing taxpayer and his government concerning the rate or amount of duty paid. It not only includes the rulings of the collector himself in liquidating the duty, but also "the legality of all orders and findings entering into the same" (sec. 514, Tariff Act of 1930).

The citizens' right which this remedy protects is a fundamental necessity for the protection of property under a government of law constitutional in form, and must be all inclusive of every kind of legal dispute in order to be effective. When the citizen's money is illegally taken in customs taxes, the necessity for a judicial remedy to compel its return is equally great, no matter what official, from the Secretary of the Treasury down, performs the act of taking it. That is why the courts give the remedy a wide scope, and liberally construe it.

The collector of customs is selected as the official with whom to lodge the protest which starts the suit. First, because he is accessible to the importer at his home port where the trial is to take place, often a great distance from Washington, D. C. Second, because in his liquidation or decision the collector communicates to the importer at his home the entire departmental action, by whomsoever performed, in making the administrative rulings which take duty from the importer or refuse him relief from a refund demanded. The collector was thus chosen for the purpose of making the remedy all inclusive of everything everyone had done, or refused to do, which could be made the subject of a legal contest.

The constitutionality of the action of the President in putting a retaliatory duty into effect by proclamation under the so-called reciprocity clauses of the act of October 1, 1890, was determined in *Field* v. *Clark* (143 U. S. 649), affirming T. D. 10553. Similarly the constitutionality of the flexible tariff proclaimed by the President was determined in *Hampton* v. *United States* (276 U. S. 394), affirming T. D. 41478. Rights, under the famous 5-percent rebate cases, to favored nations under treaty stipulations, involving many millions, were determined in *United States* v. *Pulaski* (243 U. S.

97), reversing T. D. 34246 and T. D. 35508. A reciprocity treaty with Cuba was construed in *Faber* v. *United States* (221 U. S. 649), affirming T. D. 27847. Construction of a commercial treaty with France was had in *Altman* v. *United States* (224 U. S. 583), affirming T. D. 29279. The legal effect of nonaction by the Secretary of the Treasury, who was described by the Supreme Court as the chief administrative officer in the collection of duties, was determined in *United States* v. *Ballin* (144 U. S. 1), affirming T. D. 10336. That the burden of proof was upon the Government and not upon the importer upon reliquidation of the collector for fraud after a year, was decided in *Vitelli* v. *United States* (250 U. S. 355). The hearing before the Tariff Commission in the process of executive fixing of a new rate of duty was held to be legislative and not judicial in character, in *Norwegian Nitrogen Products Co.* v. *United States*, decided by the Supreme Court February 6, 1933 (288 U. S. 294), affirming T. D. 44824. That a tariff rate could be imposed upon goods imported by a State university was decided by the Supreme Court on March 20, 1933, in *Trustees of the University of Illinois* v. *United States*, affirming T. D. 44758 (288 U. S. —). In *United States* v. *Lies* (170 U. S. 628), it was held that if an importer appellant abandons his appeal the Government, which had not appealed, may not insist upon review and reclassification. A Russian sugar bounty was held to be a legal basis for the levy of countervailing duty by the Secretary of the Treasury in *Downs* v. *United States* (187 U. S. 496), affirming T. D. 22984, although all Russian sugar producers, whether exporters or not, received the bounty. Similarly a countervailing duty to offset a British spirits rebate was sustained as legal in *Nicholas* v. *United States* (249 U. S. 34), affirming T. D. 35595. Jurisdiction over the question of the legality of charges incident to a customs draw-back was sustained in *United States* v. *Jahn* (155 U. S. 109), long before jurisdiction over illegally withheld draw-backs was transferred from the Court of Claims to the Customs Court by the Tariff Act of 1922.

A very intricate and important case was recently decided by Division III of the Customs Court in *Porto Rico Brokerage Co. (Inc.) et al.* v. *United States* (T. D. 46199), which arose at San Juan, Puerto Rico, involving the constitutionality of a tariff tax levied by the insular government upon coffee shipped from New York to Puerto Rico. At the time of the famous *Insular Cases* in 1901 a suit of this character would have had to be brought in the Insular Court of Puerto Rico, as *DeLima* v. *Bidwell* (182 U. S. 1) was brought by a common-law assumpsit for money had and received in the Supreme Court of the State of New York. Now, however, such cases are within the customs administrative act, as amended, by paragraph N, section III, of the Tariff Act of 1913 and subsequent acts, and must be brought in this customs jurisdiction. (*United States* v. *Porto Rico Coal Co.* (17 Ct. Cust. Patent Appeals, 288). Sec. 514, pt. III, act of June 17, 1930.)

In *Gsell* v. *Insular Collector of Customs* (239 U. S. 93) the Supreme Court held that a writ of error was not applicable under the statutes to a customs case where for full review the facts as well as the law must be considered. Mr. Justice Day said:

"Such was the uniform method and purpose of review, under all the statutes and procedure, which, so far as applicable, are to be read into the Philippine Act, and such is still the policy of the Federal statutes in permitting review of the decisions of the boards of general appraisers in the United States by appeal to the court of customs appeal. By writ of error the review is limited to questions of law—a method of procedure inapplicable to customs cases, where the facts must be considered in order to determine the proper classification of the merchandise and the duty to which it is subject."

Numerous classifications passed upon by the Supreme Court in cases arising in this jurisdiction since the passage of the act of 1890 in addition to those previously mentioned are cited in a note below. Stained or painted glass windows, *United States* v. *Perry*, 146 U. S. 71; Finished gunstocks with locks and mountings, not guns, *United States* v. *Schoverling*, 146 U. S. 76; Knit woolen underclothes as wearing apparel rather than knit fabrics, *Arnold* v. *United States*, 147 U. S. 494; Manufactures of woolens including worsted goods, *United States* v. *Klumpp*, 169 U. S. 209; Muriate of cocaine as a medical preparation rather than a chemical salt, *Fink* v. *United States*, 170 U. S. 584; Natural gas as a crude bitumen, *United States* v. *Buffalo Natural Gas & Fuel Co.*, 172 U. S. 339; Boards planed one side and tongued and grooved as dressed lumber, *United States* v. *Dudley*, 174 U. S. 670; Tapioca flour as tapioca rather than starch, *Lung* v. *Wise*, 176 U. S. 156; Taxation of wrapper tobacco in filler bale, *Rothschild* v. *United States*, 179 U. S. 463; Certain glass beads as manufactures of glass rather than imitations of precious stones, *United States* v. *Morrison*, 179 U. S. 456; Glass bottles not coverings, *United States* v. *Nichols*, 186 U. S. 298; Plaster casts for religious society, *Benziger* v. *United States*, 192 U. S. 38; Carbon sticks unfinished are carbons for electric lighting by similitude, *United States* v. *Downing*, 201 U. S. 354; Additional duty on figured cotton cloth, *United States* v. *Riggs*, 203 U. S. 136; The growth on Mocha sheep not commercially wool but hair, *Goat & Sheepskin Imp. Co.* v. *United States*, 206 U. S. 194; Metal beads temporarily strung as metal articles, decorated, not beads, *Frankenberg* v. *United States*, 206 U. S. 224; Construction of wine paragraph following old departmental practice, *United States* v. *Cerecedo*, 209 U. S. 337; Japanese Sake wine by similitude, *Komada* v. *United States*, 215 U. S. 392; Imitation horsehair, cotton yarn by similitude, *United States* v. *Eckstein*, 222 U. S. 130; Tobacco sweepings and scrap used in manufacturing cigarettes, not waste, *Latimer* v. *United States*, 223 U. S. 501; Loose drilled pearls unset and unstrung, carefully matched for a necklace, are pearls in their natural state, *United States* v. *Citroen*, 223 U. S. 407; Featherstitch braids as braids and not binding or tapes, *United States* v. *Baruch*, 223 U. S. 191; Definition of statuary under reciprocal agreement with France, *Altman* v. *United States*, 224 U. S. 583; Commercial mixture of sulphuric acid and nitric acid held free of duty as nitric acid, *United States* v. *Etna Exp.*, 256 U. S. 402. More recent cases cited supra p. 337 Amer. Bar. Assoc. Jour., June 1933. See also Drawback, *National Lead Co.* v. *United States*, 252 U. S. 140 and *Ex Parte Park and Tilford*, 245 U. S. 62, and *Cooper* v. *Dobson*, hair of alpaca, goat, and other like animals in 157 U. S. 148.)

An application for certiorari was filed before the Supreme Court on May 24 in Sears, Roebuck & Co. against United States which challenges the constitutionality of the changed language of the flexible tariff as embodied into section 336 of the Tariff Act of June 17, 1930. That case was decided in favor of the Government by the Court of Customs and Patent Appeals in T. D. 46086, reversing a judgment by Division II of the Customs Court holding the section unconstitutional and distinguishing the case of *Hampton* v. *United States* (276 U. S. 394), 61 Treasury Decisions 679, Baltimore Daily Record of April 7, 1932.

On June 3, 1933, Division III of the Customs Court decided the cases of Domestic Fuel Corporation against United States and George E. Warren Corporation against United States, of great international importance, involving the application of the favored-nation clauses in our commercial treaties with Great Britain and Germany as applied to the tax on importations of coal in the Revenue Act of June 6, 1932.

It has often been a subject of surprise to the writer that so few lawyers or laymen are familiar with the simple and reasonable pleading and practice of the customs jurisdiction, or why those studying and seeking improvements in judicial practice and procedure have not made themselves familiar with this customs judicial remedy and the machinery of its operation.

The Challenge of the Drought

EXTENSION OF REMARKS

OF

HON. GEORGE W. NORRIS

OF NEBRASKA

IN THE SENATE OF THE UNITED STATES

Saturday, December 11 (legislative day of Tuesday, November 16), 1937

ARTICLE BY JOHN C. PAGE IN THE "RECLAMATION ERA" FOR NOVEMBER 1937

Mr. NORRIS. Mr. President, I ask unanimous consent to have printed in the RECORD an article by John C. Page, Commissioner of Reclamation, published in the Reclamation Era for November 1937, entitled "The Challenge of the Drought."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Reclamation Era, November 1937]

(By John C. Page, Commissioner of Reclamation. Address delivered October 1, 1937, in Lincoln, Nebr., before the Nebraska State Historical Society)

In times of drought, with the heartbreaking lesson of disaster before us, we turn more thoughtfully to consideration of our water problems. Memory is short, however, and a general break in the weather often intercedes before solutions are found and executed.

From the Rio Grande to the Missouri River, the whole Great Plains area is suffering from a severe and extended drought at this time. The people of the many States affected are acutely aware of the fact that they are confronted with a situation requiring drastic action and readjustments. The time to press forward toward some permanent and effective solution is now.

Fortunately, the whole Nation is awakening to the appalling magnitude and diversity of its problems connected with conservation and control of its waters. Floods in the Ohio Valley and dust storms arising in the West have given spectacular illustrations of the far-reaching effect of failure to take nature into consideration in our anxiety to build America. The conviction is growing that we must rebuild sanely and on a national front.

Conservation has powerful friends. Recently, President Franklin Delano Roosevelt said in his Constitution Day address, "In our generation a new idea has come to dominate thought about government—the idea that the resources of the Nation can be made to produce a far higher standard of living for the masses if only government is intelligent and energetic in giving the right direction to economic life."

Secretary of Interior Harold L. Ickes also has been in the forefront of the conservation movement, and to his watchfulness and

unfailing energy much of the credit for the present advances is due.

These principles are reflected in a strong movement toward adoption of conservation as a major and continuing national policy, and to dignify it with representation through an executive department in the Cabinet of the President as a positive declaration of our national intention in this regard.

Water is a major resource, in some localities the most important, and its conservation must have a high place in our new national program.

There is no section free from some problem connected with water, whether it be flood, navigation, domestic or irrigation supply, pollution, wildlife, or power. Some are faced with a complexity of them, each important. Too long expediency has governed our treatment of these problems. Each community has tried to solve, on a local and sometimes a temporary basis, water problems which overran county and State lines. The result has been, in many instances, aggravation in another nearby locality of the very condition for which a correction was sought.

Under the direction of the water-resources division of the National Resources Committee much progress has been made recently toward introduction of broader planning into these efforts.

INTELLIGENT USE OF WATER

Generally speaking, the West has taken a broader view. States which were carved out of territory which was frankly admitted to be arid or semiarid had no illusions concerning their water. From the beginning they realized that their growth and development in the end would be limited by the water within their boundaries and the intelligence with which they conserved and used it.

In the East the problem is not now and probably never will be one of parceling for wise use the water Nature provides, but rather it is and it will continue to be one of controlling the water to make it a less damaging and a more serviceable tool.

But what of the area which lies between the humid East and the arid West? The Great Plains are neither humid nor arid continuously but, alternately, are either humid or arid as Nature decrees. The one hundredth meridian which splits Nebraska in two, running down between Grand Island and North Platte, is the line which divides the humid from the arid.

If the weather were steadfast and each year the rain fell in the same amounts and on the same days, like water from a gigantic spigot controlled by a time clock, the peculiar problem of the Great Plains would not exist. Then a farmer would know in advance whether he were to receive enough rainfall for his crops and could make his plans accordingly. If the rainfall did not vary from year to year and seemingly run in cycles, either wet or dry, it is probable that little or no land west of the one hundredth meridian would have been plowed except that which could have been provided in advance with a reliable irrigation water supply.

But the rain is beyond human control and Nature is inconsistent. She sends her clouds where and when she pleases. We can say definitely about her methods that, over a long period of years, the average rainfall will not be different from that received over any other long period of years. It is safe also to say that where a flood has occurred another flood will come and where a drought has occurred another may be expected.

NORTH DAKOTA WATER SUPPLY

Reliable records show that the average annual rainfall, generally, west of the one hundredth meridian is below 20 inches a year, insufficient for safe farming, and, generally, east of the one hundredth meridian it is in excess of this amount. There have been decades in the past which belied this statement. There will be such years in the future, but the present drought in western Nebraska and in the other sections of the Great Plains is not without precedent. When it is broken, the wet years will be simply an interlude preceding another drought.

In 1889 Maj. John Wesley Powell, Director of the United States Geological Survey, stood before the North Dakota constitutional convention, earnestly pleading that title to the flowing waters of the State be retained for the people. He pointed to the curious geographical position of the State in relation to agriculture, saying the eastern part would have water for crops, the western part would soon learn to depend on irrigation, and that in the central part "they will have a series of years when they will have abundant crops; then for 2 or 3 years they will have less rainfall and there will be failure of crops and disaster will come on thousands of people who will become discouraged and will leave. Up and down the temperature of agriculture will rise and fall with the seasons in this manner and the only practical thing to do is to look this thing squarely in the face and remember that in middle Dakota agriculture will always be liable to meet with failure unless you provide against it. This is the history of all those who lived on the border between humid and arid lands. Years will come of abundance and years will come of disaster and, between the two, the people will be prosperous and unprosperous. * * * There are waters rolling by you which are quite ample to redeem your land and you must save these waters. I say it from the standpoint of the history of all such land."

It was difficult to make the early settlers realize that the conditions described by Major Powell were insurmountable. There was a natural resentment against conceding that this border area should be classified with the arid lands to the west.

NEBRASKA'S WATER PROBLEM

I was interested in reviewing recently an article published early this century. It said, in part: "The drought of 1890 made Nebraska one of the important irrigation States of the West. Canals had been built on the North Platte River near the Wyoming border several years earlier, but the irrigation industry had won no general recognition. Thousands of farmers were persisting in the delusive hope of rainfall farming, and popular sentiment was distinctly opposed to those who sought to include Nebraska in the arid region."

That great drought had many of the same effects as this of the present time. A notable exception was that the population was less and there were fewer to suffer.

But it rained again and even more lands were broken, even more homes were established, and even more communities built, so that this, the next great drought, brought even greater disaster.

Will this same cycle of more rain and increasing enthusiasm, less rain and mounting human misery be allowed to repeat itself again?

The answer will come from the people of this region, but the whole country is interested as never before. More sympathy and understanding, more encouragement, and more help can be relied upon from other sources.

This problem should be approached with courage. The challenge of droughts must be met.

Nebraska is my native State. Since the "cornhuskers" are my home folk, I would like to see you show the way. The people of this progressive State have given many proofs that they are unafraid of experimentation with new methods when they hold the promise of betterment. The adoption of a unicameral legislature by Nebraska has taught the country to look this way.

All cities have used the zoning method to protect valuable property and to assure that growth will follow an intelligent plan. This method of restricting unwise expansion and of maintaining the integrity of a well-laid plan for agriculture on a State-wide basis might prove effective if intelligently applied here.

Rural zoning in the Great Plains might give the firm control which must be exercised if at some future time another drought is not again to upset the economy and demoralize the population of these States to even a greater extent.

Do not mistake me. I am not hinting that Nebraska or any other of the Great Plains States has reached the zenith of development and must now retrogress. This drought is a temporary set-back and, if proper readjustments and full utilization of the water resources are made, a much brighter and safer future lies ahead.

Each State would like to feel that all of its lands could be used for farmsteads. In the arid West this patently is impossible. The States out there have accepted this obvious fact with a determination to do the best they can with what they have. They have done very well. They have studied their water resources; planned diligently for their conservation; and generally managed to apply the limited water available to them so that it brings the greatest possible benefits. They have a security in their agriculture which is their compensation, and none of them has exhausted its possibilities.

A State which is one-third arid, one-third humid, and one-third in the twilight zone between the two can find no permanent security within itself if it is constantly expanding or painfully contracting in accordance with the whims of nature.

The Bureau of Reclamation now provides, and has provided for nearly 30 years, a regulated irrigation water supply from Pathfinder Reservoir for 250,000 acres along the North Platte River in western Nebraska. Here live in security nearly 25,000 people on more than 2,000 farms and in about a dozen towns. Despite the drought, these people have not been unprosperous. The value of their crops last year, during the worst of the drought, was about $9,000,000. The even tenor of their production has exerted a powerful stabilizing influence on a vast surrounding area, and it has been felt throughout the State of Nebraska. Omaha, one of the principal meat-packing cities, has been markedly affected.

At this time there are under construction by groups of your own citizens several projects to provide a use of your waters for power and irrigation on the Platte and Loup Rivers. These were financed by funds from the Public Works Administration.

In the history of reclamation there has been almost no great project started to conserve and use our waters that was not attacked as "visionary," "impractical," or "foolish." There were many who said Boulder Dam could not be built and that, if it were, it would serve no useful purpose. But it was built and in record time, and it is doing all and more than was claimed for it.

Virtually from the time of Noah, when the ark was built as protection against the future amid jibes and wisecracks, such efforts have been the targets of doubting Thomases. Now we hear some of the echoes in Nebraska.

While I will not undertake to pass judgment on any irrigation project outside my jurisdiction, I am convinced that projects which wisely use the water resources of this region will redound to the benefit of the people of the States and of the Nation. Nebraska cannot afford to let her waters waste.

Of the thousands of families, uprooted by the drought and now wandering west from the Great Plains, some came from Nebraska. If by proper planning now, another generation of homeless can be prevented from developing in the future, should not the necessary steps be taken at once?

In Nebraska, or over the larger part of the State, at the least, the most important use of water is for domestic and irrigation purposes. Each project should include, in addition, as many other purposes as can feasibly be worked into the picture. Power generation should not be overlooked in the engineering of these

projects, for power, if it can be produced cheaply, will improve the standard of living and provide a revenue which in some instances will mean the difference between an infeasible and a feasible irrigation or conservation dam.

Skeletons of old irrigation works dot the twilight zone of the Great Plains. Some of these have failed, among them two small projects undertaken by the Bureau of Reclamation in its early days, because the farmers who were to have been served forgot that drought recurs and refused to keep their water systems in operating condition during wet years. When they were needed, the canals could not be used. Since this drought set in back in 1929, these abandoned works, if they could have been used, generally would have saved many times their original cost.

There are undoubtedly in Nebraska underground water resources which safely could be tapped to supplement the natural rainfall in deficient years. The Bureau of Reclamation has never constructed a project which relied solely on pumping from wells. Properly regulated by State legislation or perhaps through the rural zoning method so as to prevent overdevelopment and eventual exhaustion of the so-called underground reservoirs, pumping for irrigation of comparatively small plots on the farms in the area most in need of a steadying influence might prove very effective. Your State engineer and the Geological Survey can be relied upon for reliable advice.

The Great Plains committee, on which I had the honor to serve, last year made a report to the President which contains much information which should be useful in formulation of a plan for State action. I will not review this report here for want of time and because it has been widely distributed.

Whatever is done must be initiated by the people affected and done with their cooperation. A candid understanding of the situation must precede permanent solution of the problem.

If the Great Plains are ready, if Nebraska is ready, honestly to face the facts and earnestly to work for a permanent remedy, then I believe the whole country will pitch in, like farmers at an old-fashioned husking bee, and help get the job done.

Senator Wheeler

EXTENSION OF REMARKS

OF

HON. FREDERICK STEIWER

OF OREGON

IN THE SENATE OF THE UNITED STATES

Saturday, December 11 (legislative day of Tuesday, November 16), 1937

ARTICLE IN THE NEW YORK TIMES MAGAZINE

Mr. STEIWER. Mr. President, in the New York Times Magazine of August 8, 1937, appeared an interesting article about a very influential and prominent Member of this body, the senior Senator from Montana [Mr. WHEELER]. I ask unanimous consent that the article may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times Magazine, August 8, 1937]

THE LIBERAL WHO FIGHTS NEW DEAL LIBERALISM—SENATOR WHEELER, RISEN TO NEW PROMINENCE IN COURT BATTLE, TELLS WHAT HE DRIVES AT

(By Turner Catledge)

WASHINGTON.—One morning not long ago Vice President Garner got off the elevator on the fourth floor of the Senate Office Building and walked briskly down the hall. Halfway along the corridor he turned quickly in at a door, to face a tall, rather handsome man, with thinning reddish brown hair, seated at a desk piled high with papers. Over the man's shoulder and through the window, Mr. Garner could see a panorama of downtown Washington with the Washington Monument, Lincoln Memorial, and Arlington Mansion spreading out in the background. In a corner of the office was a copy of the Declaration of Independence, fastened to an easel and draped half over with an American flag.

The Vice President was quick to his business. Seating himself as he passed the usual pleasantries with one whom he had scarcely seen for 5 weeks, he looked across the desk into a pair of kindly blue eyes squinting at him through octagonal glasses. Taking one more puff at his cigar, the Vice President said:

"Burt, write your own ticket."

At that moment and with those words the administration leadership in Congress surrendered President Roosevelt's most cherished yet most controversial measure of the year, the plan to reorganize the Supreme Court. The Vice President was making the capitulation to the leader of the successful opposition, Senator BURTON KENDALL WHEELER, of Montana. Furthermore, he was making more formal and more complete a conclusion already reached in Washington, that this man WHEELER, this veteran of more political warfare than usually comes in the lives of three average public men, had reached a new position of importance in American affairs.

The Vice President waited a moment for his answer. He glanced across to the wall on the right, to an area covered with pictures of Senator WHEELER, most of them group scenes and several showing the Senator in the company of President Roosevelt. He looked toward the ceiling, his glance sweeping over a collection of campaign cartoons reminiscent of the time when the Montana Senator himself ran for Vice President on a ticket with the elder La Follette.

He then looked back at the kindly blue eyes and the thin mouth cut in the shape of a perpetual smile. The Senator was really smiling this time, however, for his lip was hiked up over the eye tooth at the left.

"All right, Jack," snapped the Montanan, and with that the Senator accepted the part he was to play in the immediate peace negotiations settling the bitter Court bill fight, and the role he can hardly escape during the coming months as one of chief antagonists of the administrative methods of President Roosevelt.

To this writer it would seem poor prophecy to say that Senator WHEELER and President Roosevelt will be very far apart on general objectives in the near future. They are both definitely cast in the "liberal" mold. Some of the men who followed and prodded Senator WHEELER in his fight on the Court bill may soon return to calling him the names they used to apply to him, and he and the President probably will be allies in many a fight to come. But it is a truth beyond dispute that the Senator and the President have definitely fallen out over method, they have become acutely suspicious of each other's motives, and each is thoroughly disgusted with the company the other now keeps.

Few men in the public life of the United States have worn the "liberal" label with more consistency and more pride than Senator WHEELER. In fact, he is extremely jealous of the badge and openly resents the camp followers who have been flaunting it in Washington since the Roosevelt administration came in—men and women who, he believes, were attracted by no more than the spoils of office and will return to the caves of Wall Street in due season. And he seems to resent as well the "professors," as he calls them, who would change the whole form of the American Government in the name of liberalism.

"My views of democracy and liberalism are best expressed in our present form of government," Senator WHEELER says. "I firmly believe that we must have reforms from time to time but that they should come within the framework we already have set up, until the people themselves determine to change that framework. Congress hasn't any right to change it. The President hasn't any right to change it. Only the people have that right. They can destroy the Government if they want to, regardless of the wisdom of such a course. But the people alone have the right, not the President or Congress."

Senator WHEELER based his objection to the Court bill on this line of reasoning. He charged that the President was trying to induce Congress to change the essential framework of the Government by making the Court dependent upon him and Congress, and without submitting the question to the people in a constitutional amendment.

"The whole Court bill fight was one of reform versus control," he says. "What the proponents wanted was control. What the sincere liberals wanted was reform."

And fight it was. Observers in the galleries of Congress can remember few legislative campaigns that were planned with more diligence and carried out with more cleverness. Senator WHEELER was early named chairman of the unofficial steering committee that conducted the battle. He marshaled his speakers, he planned with them when each would take the floor and, in general terms, what each would say. He went on the floor himself with the first opposition speech. He is known for his biting remarks and few have been more biting than those he uttered in condemnation of the measure and the men whom he thought responsible for it.

The Senate seemed aware that his fight on the bill was being construed in some circles as a switch over to the conservative side of the political fence. He insisted always that the Court bill was illiberal in its very essence, and the most illiberal part of it, in his estimation, was the power over the courts which it gave the President. He believes "it can happen here." He thinks passage of the Court bill would have been one of the first steps toward making it happen.

"If you had a President who had a subservient Congress and a subservient Supreme Court, you could easily set up a dictatorship in this country," says the Senator. "The temptation to a President to make himself a dictator both in form and in fact would be very great. I think I am a liberal, but I hope I am not crazy. Liberalism a few years ago in Europe meant democracy as we know it. Today in many parts of Europe it means dictatorships."

Senator WHEELER sees two kinds of radicals in the United States—the ultraconservatives who want to take the law into their own hands and rule by the might of money, and the other extreme group "who would destroy all of our existing Government and give the power solely to a few individuals, those who have never made a success for themselves but feel they can solve all the problems of our complicated economic life in a few minutes." "Each is equally dangerous to our peace and happiness," the Senator says, though at times he would give a slight edge to the ultraconservative when it comes to a threat against our system.

The Court bill fight has taken from Mr. WHEELER none of his zeal for legislation to rid the country of railroad and utility holding companies or for other measures of this character. He does

not feel that his joining with the ultraconservatives to kill the Supreme Court enlargement plan has given this element any cause to expect quarter from him on other things. In fact, he may think it necessary to check them a bit more abruptly. Neither does he feel that he has given his old "liberal" crowd in Montana, made up chiefly of workingmen and farmers, any cause to doubt his sincere liberalism.

"The Court plan was not liberal, and I have told them so," he says.

He has no thought of leaving the Democratic Party as a result of his fight, nor does he believe the bitter battle will have any lasting ill effect upon the party. Indeed, he is of the opinion that the outcome was wholesome. The party learned a valuable lesson, he says: 'It was educated to the will of the people and its leaders will consider for a long time before they take it off on any other such mission.'

"The Democratic Party has a great future if it will only keep its feet on the ground and its ear attuned to the people's needs," he says. "Of course, it has got to be progressive; that is the very nature of a popular party. But it has got to remain sane as well.

"All in all, the court bill fight has been a wonderful thing. The agitation brought the people to a study of the fundamentals of their Government, gave them a veritable lesson in elemental civics. The fight has done the judiciary good, too. Courts had become arrogant, and sometimes disrespectful of the rights of the public—particularly the Federal courts. Can anyone look at the record already available and say that what has happened recently has not been beneficial to the courts themselves?"

This Montanan reaches his own conclusions about things, measures, and men coming before him. Experience has made him highly incredulous. Whether he faces a deck of cards, a bill before the Senate Interstate Commerce Committee of which he is chairman, or a garrulous witness in one of the many investigations he has conducted either in the Senate or during his earlier days as United States district attorney, his eye is questioning.

It all goes back to an incident in his early manhood, soon after he had arrived in Butte, Mont., at the end of a series of stages across the country from his birthplace in Massachusetts. Young WHEELER, a recent law graduate from the University of Michigan, was about fed up with Butte and determined to push on to Portland, Oreg., before his small savings were gone.

Loitering around the vicinity of the railroad, waiting for his train, the young man was taken into the confidence of four likely fellows who wanted to buy him a drink, which he refused; to give him a cigar, which he accepted; and to pass the time away with a little poker game. Well, by the time the train for Portland arrived young WHEELER had been "cleaned." He had no money left, so he had to swallow his pride, go back to town, and accept a job in a law office which he had rather haughtily refused a few hours before.

Senator WHEELER will tell you today that had it not been for that poker game he probably would have left Montana for good, but he probably will also tell you that he learned a lesson which later helped him to ferret out the evidence which drove Attorney General Daugherty from office and opened up the involved scandals of the Harding regime. He learned to look below the surface intentions of men and things. He thinks he looked beyond the enacting clause and the good intentions of the President's Supreme Court enlargement bill right into its prime motives and possibilities. At least to him they were not good.

BURTON WHEELER first saw the light of day in a humble Quaker home in Hudson, Mass., on February 27, 1882. His father was a poor man, who supported his family on a small farm at the edge of the town by working in a shoe shop. The family traced its descent from the Pilgrims. Probably the least of his expectations when he was a boy was that some day he would pull up in Montana.

After completing high school and a course in shorthand and bookkeeping, young WHEELER went to work in an optical factory at stenographer and bookkeeper. This was not the goal of his ambition, however, for he had a hankering for the law. A relative in Michigan, to whom he had confided his hopes, suggested that he might work his way through the university there. So after a short time in the business world—just long enough to save a few dollars—he set out for Ann Arbor.

His relative was correct—WHEELER was able to work his way through. What with waiting on tables in the dining room and vacation flings at selling books, he finished his law course and in 1904 set out for the West. He spent a few months in a law office in Colorado and then pushed on to Butte.

After his "cleaning" at the hands of the gamblers, young WHEELER worked a few weeks in the law office which gave him his job and then hung out his shingle as a practicing attorney. On one of his summer selling trips in Illinois he had met a young woman by the name of Lulu White, and he sought her out 2 years after landing in Butte and took her home with him as his wife. There are eight Wheelers now—the Senator, Mrs. Wheeler, and six children.

The young lawyer was quickly in politics. Montana in those days was a mixture of extremes—extreme conservatism on the one hand, dominated by the copper interests; and extreme radicalism on the other, the natural reaction to the "interests."

Strangely enough, WHEELER's first affiliations were with the conservatives, who sent him to the State legislature. It should be added, however, that he thought then that he was running on a reform ticket. It was further food for his acquired suspicious nature to find later what he believed to be conclusive evidence that the reform wave had been cleverly manipulated by the business interests.

It was here that Senator WHEELER's independent side began to take on substantial form. Feeling himself tricked, he took the first opportunity to throw off the yoke of the "interests." The chance came when the name of Thomas F. Walsh was presented to the legislature as a candidate for the Senate. WHEELER voted for Walsh. Walsh was defeated at that time and WHEELER soon suffered the same fate.

The young legislator then began running for office and was defeated with almost consistent regularity. For attorney general of the State he lost by a close margin. He was overwhelmed when he ran for Governor. Although he was a Democrat by title, he teamed up with the Non-Partisan League and both parties cried him down. He was more successful in his profession, however; his list of clients began to grow.

When Woodrow Wilson was elected President, Mr. WHEELER got his chance. Recommended by Senator Walsh, he was appointed United States district attorney for Montana. He made a reputation as a relentless prosecutor. When in 1921 he was turned out along with most of the other Wilson appointees, he started his campaign for the Senate which swept him into office in 1922 by the largest majority ever given a Democrat in his State.

Senator WHEELER is a quiet, unobtrusive man in the main, despite his reputation as a relentless fighter. He went practically unnoticed in the Senate until one bright morning he let it be known that he had been following his suspecting nose and that it had led down to the Department of Justice. He thought, he said, that the Daugherty office needed a bit of cleaning. He was not encouraged much, but he started that relentless, almost merciless work for which he has become known, and he never quit until Attorney General Daugherty was out of office.

It was not long after he started the Department of Justice investigation that he found himself indicted, charged with improper acceptance of fees and use of his position in connection with a lottery. Senator Walsh defended him and he was acquitted. Soon he joined with the elder La Follette in the unsuccessful Progressive campaign in 1924. From that time he has remained a Democratic Senator from Montana.

In his operations in the Senate he has all the attributes of the prosecutor. He is at his best in such a fight as he waged in behalf of the utilities holding company bill. Kindly and informal of manner, urbane in appearance, and reliable in his own promises, he can, in one of his battles, use the cutting phrase with telling effect.

Personally, he is an easy man to approach and to deal with. He has a gentility amounting at times almost to softness. He has never lost his New England accent. One may hear him sling out a biting remark to a colleague in debate and see him laughing and talking to the same person a few moments later. He seldom changes his remarks in the RECORD, however.

Such is the man thrown into new prominence in recent months—a man risen from among that group who nominated Franklin D. Roosevelt in 1932 to challenge him at the start of his second administration.

Government Purchase of American-Produced Silver

EXTENSION OF REMARKS

OF

HON. EDWIN C. JOHNSON

OF COLORADO

IN THE SENATE OF THE UNITED STATES

Monday, December 13 (legislative day of Tuesday, November 16), 1937

ADDRESS BY HON. ALVA B. ADAMS, OF COLORADO, ON DECEMBER 10, 1937

Mr. JOHNSON of Colorado. Mr. President, on Friday, December 10, 1937, my colleague the able senior Senator from Colorado [Mr. ADAMS] delivered a very sensible address on the subject of Government Purchase of American-Produced Silver. The address is timely, since the President is just now considering the question. I therefore ask that the address may be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

For many years the Congress, through tariff legislation, has endeavored to protect American products from the destructive competition of cheaper products from overseas. This policy has received the approval of the vast majority of the American people, though thereby they were compelled to pay more for American goods than for equivalent goods of foreign production.

The present administration has expended many millions in earnest efforts along many lines to relieve the depression by increasing employment and increasing the purchasing capacity of the American people.

Hundreds of millions of dollars have been spent to raise the prices of farm products. Congress is at this hour considering a farm bill with this object in view which will cost the United States annually from one-half to one billion dollars.

Congress has spent several billion in public-works programs to provide employment.

The preceding session of this Congress passed a bill to eliminate slums in the great cities which will involve an annual appropriation of about $26,000,000 and contingent obligations of a half billion.

Congress appropriated $150,000,000 toward a fund to guarantee deposits in banks.

Congress has appropriated hundreds of millions to aid those who have suffered from drought and flood.

In the past 4 years there has been appropriated over fourteen billions for relief purposes.

While some may disapprove of details of these programs, there are few who do not approve of the underlying principle and purposes of each of them.

As a result of the depression, the metal-mining industry of America was in a most distressed condition. The price of silver, lead, zinc, and copper reached such low points that a majority of the mines were closed. Smelters and mills were largely idle. Unemployment became the almost universal situation of the miners.

It was practically impossible for the Government in any direct way to raise the price of lead, zinc, and copper, but as to silver a different situation existed. The administration determined to make a genuine effort to help this great mining industry.

The President, acting under the authority of an act of Congress of May 12, 1933, issued a proclamation on December 21, 1933, by which he directed the Director of the Mint to "receive for coinage into standard silver dollars any silver" newly mined in the United States. He further directed that of such silver the Mint should retain 40 percent "as seigniorage and for services performed" * * * "relative to the coinage and delivery of silver dollars" and that the balance of 60 percent should be coined into standard silver dollars and delivered to the depositor of such silver.

Under this proclamation the United States has received 151,834,000 ounces of American silver and has returned to the owner or depositor 112,705,000 silver dollars, or its equivalent in silver certificates.

The depositor of the silver in this way received 77.57 cents per ounce. The world price of silver at this time is about 45 cents, so the producer of silver has been receiving 32 cents per ounce more than he could get in the world market. On the other hand, the United States has been retaining 51 cents of the coin value of every ounce. As a result, the United States Mint showed a profit of $83,160,860 on June 30, 1937, from receiving and handling this silver, none of which would have come to the Government if the miner had been compelled to sell his silver in the world market.

The purchase of silver mined in the United States under the proclamation of the President should not be confused with the purchase of silver in the world market under the authority of the Pittman Silver Purchase Act, which is a permanent law and has no period of expiration.

The President's proclamation expires December 31, 1937. Objections have recently been raised against the extension of the President's proclamation for another year, as is authorized by the act of Congress.

The American miner, in view of these facts and policies, wonders why there should be objections to paying a small additional price for American silver in order to encourage and develop the mining industry, and secure the many and important incidental benefits to the general welfare of the Nation.

However, let us see what the purchase of this American silver has really cost the United States.

In the 3½ years the policy has been in effect, from December 21, 1933, to June 30, 1937, the United States has purchased 151,834,000 ounces of American silver at a cost of $112,705,000.

The payments to the miners are not like benefit or soil-conservation or parity payments which go to the landowner or farmer, and for which the United States gets no specific property, but is only benefited by promoting the general welfare. In the silver purchases the United States receives the silver purchased. The silver purchased at 77.57 per ounce has a coinage value of $1.29 per ounce. The silver purchased for $112,705,000 has a coinage value of $195,865,860 and, in fact after coining from this American silver 112,705,000 silver dollars to be given the producer of the silver, the United States has in its vaults as seigniorage or profit on the transaction silver of a coinage value of $83,160,860.

The miner has no access to the mints except upon such terms as Congress may fix. He can only sell his silver as a commodity, but the United States, with its constitutional right to coin money and regulate the value thereof, takes the ounce of silver for which it pays the miner 77½ cents and mints it into coin of a legal tender value of $1.29. Uncle Sam thus makes 51 cents from every ounce of silver purchased from the American miner.

What has been the economic and social results of this policy, and what will be the consequences if these purchases are stopped? The cost of the American silver purchased during the 3½ years exceeded the price on the world markets of an equal amount of silver by $44,760,000 or slightly more than $12,500,000 annually.

Even if we disregard the factors which have been pointed out as making the transaction in itself a profitable one for the United States, and regard it as giving the silver miners, at the expense of the United States, a bonus of twelve and one-half million dollars per year, the Government will search in vain for any expenditure in aid of relief or recovery producing a proportionate benefit to the people of the United States.

Prior to the inauguration of the silver-purchase program, silver had sold as low as 25 cents per ounce. The result of this low price was the closing not only of most of the silver mines, but also two-thirds of the zinc, lead, and copper mines in the United States, and those in operation were running at but a small percent of their capacity. At that time lead and zinc were selling below 4 cents a pound and copper below 7 cents a pound. Very few, if any, mines could operate with metals at such prices. However, the lead, zinc, and copper ores carry a percentage of silver. With silver at 77 cents an ounce, the added value contributed by the silver makes it possible for many of these mines to operate, when they could not operate with silver at 25 cents an ounce.

As a direct result of the Presidential proclamation providing for the purchase of American-produced silver at a price above the world silver price, many mines were opened and work was expanded in operating mines. These revived and stimulated mining operations gave employment to some 400,000 people. In a very practical way the silver-purchase policy reduced by 400,000 the relief rolls of the United States. Many incidental benefits also followed. The mines consume great quantities of coal, electric power, powder, machinery, and other supplies. The opening of these mines, therefore, gave profitable employment to many thousands throughout the Nation and provided needed markets for vast amounts of American products. Their employees work at good wages and are liberal purchasers of the products of the farms and factories.

The Government has collected large income taxes from the mines and industries whose operations were made possible by the purchase of this metal. States and counties received large amounts in taxes, also, which would otherwise have been lost. Schools, churches, and public institutions were opened or kept open which would otherwise have been compelled to close. It has cost the Government approximately $800 per annum for each person on relief. If the silver-purchase policy has taken 400,000 people off the relief rolls—as was stated on the floor of the Senate by Senator PITTMAN, probably the greatest authority in the United States on the silver question—it will be readily seen that by the expenditure of a relatively small amount a saving of $320,000,000 a year was made in relief expenditures, or a total during the 3½ years during which the silver purchases have been continued of well over $1,000,000,000.

When all of these benefits, direct and indirect, received by the people of the United States from this policy of purchasing American silver are considered, and when the consequences of the closing of the American mines, which would result from the abandonment of this policy, are considered, it will clearly appear that in this period of decline in our industrial and financial condition in the Nation, it would be most unfortunate if not most disastrous to abandon this wholesome and beneficial policy.

Our great Government will surely not take the position that there is a national obligation to protect all American products except metals and all producers of wealth except miners.

It would seem entirely reasonable, therefore, to expect that the President, who is genuinely interested in the welfare and prosperity of all sections and elements in our great country, who is fully conscious of the dangers inherent in the present business recession and of the necessity of resisting any further decline, and of turning our national course again into the channels of prosperity, and who has been a student of the silver question, will not hesitate to renew for another year the policy of purchasing American-mined silver.

Consumer Protection by Government

EXTENSION OF REMARKS

OF

HON. JOSEPH C. O'MAHONEY

OF WYOMING

IN THE SENATE OF THE UNITED STATES

Monday, December 13 (legislative day of Tuesday, November 16), 1937

ADDRESS BY ASSISTANT ATTORNEY GENERAL ROBERT H. JACKSON BEFORE THE CONSUMERS' NATIONAL FEDERATION, DECEMBER 11, 1937

Mr. O'MAHONEY. Mr. President, I ask unanimous consent to have printed in the RECORD a very able address on the

subject of Consumer Protection by Government, delivered by Assistant Attorney General Robert H. Jackson before the Consumers' National Federation, in New York City, December 11, 1937.

I may say that the address seems to be a powerful argument in favor of the principle of Federal licenses and charters for corporations engaging in commerce among the States.

The Assistant Attorney General points out that the antitrust laws have failed to stop what he calls "obvious raids upon the consuming classes." The reason why the antitrust laws have failed to stop these raids is that the raiders are always able to use State incorporations laws to escape from Federal authority.

I should also add, however, that interstate business should not fear the principle of Federal incorporation. It does not mean more regulation in the sense of more discretionary interference by government. It means less. My own conviction is that we shall not lay a permanent basis for prosperity until we devise a national incorporation law.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Abraham Lincoln used to have a formula for trying times: "If we could first know where we are and whither we are tending, we would better know what to do and how to do it."

These are not difficult days, measured by what we have gone through and what other parts of the world are going through. But they are uncomfortable days, and they are days in which a portion of the population which needs protection as consumers, may equally need protection as holders of jobs. It seems unrealistic, therefore, to think of the interests of the consumer today except in relation to our whole economic situation.

Applying Lincoln's formula, where are we right now, both as consumers and as workers?

The President has been called a demagogue for saying that one-third of the Nation is ill-clad, ill-nourished, and ill-housed. Certainly the Brookings Institution is not a propaganda agency of the Roosevelt administration. But the figures of the Brookings Institution, even before the depression of 1929, show that the President understated our difficulty by 100 percent.

Many of you will remember this finding of the Institution: "At 1929 prices a family income of $2,000 may perhaps be regarded as sufficient to supply only basic necessities * * *. It is significant to note that more than 1,600 families, or practically 60 percent of the total number, were below the standard of expenditure. * * * Of the nonfarm families as a whole, 16,000,000, or 74 percent, did not have sufficient income in 1929 to provide an adequate diet at moderate cost."

The same study showed: 71 percent of the population, nearly 20,000,000 families, with less than $2,500 of annual family income; 60 percent, or 16,000,000 families, with less than $2,000 annual family income; 42 percent, or 12,000,000 families, with less than $1,500 annual income; and 21 percent, or 6,000,000 families, with less than $1,000 annual income.

These families are not only the greater part of America today; they are pretty nearly all of America tomorrow. They alone are reproducing themselves on a survival basis; their children are probably 90 percent of the children of America.

Dr. Lubin, Commissioner of Labor Statistics, has strikingly set forth the reality of what it means to live on one of these lower-bracket incomes. Some of you may know his study of a year or two ago of consumption in a typical city dweller's family with a single wage earner. The typical American wage-earning family such as we have in New York, lives on an income of from $1,200 to $1,500 a year.

How do they live on it? What can such a family do with that income of a hundred or a hundred and twenty-five dollars a month?

Ill-clad?

For clothing such families can spend only about 12 cents of every dollar of income. In a family of four less than $4 per month per person is available for clothes. The father of the family must make a suit last 3 years. He can buy a new overcoat only every 4 or 5 years. The mother can buy only $5 or $6 dresses and has one winter hat and one summer hat a year. (But she does have silk stockings.)

FOOD AND HOUSING CONSUMES OVER HALF FAMILY INCOME

Ill-nourished?

Food expenditures take one-third of the employed worker's income on the average, but for the employed worker's income in the lowest brackets it is a larger proportion. It amounts to about $8 per week or $2 per week each for a family of four. The diet is weighted heavily with flour, potatoes, bread, and pork. The market basket has little space for fresh fruits and vegetables, and despite the importance of milk to the health of youngsters, 4 out of every 10 families consumed less than 2 quarts of milk per person per week.

Ill-housed?

For $20 a month such a family gets a flat or half a double house or a four- or five-room frame house for the shelter of its four or five members. Rent claims about 15 to 20 percent of the average employed worker's income.

The house is not steam heated nor does it have an oil burner or other central heating.

Go to the movies, read advertisements, listen to orations about the American standard of living and you would expect to find electric lights, gas or electricity for cooking, running water, and a flush toilet inside the home as normal elements in the wage earner's standard of living. Yet this survey shows that in many large cities a large proportion of employed wage earners' families did not have some or all of these elementary living conveniences.

What of the luxuries that have become necessities?

If a family in this income bracket has a car at all it is not likely to be a new one. In 1 year in a middle western city it was found that for every 100 employed wage earners' families 3 bought new cars and 12 bought used cars during the year. In a large eastern city one out of a hundred bought a new car during the year and three bought used cars.

"It is only at the highest economic levels," says Dr. Lubin, "that the wage earners' families can afford frequent movies, a second-hand car, and clothing which meets the needs of winter and at the same time has some style. Even at these higher levels, after taking care of the family's needs for food, clothing, and housing, it is only infrequent that the amount left over for other purposes is equal to one-third of the family income."

To this type of family, life is a matter of bare shelter, food, and clothing. Health is accidental, for such families can afford little medical, dental, or hospital care. Justice is luck, for the victims of unjust dealing cannot afford an advocate. Entertainment, except the lowest, is free or nonexistent.

ANTITRUST LAWS FAIL TO CONTROL

What can government do for this cradle of tomorrow's America?

It can use antitrust laws to stop obvious raids upon the consuming classes.

There are definite limitations upon the usefulness of these laws. No corporation ever really loses an antitrust case, because it is always longer than any other proceeding in the time-consuming processes of law. The Government lawyer who begins a case seldom manages to survive in government long enough to see the case through the Supreme Court. The antitrust laws themselves are full of loopholes, because the courts have treated them most unkindly and there has been no conscious effort in the last 15 years to keep them as modern as the ways of the transgressor. No Congress will ever realize the size of the appropriation necessary to fight a comprehensive battle against monopolies through many and prolonged trials and successive appeals.

Nevertheless, even during a necessary process of revision, the antitrust laws can be employed in strategic sectors as really effective weapons in a battle against high prices if private enterprise as a whole is wise enough to see that what the Government is after is not to wreck business but to keep prices reasonable so that the consumer can buy and business can keep going, and the worker can have a job.

For the first time in our history an appreciable number of business leaders are beginning to believe that the only way private enterprise can keep our present economic system going indefinitely is to organize itself on a low-price, high-volume basis which will make buyers producers and producers buyers on a scale we have never before known in this country.

CONSUMER MUST NOT BE GOUGED

Nothing has done more to create a hope that we may have this new conception of its interests by private enterprise generally than the present recession, depression, or whatever we choose to call it. Most economists who are not special pleaders, are convinced that the attempt last spring to taper off the Government expenditures was spoiled by the failure of private enterprise to realize that the consumer could not be gouged without serious effect upon the survival of private enterprise itself.

You will remember how in his last fireside talk the President quoted Professor Sprague of Harvard and the Bank of England to the effect that the future of American business depended far more on the price policies of our business leaders than on anything done or not done in Washington. Out of this recession private enterprise is learning the ancient truth that competition is the life of trade and that when monopolists run prices to the sky, they can't keep volume from falling through the cellar.

We are not running into a major depression today for good and sufficient reasons. The first reason is that the Government not only knows it must step in, if necessary, if private enterprise cannot adjust to conditions, but the Government is organized to do so in time, as it was not organized in the emergency days of 1933.

The second reason is that fundamental conditions today are not those of 1929. In 1929 to 1933 our financial-economic situation was never in such shape that we could make the downward readjustment of prices necessary to resume normal business activities on a normal competitive basis, without upsetting the private-debt structure and the banking structure of private enterprise.

Today we find an absence of those difficulties and of those conditions which produced the last depression. We have not scat-

tered through the country a flood of wildcat securities. We have not been exporting billions of dollars to foreign borrowers. We do not find such excess plant capacity or such overproduction of goods as in 1929.

Our financial institutions by and large are on secure foundations. They are loaded with an excess of cash instead of an excess of questionable securities and frozen assets. Unemployment compensation systems are for the first time in our history soon to begin disbursements that will help combat deflation.

We can have no prolonged recession if we do not exclude by unemployment a large part of our labor resources from production and thereby exclude the unemployed workers from our exchange system. We need more goods, and business has shown an extraordinary measure of ability to produce more goods with a given amount of labor. We have not learned to turn this greater productivity fully to the advantage of living standards. We seem to have converted a large part of our labor savings into unemployment. The biggest task facing American business is how to restore the unemployed to our exchange system by accepting their services—the only thing they can use for money—in exchange for the product of industry.

How can American business bring all American workers and consumers into an exchange relationship?

BIG BUSINESS BOOSTS PRICES

Big business jerked prices up as soon as volume began to go up. It acted on the theory that under the competitive system business had the right to charge what the markets could bear. Results show that big business misjudged the market and charged more than the traffic could bear. It's now up to those lines of business, which did boost prices, to play the competitive game according to the only rules under which private enterprise can function, and to restore prices to a level demanded by the market, to reduce prices until buyers begin to buy and our exchange economy begins to work.

The exchange economy based upon a free market demands producers produce as much goods as consumers can consume. We don't ask the farmer or the manufacturer to produce more than the consumers need. But a free market presupposes the willingness of businessmen to supply the normal demands of the market at the market price, at a price buyers are willing to pay for normal volume.

If business is going to do its part to bring about revival, business must boldly reduce prices to the point necessary to cause a normal flow of goods to the consumer. Big business is not today permitting the competitive system to work. Fortified by high corporate surpluses big business refuses to supply the normal requirements of the consumer, but will sell only to those few who are willing to pay the prices fixed last spring when business was booming. Although the consumer's income is about a third less than it was in 1929, big business is asking the consumer to pay more for their goods than they did in 1929. If a consumer wants to build a home, he must pay 11 percent more for cement, 5 percent more for steel, 4 percent more for lumber than he did in 1929. For some building materials he must pay even 100 percent more than he did in 1929. How can we have a housing program under such conditions?

If we want to preserve our competitive system, all of us must take some risks. Businessmen must venture, confident in the belief that the market will absorb an increasing volume of goods if prices are sufficiently reduced. Businessmen know that substantial profits can be realized with substantially lower prices if volume production is maintained.

Who is going to take the risks in this policy of price reductions? The only people who can take it—business. Business now has the risk in any event. The risks of failing to venture are greater than the risks of the venture.

If big business holds back from production and unemployment grows, an irresistible demand will arise which no responsible democratic government can ignore, for more rather than less Government expenditures. Increased Government expenditures will mean increased taxation, and big business, which already controls half of the corporate wealth of the country, will have to bear the major part of that burden.

MUST STIMULATE CONSUMPTION

It is time that business take a leaf from the book of one of its most successful captains. During the depression of the early twenties when other manufacturers were waiting for people to grow rich enough to buy automobiles, Henry Ford built a car which a man could buy without waiting to grow rich. What I may think of Mr. Ford's labor policy and many other of his policies is beside the point. His price policy still stands out as the most intelligent and imaginative business strategy in this generation. There is an even greater opportunity in the housing field for the suppliers of steel, lumber, cement, and gypsum if they only had a tithe of the enterprising spirit which Henry Ford had when Wall Street was gloomily predicting that the bankers had Henry on the run.

Henry Ford is not the only businessman who knows this lesson. The group headed by Mr. Gerard Swope and Mr. Owen Young have developed a business philosophy of "more goods for more people at less cost." One does not have to agree that all of their proposals are acceptable to find in this formula a practical objective toward which reasonable-minded men can work.

Mr. Lammot du Pont this week said to the manufacturers, "The bulk of responsibility for future social betterment should be placed on industry's shoulders. It belongs there. And industry accepts that responsibility." Every right-thinking citizen will agree. Industry must produce what the people consume. It must also provide the purchasing power either through wages or through taxes. Many have assumed there would be a way to evade the burden. Facing the responsibility is the first step in discharging the responsibility.

Again he said: "All forward-looking industrial activity is planned. It is based on what the planners believe will be the needs and conditions of 1, 5, 10, or even 20 years hence." Of course that is true. It would be just as true if it were said of government. Yet for some years business and its press have persistently denounced and ridiculed efforts at governmental planning. There can be no teamwork with unplanned plays by government and planned plays by business. The implications of Mr. du Pont's statement are that business must withdraw its opposition and that government must engage in planning parallel with that of business.

Mr. du Pont is also quoted as saying that it will take at least a few years of planned development to create the 3,000,000 industrial jobs that do not now exist but which are necessary to provide for the problem of unemployment.

If this is true, as I believe it is, then it means that government cannot now withdraw from the field of relief and public works, and that any sudden effort to do so would produce disaster. This frank and realistic statement of Mr. du Pont opens the door to consideration of what measures government should take in the interval.

Mr. du Pont asked two things of government as conditions under which private enterprise would go to work to keep the country in economic balance. He asked government to stabilize, over a long period of time, first, taxes, and, secondly, the legal rules under which industry operates.

INDUSTRY MUST PROVIDE EMPLOYMENT

Much as I appreciate Mr. du Pont's imaginative perception of industry's responsibility and of the low-price, high-volume policy through which alone it can meet that responsibility, I wonder if he was not putting the cart before the horse in stating his expectations of Government. For so long as the bulk of our economic enterprise is private, Government can stabilize neither taxes nor the rules of the game unless managers of private enterprise move first.

Take taxes, for instance. The yield of a tax rate depends substantially on the volume of business done by private enterprise. Likewise, the amount of revenue Government needs depends upon the volume of employment which private enterprise creates. For many years now, the highest cost of Government—the chief need for taxes—has been the necessity of caring for those toward whom private enterprise has not performed the responsibilities which Mr. du Pont recognizes. There can be no stability either in the rate or the amount of taxation until there is stability of employment.

Now, take Mr. du Pont's second requirement—that the legal rules of the business game be stabilized—in other words, that we should have no more reforms affecting business. If that can be done, I am sure it cannot be done until private enterprise first makes up its mind that it will not evade or disobey old laws so that it is constantly necessary to make new ones. The reason we are proposing additional antitrust laws is that the old ones have been evaded.

What are the kinds of laws of which business is complaining today? They are laws regulating the capital markets, laws relating to great public-utility companies, laws regulating banking, laws relating to discrimination between big purchasers and little purchasers, laws trying to force the distribution of corporation surpluses so that capital for new enterprises may be found free in the hands of the stockholders of old enterprises rather than be locked up in the treasuries of those old enterprises where they can be used only for the expansion of those old enterprises.

ECONOMIC POWER IN FEW HANDS

Fundamentally every one of those laws is an expression of the most basic political instincts of the American people—a fear of concentrated economic power in the hands of a few and a determination to break up that concentration. Every law of this kind is on the statute books because business refused to comply with standards a majority of people had accepted. From my experience with the antitrust laws I am convinced, for instance, that if ambitious leaders of business had been willing to adjust to public opinion rather than flout it at the time those laws were put on the statute books, hundreds of new regulations of business in the last 5 years would never have been necessary.

If private enterprise in America will do business in a way the American people will not fear rather than the way a few men bent on private power insist on doing it, there would be fewer laws regulating business in this country and fewer complaints of business against Government or Government against business. But with the present attitude of big business toward the effort

of the American people to protect themselves against bigger business, the only hope for an end of new rules to the game is for big business to adapt itself to and accept the present rules of the game.

What should Government do in the present situation?

In my personal opinion, Government should do the commonsense thing. It should give private enterprise all the assistance and encouragement that can be given without sacrificing the progress toward the preservation of American democracy which we have made in the last 6 years. It can give financial assistance by way of insurance and underwriting to help private enterprise break into new fields like housing, where the ground has never been thoroughly explored. It can correct specific inequities in the application of tax laws without, however, abandoning our American doctrine that taxes shall be paid in proportion to ability to pay.

But it does not need to surrender what it has gained for the protection of the many merely because the few with the greatest stake to protect insist on trading the last ounce of concession out of Government as the price of willingness to use capital which they may later have to contribute to Government in taxes if they do not use it now.

MORE COOPERATION NEEDED

In the meantime that leaves upon Government an obligation to resume the economic initiative. That obligation will last until such time as private enterprise has really learned how to provide the millions of new jobs Mr. du Pont predicts. It will last until there is more knowledge of modern economic conditions and more willingness to cooperate with democracy on the part of our great business leaders so that we can taper off from Government spending to private spending without having to surrender the liberties of the American people as the price.

I am confident for the future of the average American these days because I am confident that the President and the Congress of the United States will not fail to keep faith with the people, and because I am hopeful that there is growing up in private enterprise a new group of leaders who understand the responsibilities of private enterprise and its risks in a modern economy, and are not afraid of their own competence to play the game in the modern way.

Hourly Entrance Rates of Common Unskilled Laborers in 20 Industries, July 1937

EXTENSION OF REMARKS

OF

HON. JENNINGS RANDOLPH

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 13, 1937

BULLETIN FROM THE UNITED STATES DEPARTMENT OF LABOR STATISTICS

Mr. RANDOLPH. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following bulletin from the United States Department of Labor Statistics:

The average hourly entrance rate of common unskilled laborers in 20 industries was 51.2 cents in July 1937, according to an announcement made today (Saturday) by Commissioner Lubin, of the United States Bureau of Labor Statistics.

"There was a considerable differential in the average entrance rate per hour between different geographical regions," Mr. Lubin said. "The northern average amounted to 55.3 cents, as compared with 38.9 cents for the southern region.

"For the country as a whole, 14.7 percent of the common laborers in the industries surveyed received less than 40 cents per hour. In the South, 48.4 percent of these workers were paid under 40 cents. In the North, 3.5 percent averaged under 40 cents per hour.

"The number of common laborers paid 70 cents and over constituted 4.9 percent of the total. Nearly all of the common laborers receiving 70 cents and over were found in the northern region, the actual percentages being 6.3 in the North and 0.7 in the South."

The above figures are taken from the twelfth annual common-labor survey of the Bureau of Labor Statistics which will shortly be released. They cover 5,238 establishments in 20 industries with 222,555 common unskilled laborers on their pay rolls at entrance rates.

The 20 industries included in this survey were selected because they employ relatively large numbers of common laborers. Furthermore they represent a cross section of the various industries in the country. They include 16 manufacturing industries, 3 public utilities, and building construction.

Every State and the District of Columbia are represented in this survey. The southern region includes the South Atlantic, East South Central, and West South Central States, while the northern region embraces the remainder of the country. (See table 1.)

TABLE 1.—*Geographic classification of average hourly entrance rates of adult male common laborers, in 20 industries, July 1937*

REGION, GEOGRAPHIC DIVISION, AND STATE	
United States	$0.512
North	.553
New England	.495
Maine	.457
New Hampshire	.409
Vermont	.440
Massachusetts	.513
Rhode Island	.491
Connecticut	.522
Middle Atlantic	.550
New York	.520
New Jersey	.561
Pennsylvania	.561
East North Central	.560
Ohio	.557
Indiana	.565
Illinois	.594
Michigan	.542
Wisconsin	.510
West North Central	.527
Minnesota	.548
Iowa	.504
Missouri	.559
North Dakota	.438
South Dakota	.424
Nebraska	.481
Kansas	.501
Mountain	.548
Montana	.538
Idaho	.578
Wyoming	.550
Colorado	.542
New Mexico	.285
Arizona	.370
Utah	.492
Nevada	.514
Pacific	.586
Washington	.618
Oregon	.597
California	.558
South	.389
South Atlantic	.408
Delaware	.440
Maryland	.480
District of Columbia	.500
Virginia	.360
West Virginia	.532
North Carolina	.281
South Carolina	.235
Georgia	.267
Florida	.300
East South Central	.373
Kentucky	.432
Tennessee	.329
Alabama	.397
Mississippi	.322
West South Central	.375
Arkansas	.288
Louisiana	.332
Oklahoma	.419
Texas	.434

The petroleum-refining industry showed the highest average hourly entrance rate, with an average of 61.1 cents for the country as a whole. Five industries (iron and steel, slaughtering and meat packing, automobile parts, building construction, and paints and varnishes) averaged between 55 and 60 cents. Three other industries (chemicals, cement, and glass) had averages of 50 and under 55 cents.

TABLE 2.—*Hourly entrance rates of adult male common laborers, by industry and region, July 1937*

Industry	Average hourly entrance rate			Percentage of common laborers receiving less than 40 cents per hour		
	United States	North	South	United States	North	South
All 20 industries	$0.512	$0.553	$0.389	14.7	3.5	48.4
Manufacturing industries:						
Automobile parts	.554	.554	.....	2.9	2.9	.....
Brick, tile, and terra cotta	.457	.484	.319	20.4	10.0	74.3
Cement	.514	.553	.414	13.1	.....	46.8
Chemicals	.524	.590	.439	23.7	.1	53.6
Fertilizers	.364	.539	.279	62.2	7.2	89.0
Foundry and machine-shop products	.496	.507	.351	5.3	1.2	47.1

TABLE 2.—*Hourly entrance rates of adult male common laborers, by industry and region, July 1937*—Continued

Industry	Average hourly entrance rate			Percentage of common laborers receiving less than 40 cents per hour		
	United States	North	South	United States	North	South
Manufacturing industries—Con.						
Glass	$0.504	$0.509	$0.485	3.5	0.7	14.2
Iron and steel	.585	.595	.534	.9	.4	3.4
Leather	.477	.504	.387	10.3	2.0	39.0
Lumber (sawmills)	.437	.546	.245	44.9	15.1	97.4
Paints and varnishes	.552	.560	.412	2.3	.7	32.3
Paper and pulp	.477	.511	.396	14.5	1.7	44.8
Petroleum refining	.611	.642	.563	.9	----	2.2
Rubber tires and inner tubes	.481	.482	(1)	.8	(2)	(2)
Slaughtering and meat packing	.567	.582	.474	3.6	.4	23.4
Soap	.489	.490	(1)	28.1	(2)	(1)
Public utilities:						
Electric light and power	.459	.497	.381	15.5	4.4	38.3
Electric street railways and city motor bus operation and maintenance	.475	.500	.325	23.3	13.6	83.1
Manufactured and natural gas	.473	.494	.406	6.5	.4	25.6
Building construction	.553	.636	.382	14.9	1.8	42.3

[1] Less than 50 employees; no average computed.
[2] In order not to reveal plant identity, district figures are not given.

The industries with averages ranging from 45 to 50 cents were foundries and machine-shop products, soap, rubber tires and inner tubes, leather, paper and pulp, electric street railways and city motorbus operation and maintenance, manufactured and natural gas, electric light and power, and brick and tile and terra cotta. The lumber industry averaged 43.7 cents. The average in the fertilizer industry was 36.4 cents.

In each case where the figures are available for both regions, the averages in the North were considerably higher than those in the South. The smallest differential per hour appeared in glass, 2.4 cents; iron and steel, 6.1 cents; petroleum refining, 7.9 cents; and manufactured and natural gas, 8.8 cents. The highest differentials were found in lumber, 30.1 cents; fertilizers, 26 cents; and building construction, 25.4 cents. In the remaining industries the differentials varied from 10 to 20 cents.

In the northern region only three industries, namely, lumber, electric street railways and city motorbus operation and maintenance, and brick, tile, and terra cotta, had any appreciable number of employees paid less than 40 cents per hour.

The southern industries with the highest percentages of common laborers receiving less than 40 cents per hour were, lumber, 97.4 percent; fertilizers, 89 percent; electric street railways and city motorbus operation and maintenance, 83.1 percent; brick, tile, and terra cotta, 74.3 percent; and chemicals, 53.6 percent.

Neutrality

EXTENSION OF REMARKS

OF

HON. HERMAN P. EBERHARTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 13, 1937

Mr. EBERHARTER. Mr. Speaker, the subject of war is an important one in Congress, and consequently much talk of a new neutrality law will be heard. In the House an appeal for an amendment to the Constitution to provide for a popular referendum preceding any declaration of war was started. The Senate likewise has discussed the subject. During the special session already two war referendum proposals have been made to the Senate.

It is my firm belief that it is a most important duty of a present-day Congressman to lend his best efforts toward securing for the people of this country continued peace. While we should all be concerned with the subject of the maintenance of peace among our fellow human beings in other nations and among other peoples, nevertheless our first duty as Members of the Congress is to do those things which will establish and forever preserve the internal peace, safety, and comfort of our own people, our own citizenship.

Since the start of the Roosevelt administration to the present day, Congress has busied itself with the formulation of laws to correct abuses in the field of finance, to increase business, to alleviate some of the bad conditions in industry, and to find a correct method of solving the problems of the farmers. I shall not recount the many Federal statutes that have been enacted during this administration, in an attempt to correct the errors and mistakes of the past, and to encourage and reestablish on a sound footing these most important phases of American life.

But what will it profit us if business and finance again finds itself in a prosperous condition, if the free flow of commerce, international and internal, is again resumed to its full capacity, if the relationship of employer and employee resumes a peaceful course, and the farmer again finds a full and profitable market at home and abroad, if in the end our country should again, for some reason or other, be plunged into another world conflict?

Continued peace, so far as our own people are concerned, is something most devoutly to be wished for. For these reasons I repeat that it is one of the foremost duties of a Congressman to study this phase of human relationship and to do all things which will help keep our country at peace.

The Treasury of the United States no more than finds itself almost relieved of the heavy burden of paying pensions, veterans' benefits, and the cost of hospitalization of a previous war, than again it finds itself faced with another war. The Treasury records show that we are still paying pensions to widows of the soldiers of the War of 1812, and we are still paying pensions and giving benefits to the veterans of the Mexican War, the Civil War, the Spanish-American War, the Philippine Insurrection, the Boxer Rebellion in China, and, of course, the last war—to such an extent that in this fiscal year there was appropriated to the Veterans' Administration almost $1,000,000,000 for these purposes, representing almost one-quarter of the ordinary expenditures of Government during normal years.

Congress has not been entirely indolent or unmindful of its duty to further the cause of peace. Recently there have been enacted into law several neutrality acts, and from experience each one improving upon the other. The last Neutrality Act voted for by myself and a majority of Congress is generally known as the Neutrality Act of 1937. It prohibits the export of arms, ammunition, and implements of war to belligerent countries; the transportation of these items by vessels of the United States for the use of belligerent states; it makes mandatory the registration and licensing of persons engaged in the business of manufacturing, exporting, or importing arms or munitions, and also restricts travel by American citizens on belligerent ships.

In other words, this act attempts by statute to establish and maintain absolute neutrality on the part of American manufacturing interests, on the part of commercial interests, and on the part of each and every individual citizen of the United States.

I was never more happy in the performance of my duties as a Congressman than I was to support this act, which I think all citizens will agree is a distinct improvement on previous neutrality acts.

By this measure we also have changed the course and direction of old-established international law on the subject of neutrality. Heretofore it has been contended by nations not belligerents that they had the right and privilege of using their neutral ships to transport arms, munitions, and other basic materials of belligerent nations. By this act we have declared it to be a national policy that we do not wish to any longer exercise this right, and give notice to the nations of the world that no belligerent need expect from this country any help whatsoever so long as it is engaged in warfare.

We have left it to the discretion of our President, whosoever he may be, by proclamation, to declare that a state of war exists; and from that moment on the full force and effect of the Neutrality Act will come into play.

It is my firm belief that no world conflict can be sustained for any great length of time without the aid of American money or unless they procure the products of American manufacturers or the products of American farmers, and we hope that since we have taken this position other nations will think twice and pause before they engage in any warfare, or at least in any protracted warfare.

There is now before the Committee on Military Affairs of both the House and the Senate a bill which would give to the President, or any special board that he might select on the occasion of our becoming embroiled in any conflict, the power to draft not only the manpower but the commercial, manufacturing, and farming interests of the Nation, all to the end of effectuating a speedy conclusion of any such engagement.

It is the common belief, which I share most strongly, that one of the most important factors which impelled our entrance into the last war was the fact that our international bankers had loaned hundreds of millions of dollars to the allied powers, of manufacturers having extended credit and delivered hundreds of millions of dollars' worth of goods and implements of war, and also of our farmers having extended credit to the extent of delivering wheat, corn, and foodstuffs to the belligerent nations. From the fund of this and other experiences Congress has successfully drafted several neutrality acts and eventually concluded the enactment of the act of 1937, just explained.

In addition to the measures referred to, there is pending in Congress a joint resolution, commonly known as the peace amendment to the Constitution.

If this amendment is adopted, its effect will be that Congress, when it deems a national crisis exists, may, by concurrent resolution, leave the decision to the citizens of our country, the question to be voted on being, "Shall the United States declare war on ———?" naming the nation. Whenever war is so declared the President shall immediately conscript and take over for use by the Government all public and private war properties, yards, factories, and supplies, and fix the compensation for private properties temporarily employed for war purposes. This proposed peace amendment has one exception which is, in the event of an invasion of the United States or its Territorial possessions, Congress shall retain the authority to declare war, but only in that emergency.

I believe it might be a blessing in disguise that the several billion dollars owing to this Nation, representing money loaned to the allied belligerents to conduct the World War, have not been paid. I do not mean to be understood as saying that these debts should not be paid, because I feel that these nations hired this money and should pay it back, and that it is a just debt. But since these hard-earned American dollars have not been repaid by the Allied Powers, saving and excepting the annual payments of principal and interest on the part of little Finland, Congress has passed the statute commonly known as the Johnson Act, which in effect forbids the lending of any money on the part of private or public interests in this country during peacetime or wartime to any country that is in default on its wartime debts.

After all, a people cannot conduct war without the wherewithal to buy the things necessary to prosecute that war, and since the United States stands in the very happy position of owning almost one-half of the monetary world's gold, and of owning and possessing such great natural deposits of coal, of copper, of iron, and of oil, and the things that are so essential to the conduct of warfare, I repeat again, that I cannot see how any nation can conduct a protracted war without the aid of the United States. Since we forbid that aid by law, those foreign countries would have to go it alone.

Of course, it must be thoroughly understood on the part of every American that in order for this country to assert its neutrality policy, it is necessary, more than ever before, that we must have the show of force behind our policy so declared. How effective do you suppose a country could be in its assertion that it will not sell vital materials for war, if it were not able to defend itself against the usurpation, or the deliberate taking of such materials by belligerents? Therefore, it has been necessary during this administration, while it inaugurated and approved new bills for the purpose of keeping peace in the family of nations, also to amplify and supplement our Army and Navy and our air forces, if for no other reason than to stand ready to assert and defend our policy of neutrality.

All of us are witnessing the tragedies that are passing across the stage of human life at this moment, the tragedy of the aggression of the Imperial Government of Japan upon an ineffective and impotent China; the tragedies of the imposition of dictatorships upon other helpless peoples; the regeneration of old racial hatreds between nations of continental Europe; the upbuilding of war machines, which the leaders of these countries openly declare are being built up for a world conflict.

Never before have your Congressmen been more impressed with the importance of doing those things, in peacetime, which will conserve the peace of our Nation and the tranquility of our people. Every American is entitled to assurances of security. I, as a Member of Congress, shall bend every effort to the end that they shall have a firm feeling of security, and I can say frankly that I believe most of my colleagues entertain the same point of view as I do on this most important question.

I conclude by congratulating the Roosevelt administration, its leaders, and the Congress, for their untiring efforts in doing the things which we believe will set up this country as an examplar for the cause of peace. In the meantime, we must exert eternal vigilance. We must participate as best we can in all conferences the object of which is to serve the holy cause of peace, and I want the people of my district and my State and the Nation to know that I stand ready and willing at all times to aid in this cause and to fight the fight for peace

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The Business Recession—Is There a Quick Way Out?

EXTENSION OF REMARKS

OF

HON. HERMAN P. EBERHARTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 13, 1937

Mr. EBERHARTER. Mr. Speaker, the Congress of the United States, the Nation's supreme lawmaking body, has just completed the fourth week of its extraordinary session.

The President called this special session to have the Congress deal with four important problems which it failed to solve with suitable laws at the regular session which adjourned in August. His four-point program embraced:

First. Regulation of wages and hours in industry.

Second. A farm bill.

Third. Regional planning.

Fourth. Governmental reorganization.

When Congress convened, everyone realized a serious decline in business was under way. Naturally, a corresponding decrease in private employment accompanied the decline. This downward spiral has continued through the recent weeks to a point where it now is alarming. A great portion of our cities' mills and factories operate in the district which I represent in Congress, and I need no charts or graphs to realize how large a number of workmen in them have been laid off recently. I believe that the situation should be faced calmly and with requisite realism. And I intend to do all in my power to have it met promptly by all concerned.

When Congress convened, no part of the program called for tax reduction. A loud hue and cry went up from organized business demanding relief from certain taxes and Members of Congress, generally, I believe, lent an attentive ear.

For example, I had heretofore favored the enactment of the law which taxes undistributed corporate profits. After

observing the effect of this law and listening to objections to it from businessmen, I came to the conclusion that a more effective revenue-raising measure could be substituted, and so publicly declared myself. Business, I think, can expect such reasonable cooperation from the average Member of Congress.

Unless I am seriously mistaken, Congress, as a whole, is in a mood to grant every necessary concession to industry and business to the end that production and trade may increase and unemployment diminish.

The only limit that I, personally, find Congressmen putting on these adjustments are those which surround our enlightened concepts of social justice, which, I am sure, no true American wants to abandon, when he looks back on the general good they wrought from 1933 to 1937.

So much for the attitude of Congress in this crisis. Now, what about business?

Is business on a sit-down strike?

Well, it is hard to say, but that eminent economist, Roger W. Babson, tells a Philadelphia audience that an "investors' and buyers' sit-down strike" exists.

Then, too, I read in one of those letters gotten out for businessmen at a nice price by usually self-ordained, so-called expert observers in Washington that "Corporations should now consider the advisability of refraining until January 1 from capital expenditures for improvement, replacement, expansion, and so forth."

The United States Chamber of Commerce issues a blast against the wage and hour bill, scheduled to come before the House on Monday, opposing not only this particular bill but the general idea of fixing maximum hours and minimum wages in industry.

The National Association of Manufacturers holds a 3-day session in New York City and hears Mr. du Pont, one of the Nation's foremost tycoons of industry and finance, proclaim the availability of a $25,000,000,000 plan of expenditure and development on the part of industry, which would eventually eliminate poverty and unemployment. Mr. du Pont's proposal involves: First, the planned development of new products; second, widening the market for existing products through lowering costs; and, third, the maintenance of a "rule of fair return" for all effort, not excepting capital effort.

To put this plan into effect he asks a threefold pledge from Government: First, stabilization of taxes over a definite period; second, stabilization of fair laboring conditions over a definite period; and, third, immediate stabilization of the "legal rules" under which business must operate, subject only to "unmistakable demand" for amendment.

Mr. du Pont most significantly adds that "the actual rate of taxes or the actual wage rates together are not as important as stabilization."

His plan is encouraging, but is lessened in apparent effect when, adjourning 2 days later, the manufacturers adopt resolutions calling for sweeping revision of the Wagner Labor Relations Act and vigorous opposition to the pending Federal wage and hour bill.

Now, surely every industrialist at this conference is aware that the Wagner Act was enacted in fulfillment of a pledge which a President and a majority of Congressmen and Senators made definite in the platform on which they were voted into office. If, here and there, there have been errors of administration or mistakes on the part of individuals, they can be ascribed to lack of precedent, and they occur every time an entirely new law is put into operation. The Wagner law may stand improvement but certainly not "sweeping revision."

With respect to the wage and hour bill, the manufacturers are similarly asking the President to deny the people something he promised them in the campaign of last year. His overwhelming reelection demonstrated clearly that the citizenry of this country wants a maximum set for hours of work in industry and a minimum hourly wage rate established. The electorate never expressed itself more distinctly than in November of 1936.

My attitude in public office always has been to recognize the necessity of fairness to the employer as well as the worker. I assure my listeners that all Allegheny County Congressmen are extremely anxious to render the fullest assistance to the industry of Pittsburgh and Allegheny County. When our aid is asked, it is available.

On the other hand, for any organized group to ask an elected public official to fail to vote in favor of legislation after he has promised his constituency he will do so is unethical.

Business and industry, I submit, rather than opposing a wage and hour bill, as such, more appropriately should be seeking to get the best bill possible. No fault might be found with the organized forces of industry if they merely sought specific changes in the particular bill now in the House.

I, myself, oppose certain of this bill's features. I feel that Congress, industry, and labor huddled around a conference table in mutual confidence, can produce a bill which will wipe out more evils from American mills and factories than any single law ever has done heretofore.

I commend to industry a slightly different attitude than I have sensed on its part of late. The idea may exist that the current recession has the Chief Executive on the run. I think this is far from the case and believe that the President can still take the issues to the people and crystallize sentiment in his favor. This seems particularly true because of the vital principles of social and economic justice which have been woven into the very laws which industry finds itself most desirous of amending, and those proposed laws which it finds itself anxious to block.

It is, I feel, for industry to approach the coming conferences on Capitol Hill in a spirit of cooperation.

With cooperation much can be accomplished to restimulate recovery and much more can be accomplished for the relief of industry in its own private operations.

Take the Du Pont plan, for example. Then couple it with other available opportunities for accelerating the flow of business and the rate of private employment. Add housing, which performs such a happy twofold purpose in government participation, namely, that of giving work and business to a hundred trades and industries and at the same time providing modern sanitary and healthful living quarters for the worker in the lower income brackets.

I believe that if the whole part of the Du Pont $25,000,000,000 plan cannot be launched immediately, then a portion certainly can be under way, as Congress goes through its program in the regular session, which begins in January. I still have enough faith in the American businessman to expect him to join the movement and participate to the extent to which Congress gives business relief as it produces the laws.

I say that it is the duty of business to do this to the fullest extent possible, and that its good faith will be estimated in proportion to its willingness to organize the program which Mr. du Pont so glowingly and ably expounded.

As far as our city and county are concerned, housing offers a great hope of unemployment relief.

Heaven knows we need better housing.

Ten millions of dollars have been earmarked tentatively for the city of Pittsburgh by National Housing Administrator Nathan Strauss. Allegheny County has organized its housing authority and is in a fine position financially to start promptly a wide and effective housing program.

I have had discussions of the county's intentions with chairman of the board of county commissioners, John J. Kane, and knowing him to be a man of action, I feel certain that the county commissioners will have a sizable project of housing under way next summer.

It appears that it is the county commissioners' intention to build new low-cost houses on sites now vacant, notably, within close proximity of two great new industrial plants in the county, the Irvin Works of the Carnegie-Illinois Steel Co., now under construction in Mifflin township, and the Hayes Auto Wheel Works to be built on Neville Island.

In addition to these proposed housing projects, our city and county should be in the very happy state of being the scene of great public improvements when the weather breaks in the spring. At that time the county government, it is

estimated, will have about $10,000,000 worth of public construction under way and the city a considerable amount, in addition to numerous W. P. A. projects. This activity will contribute greatly to the work for men in mills, mines, and foundries which supply the materials for roads, bridges, buildings, and so forth.

Before my election to Congress I was disposed to deplore the relatively meager Federal assistance which our local governmental bodies had up to that time received. In retrospect, perhaps this was good fortune. Naturally when Federal grants are obtained they involve larger expenditures by the local communities. Every dollar still unspent represents a carry-over of strength to fight the plight we are in now.

Thus housing and public works, within the next 6 months, can reasonably be expected to get public dollars into action.

Accompanying this should be a willingness on the part of private business to put private dollars to work. I can find nothing in the program of the President or the state of mind of Congress to scare the man of affairs from proceeding with confidence.

One of the four points in the proposal for this special session is one which private industry and its observers on Capitol Hill have sought for decades—namely, governmental reorganization. That, it would seem, is within grasp in the coming regular session, and business should put its large shoulder to the wheel, for this reorganization is something which only the old line professional politician would attempt to thwart.

Let us all—businessmen, workingmen, professional men, public officers, and plain Mr. John Q. Public—turn our collective mind to a grave problem.

Let us return to the amiability, the cooperation, and the wholehearted and general eagerness to rise and go ahead that marked the early part of 1933 when we were prostrate from an economic calamity.

Let us all just remember that we are Americans and that we must and can go forward.

And we will.

Freedom of Press—Statement of J. Warren Madden, Chairman of National Labor Relations Board

EXTENSION OF REMARKS

OF

HON. MAURY MAVERICK

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, December 13, 1937

STATEMENT BY J. WARREN MADDEN, CHAIRMAN OF THE NATIONAL LABOR RELATIONS BOARD

Mr. MAVERICK. Mr. Speaker, under leave to extend my remarks, I include the following statement by J. Warren Madden, Chairman of the National Labor Relations Board:

The action of the National Labor Relations Board in issuing a subpena to an editor of a trade magazine has been the subject of some discussion. Much of the comment has related the Board's action to the constitutional guaranty of freedom of the press. There seems to me to be no such relation. The proceeding in which the editor was called to testify and produce evidence is one in which the Board has charged a manufacturer of steel with violation of the National Labor Relations Act by interfering with the right of his employees to join a union of their own choice. The editor is thought to have information and papers which would tend to prove or disprove that charge. The Board's subpena is merely the legal way of calling upon him to produce such information and papers. If a merchant or a teacher or a farmer had such evidence, everyone would expect him to respond to such a call and assist his Government in the enforcement of its laws. How does the fact that the witness is an editor change the situation?

The freedom of the press, which is guaranteed by the Constitution, is, broadly, the right to gather and print information and opinion without submitting to censorship in advance of printing and without being penalized for publication unless the matter published is obscene, libelous, or otherwise in violation of some valid law or regulation. This does not mean that if a newsgatherer or an opinion seeker, in the course of his work, observes a violation of law, he may not be asked by public authority to give evidence of that violation. And it certainly does not mean that if the publisher himself, either knowingly or unwittingly, permits the writing and printing to be used as a part of a course of conduct which is in violation of the law, he may not be asked to give evidence as to what he knows about that course of conduct.

I have observed over a period of years a number of cases of this type. A story is written in a newspaper about the criminal activities of gangsters or other habitual lawbreakers. The story indicates that the writer must know a good deal in detail about who the criminals are and what their part is in the violation of the law. The grand jury or other investigating body calls upon the reporter to give evidence as to what he apparently knows. The reporter takes the position that he has worked hard in his profession to obtain the story, that if he discloses the source of his information it will hamper him in getting a story the next time because people will be unwilling to confide in him, and that the law-enforcement authorities ought to get out and gather their own evidence and not make use of the skill and diligence which he has exercised in his profession.

In his claim of exemption from the duty which the ordinary citizen has of assisting in the enforcement of law by giving evidence of its violation the reporter can point to legal rules which exempt the lawyer, the doctor, and the priest from testifying as to professional confidences. These are exemptions which have developed in the common law over many years and are regarded as useful social devices. No one has ever, so far as I know, supposed that there is any constitutional barrier to changing these rules if the courts or the legislatures should conclude that they are no longer useful.

But as to the reporter or editor, no court that I have observed has ever permitted the exemption. Some reporters have gone to jail or paid fines for contempt of court when they persisted in refusing to disclose their sources of information, but it has not been charged in such instances that the judge was violating any constitutional right of freedom of the press. The point is that there is not only no constitutional immunity for editors and reporters from disclosing what they know of violations of law but not even any day-to-day legal immunity from the same obligation which applies to other citizens.

The constitutional fathers used the concise expression, "Freedom * * * of the press." Some editors are interpreting this concise expression substantially as follows: "No publisher or editor shall be required by any public authority to appear and give testimony in any trial or hearing as to violations of law of which he has knowledge or in which he has participated if his knowledge was gained or his participation occurred in the course of gathering, writing, printing, or distributing matter which was to pass or had passed through a printing press." I cannot believe that the makers of the Constitution had any such intention.

Criticism of the National Labor Relations Act, or the Board, or its work has no relation to the problem. That right has been and must be conceded to writers, and I may observe, has been generously exercised by them.

Discharge of Rules Committee of Wage and Hour Bill

EXTENSION OF REMARKS

OF

HON. CHARLES A. WOLVERTON

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, December 13, 1937

Mr. WOLVERTON. Mr. Speaker, while the immediate question before the House relates to whether the Rules Committee shall be discharged from further consideration of the wage and hour bill, yet the underlying and more fundamental question is whether the House shall consider the bill, or whether a few members of the Rules Committee shall be permitted to prevent such consideration.

It seems to me that the whole purpose of representative government is destroyed if a mere majority of a committee, comprising a very small part of the full membership of the House, is to be permitted to withhold a subject of legislation from the consideration of the entire membership. To do so is, in effect, to legislate for the House. There is no justification to permit the few Members who hold membership on the Rules Committee to deny to all other Members the right, duty, or responsibility of passing upon legislation as important as the wage and hour bill, nor any other legislation that has had the approval of the appropriate committee of Congress.

With reference to this particular measure the RECORD will show that it was passed by the Senate, approved by the House Committee on Labor, and reported to the House by almost the unanimous vote of the committee. For a long period of time there has been a strong and insistent demand for legislation that would eliminate subnormal working conditions. The Rules Committee, notwithstanding a widespread demand that such legislation should be given consideration, and the apparent desire of the House membership to do so, has nevertheless used its prerogatives to prevent the House from taking any action either for or against. The only alternative that remained to the membership of the House under these circumstances was for 218 of them, a majority of the whole House, to sign a petition that the Rules Committee be discharged from further consideration of the bill. The necessary number signed the petition, and, consequently, the question is now before the House to discharge the Rules Committee of further consideration of the bill.

Thus it will be seen that the immediate question does not go to the merits of the bill, but solely and entirely whether it shall be considered by the whole House. If this motion prevails, and thereby consideration of the bill by the House is ordered, then it will be appropriate to consider the provisions of the bill, suggest amendments, and vote for or against the bill.

It is my intention to vote in favor of the motion to discharge the committee in order that the question of wage and hour legislation may be decided upon the floor of the House, and, by a direct vote of the entire membership of the House instead of by a vote of a few Members of the House constituting the Rules Committee.

Many times during my membership in this House I have been faced with a similar issue. In each instance I have taken the same position that I do now, namely, that the times in which we are living, with the unusual conditions that confront us, and the vital character of the problems that call for solution, demand and require not only clear thinking and honesty of purpose, but, in addition, a willingness to meet every question relating to our national welfare, especially when it affects any considerable number of our people, in an open and frank manner upon the floor of the House rather than behind the closed doors of a committee room.

I am strongly of the opinion that public questions of national concern and public interest which are subjects of legislation should not be stifled or smothered by parliamentary procedure without full, free, and frank discussion and vote of the House.

Therefore, Mr. Speaker, my vote will be cast in favor of the motion to discharge, because I firmly believe that the public good is best served when the Members of the House have the opportunity to express by direct vote their convictions on any important subject of legislation.

Milk Testing

EXTENSION OF REMARKS
OF
HON. JOHN LUECKE
OF MICHIGAN
IN THE HOUSE OF REPRESENTATIVES
Monday, December 13, 1937

LETTER FROM W. A. AYRES, CHAIRMAN OF THE FEDERAL TRADE COMMISSION, IN REPLY TO A LETTER FROM HON. JOHN LUECKE, OF MICHIGAN, ON THE SUBJECT OF MILK TESTING

Mr. LUECKE of Michigan. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter from Mr. Ayres, chairman of the Federal Trade Commission, in reply to a letter of mine on the subject of milk testing:

FEDERAL TRADE COMMISSION,
Washington, December 11, 1937.

Hon. JOHN LUECKE,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: This is in reply to your letter of December 8, 1937, relative to certain alleged irregular practices on the part of condenseries and cheese plants in the State of Michigan and elsewhere in the testing of milk for butterfat content, with respect to which you request an investigation by the Commission.

It would not appear, from the Commission's knowledge of the marketing methods involved in the buying and shipping of milk and/or cream, that the practices to which you call attention are such as would come within its jurisdiction or would lend themselves to corrective action under the laws it administers. While some milk from direct shippers moves across State lines and is tested after reaching the plant of the buyer, the buying and testing of milk and/or cream is primarily an intrastate transaction. In view of this fact, any irregularities with respect to testing would appear to be a matter to which the State should give consideration.

It is our understanding that several States have already enacted laws for the purpose of preventing the practices set out in your letter. Possibly the first State to enact such legislation was Indiana. This act is entitled the "Creamery license law." I am also informed that States with an identical or similar law are Kentucky, Illinois, Iowa, and Nebraska. It also appears that your own State of Michigan has such a law. The particular law in question may be found in Public and Local Acts, Michigan, Regular Session of 1935 (No. 212, p. 344). For your ready reference we are enclosing herewith a copy of the particular section of the law covering the situation.

With best wishes,
Very truly yours,

W. A. AYRES, *Chairman.*

Fair Labor Standards Act

EXTENSION OF REMARKS
OF
HON. CLAUDE A. FULLER
OF ARKANSAS
IN THE HOUSE OF REPRESENTATIVES
Monday, December 13, 1937

LETTER FROM THE PRESIDENT OF THE AMERICAN FEDERATION OF LABOR, WITH AN ANALYSIS OF THE PRESENT WAGE AND HOUR BILL

Mr. FULLER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following letter from the President of the American Federation of Labor, together with the analysis of the present wage-hour bill referred to therein:

WASHINGTON, D. C., *December 10, 1937.*

Hon. CLAUDE A. FULLER,
House Office Building, Washington, D. C.

DEAR SIR: I enclose a copy of an analysis of the provisions of the amended Fair Labor Standards Act which, I have been advised, will be reported by the House Committee on Labor for consideration and action.

This is an accurate analysis of the power which will be vested in a single Government administrator by the provisions of the proposed legislation. It is inconceivable that Congress would vote to confer upon a single Government administrator such broad, definite, and comprehensive power. Under this amended act the power of the board, as provided for in the original measure (to consist of five members), would be vested in a single administrator.

The opposition of the American Federation of Labor is based upon this analysis of the amended Fair Labor Standards Act. We hope you will agree with this position assumed by the American Federation of Labor.

Respectfully submitted,

WM. GREEN,
President, American Federation of Labor.

ANALYSIS OF FAIR LABOR STANDARDS BILL, AS AMENDED BY HOUSE LABOR COMMITTEE

PART I—PROCEDURE

The only difference between the set-up for the Administrator and for the Labor Standards Board occurs in the power of the Government agency in one case only, that is, in the power of the

Government agency to modify the recommendations of the committee as to what are proper minimum wages or maximum hours in a given industry, when the committee has been called into action, and after a public hearing has been had on the committee's recommendations.

In the case of the board, it can issue an order embodying conclusions which are different from the recommendations. In the case of the Administrator, if his conclusions are different than the recommendations, he cannot issue an order adopting them, but can only reject the recommendations and refer the matter back to the same or to a new committee for new recommendations.

But this difference is more apparent than real, for the Board would have to have new evidence adduced at the public hearings to justify its changed conclusions, or those changed conclusions would be arbitrary and subject to judicial reversal if different than the committee's conclusions based on adequate evidence.

But the same evidence adduced at the public hearing before the Administrator would invalidate the order of the Administrator adopting the committee's recommendations, which are not based thereon, and would require the same or a new committee to whom the matter was resubmitted by the Administrator to come to the same conclusions to which the Board would come on the same record, where the Administrator disagrees with the recommendations of the original committee.

Except for this power to modify the committee's recommendations, the powers of the Board and the Administrator are identical in respect to orders on minimum wages and maximum hours, thus:

(a) Both the Board and the Administrator alone decide when a committee should be appointed to determine the proper wages and hours in a given case.

(b) Both the Board and the Administrator alone determine what occupation, what employers, and what employees shall be considered by the committee.

(c) Both the Board and the Administrator alone determine what locality should be covered by the committee's recommendations.

(d) Both the Board and the Administrator alone determine whether collective bargaining is ineffective or inadequate in a given occupation to warrant investigation by the committee.

(e) Both the Board and the Administrator alone determine whether collective bargaining does or does not cover a substantial number of employees in a given occupation, to warrant the committee making an investigation.

(f) Both the Board and the Administrator alone determine the classification of employees to be covered by the investigation of the committee and the order, whether by craft or by industrial unit; and if so, how extensive in each case.

(g) Both the Board and the Administrator may issue an order adopting the recommendations of the committee as to hours and wages.

(h) Both the Board and the Administrator may reject the committee's recommendations and may resubmit the same to that committee or to a new committee.

(i) Only in the case where the recommendations of the committee are rejected, and the Government agent desires to issue an order without resubmitting the same to another committee, does the difference in procedure exist.

PART II. POWERS

The powers of the Board and the Administrator are the same in every respect other than that above stated in the administration of the act; thus:

1. The Administrator alone defines and limits who are executive, administrative, professional, or outside salesmen for the purpose of determining whether they are employees and come under the law (p. 4, sec. 7).

2. The Administrator alone appoints all employees he may deem necessary to carry on the work, without requiring confirmation by the Senate (p. 11 (c)).

3. The Administrator alone appoints all attorneys to represent him, unless he designates the Attorney General to represent him in a particular case (p. 12 (d)).

4. The Administrator alone determines whether the conditions exist to justify investigation such as—

(a) Whether substantial number of employees in any occupation are employed at wages and hours inconsistent with the policy established by Congress.

(b) Whether the investigation will interfere with, impede, or diminish in any way the right of the employees to bargain collectively (p. 19 (b)).

5. The Administrator alone appoints the wage and hour committee to investigate a particular occupation or case, and in so doing—

(a) Picks particular persons to represent the employers and the particular persons to represent the employees from the list of nominations submitted by employers and employees.

(b) Nominates the particular persons to represent the public, including the chairman of the committee.

(c) Determines the reasonable compensation for the members of the committee (p. 20 (c)).

6. The Administrator may bring before the wage and hour committee any witness whom he deems material (p. 20).

7. The Administrator alone determines whether the standards recommended by the wage and hour committee have been made with due consideration to the policy established by Congress, and if he finds that it has not, he may reject its findings.

8. The Administrator alone determines whether a hearing shall be had, and at what time and place the same shall be had, to consider the standards recommended by the wage and hour committee (p. 22 (h)).

9. The Administrator alone determines whether the standards proposed by a wage and hour committee, after a hearing, are in conformity with the policy established by Congress; and if so, whether an order should be issued covering the same (p. 23 (h)).

10. The Administrator alone determines the length of time within which a committee should submit its recommendations, and determines when to discharge the committee for failure to act within such period.

11. The Administrator alone determines whether to submit a matter to the same committee, or to a new committee, whenever the administrator has rejected, before or after hearing, the recommendations of the committee (p. 25 (i)).

12. The Administrator alone determines whether collective-bargaining agreements do or do not cover a substantial portion of employees in any occupation (p. 24 (b)).

13. The Administrator alone determines whether existing facilities for collective bargaining in any occupation are inadequate or ineffective to accomplish the purposes of the act (p. 24 (b)).

14. The Administrator alone determines, with respect to overtime—

(a) When overtime is or is not oppressive.

(b) The extent to which overtime should be permitted in any occupation.

(c) When overtimes does or does not circumvent the act.

(d) The terms and conditions relating to overtime employment.

(e) Wage rates to be paid in overtime employment.

(f) Maximum number of hours of employment and the maximum number of days per week for overtime employment.

15. The administrator alone determines, with respect to exceptions to hours and wage orders—

(a) When employment is of a special character.

(b) When qualifications of employees are limited.

(c) What wages, terms, and conditions of employment should exist for learners and apprentices.

(d) When substandard wages, how much, and for what period of time, and to whom they should be paid in any employment on account of the employees having impaired earning capacity through age or physical or mental deficiency or injury (p. 27 (b)).

16. The administrator alone determines whether to issue an order against intrastate producers to eliminate certain practices, and for that purpose he alone determines whether conditions exist, including—

(a) Whether the production intrastate is under substandard labor conditions.

(b) Whether the goods produced under such substandard labor conditions compete to a substantial extent in that State with other goods produced in other States under proper conditions (p. 28, sec. 8).

17. The Administrator alone determines in connection with every labor standard order:

(a) Employers to be covered by a labor-standard order.

(b) The classification of employees to be covered by a labor-standard order, whether by craft or industrial or plant basis.

(c) The classification of employments within an occupation to be covered by a labor-standard order.

18. The Administrator alone determines the terms and conditions for the restriction or prohibition of industrial home work (p. 34).

19. The Administrator alone determines with respect to the holding of hearings:

(a) The time and place for any hearing.

(b) He may call a meeting on his own motion.

(c) When a person other than a labor organization has a bona fide interest to entitle him to file a complaint for a hearing.

(d) Whether the hearing shall be before him or before a particular officer or employee of his division, designated by him (p. 35).

20. The Administrator alone determines with respect to investigations:

(a) When to investigate, and what to investigate, regarding wages, hours, conditions, and practices of employment in any occupation.

(b) May inspect any place or records and make transcripts.

(c) May investigate to see if any person has violated or is about to violate the act or any order or to aid in the enforcement of the act.

21. The Administrator alone, with respect to any investigation or proceedings, may administer oaths, subpena witnesses, take evidence, require the production of books, papers, correspondence, or any papers of any employer deemed relevant or material to the inquiry.

22. The Administrator alone may determine whether a person is or is about to violate the act or an order, and on the basis of which he may bring action in the courts to enjoin such violation or prospective violation (p. 39, sec. 12).

23. The Administrator alone may determine what records every employer shall keep as to persons employed, the wages, hours, conditions, and practices of employment, the period of time during which the record shall be preserved, what reports therefrom shall be made to the administrator (p. 40, sec. 13).

24. The Administrator alone may determine when an order to make, issue, amend, or rescind any regulation or any order necessary or appropriate to carry out the provisions of the act.

25. The Administrator alone defines the technical and trade terms used in the act.

26. The Administrator alone determines the form and manner in which complaints may be filed and proceedings instituted; and determines the procedure to be followed in any hearing or proceedings before the Administrator or committee (p. 43, sec. 15).

27. The Administrator alone may classify persons and matters and prescribe different requirements for different classes of persons or matters.

28. The Administrator alone determines the effective date for any regulation or order.

29. The Administrator alone determines when he should exempt any goods from the prohibition in the act covering the sale and transportation of goods in interstate commerce, and whether the conditions exist warranting such exemption, including—

(a) Whether the persons having an interest in the goods had reason to believe that any substandard labor conditions existed with respect to these goods;

(b) Whether the exemption is necessary to prevent undue hardship;

(c) Whether the exemption is necessary to prevent economic waste;

(d) Whether the exemption is detrimental to the public interest;

(e) The terms and conditions under which the exemption shall take place;

(f) Whether adequate provision has been made for employees operating under substandard conditions and the reparation to which such employees are entitled under the act (46 (c)).

30. The findings of fact by the Administrator, when supported by evidence, shall be conclusive in a court of law, unless the court finds that the findings are arbitrary and capricious.

PART III. CONCLUSION

All the objections which exist against the administration of the act by a board and all the dangers inherent therein exist in aggravated form under the set-up of the Administrator; this for the reason that in the case of the Board there are five minds functioning of persons selected from different localities and with a representative of labor thereon. The principle of checks and balances therefore may apply in the case of the Board, but not in the case of one administrator. If the Board is dangerous, even under such circumstances, and unacceptable, certainly the Administrator is even more dangerous and should be rejected.

In the proposed set-up of the Administrator, moreover, there is a special provision that—

"The Administrator is authorized to administer all of the provisions of this act as otherwise specifically provided, and his determinations and labor-standard orders shall not be subject to review by any other person or agency in the executive branch of the Government."

This provision should be considered with the provision—

"The review by the court shall be limited to questions of law; and findings of fact by the Administrator, when supported by evidence, shall be conclusive unless it shall appear that the findings of the Administrator are arbitrary or capricious."

These provisions apparently were intended to create an independence in the Administrator to reinforce his power and to make him immune from any reorganization bill or any other influence from the President, or otherwise, and to make him subject to judicial review only under circumscribed conditions not involving his discretion. He therefore would have in his control the power to destroy entirely industrial organizations, communities, labor unions, collective-bargaining agencies, and determine the conditions under which these respective communities, organizations, and agencies shall function or shall live.

Guns and Gangsters

EXTENSION OF REMARKS

OF

HON. EMANUEL CELLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, December 13, 1937

A DISCUSSION BY HON. EMANUEL CELLER, OF NEW YORK, AND HON. BRIEN McMAHON, ASSISTANT ATTORNEY GENERAL OF THE UNITED STATES

Mr. CELLER. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include the following discussion by myself and Hon. Brien McMahon, Assistant Attorney General of the United States, broadcast over the Columbia Broadcasting System, New York, December 11, 1937:

Congressman CELLER. I am glad of this opportunity to discuss with an official of the Department of Justice the problem of the traffic in firearms, something of real concern not only to your Department, Mr. McMahon, but to the Members of Congress. The American public was shocked a few weeks ago by the incident which occurred at Bangor, Maine, and which revealed a fact which is not generally known—that under the laws of many of our States all that a desperate gangster has to do if he wants to replenish his arsenal is to walk into a hardware store, put his money down on the counter, and walk off with an instrument of death.

Mr. McMAHON. Yes, Mr. Celler; it was a vivid illustration of the laxity of our firearms laws. Here were Brady, Dalhover, and Shaffer, three of the most notorious gangsters in the country. They were wanted for numerous crimes, including the murder of two police officers and a private citizen, bank robberies, and violation of the National Stolen Property Act and the National Motor Vehicle Theft Act.

In their haste in fleeing from Baltimore some months previous they were forced to abandon an arsenal. They then set about to get more guns. Bangor was one of the stops. They walked into the hardware store, purchased two revolvers, and promised to return at a later date. The point that I would stress is that they got those two revolvers without any more trouble than the asking and the purchase price.

Congressman CELLER. What can we up on the Hill do about it? In 1934, at the request of the Attorney General, we enacted the National Firearms Act. It was generally understood, I believe, at that time that the passage of the measure would deal a pretty heavy blow to the traffic in firearms. Certainly that's what we wanted to do.

Mr. McMAHON. Yes; the Firearms Act helped. But you remember, Congressman CELLER, that as that measure passed it applied only to certain kinds of firearms. As the Attorney General drafted the act, it applied to pistols and revolvers as well as to machine guns and other weapons. When it was enacted pistols and revolvers were stricken from the measure, and it was left applicable only to machine guns, submachine guns, sawed-off shotguns, and silencers. On these weapons we have made real headway. There is no question about it. You see, it requires everyone possessing such a gun to register it. If he doesn't register it, and we catch him with it, he is liable to fine and imprisonment. Furthermore, when a man purchases such a gun he must give his fingerprints. That is something the honest man is willing to do. It is something the crook won't do.

Congressman CELLER. Well, let's get back to this Brady case. Do you mean that what the Attorney General recommends—and I understand, by the way, that he plans to renew his recommendation to this Congress—is that when a man goes in to buy his firearm he must give his fingerprints and other identification information? In other words, if I understand you, the Attorney General would make it impossible for a hardware dealer to sell a weapon to a Shaffer or a Brady or a Dalhover until the person had furnished his fingerprints and those fingerprints had been placed on file in Washington?

Mr. McMAHON. Exactly. And we feel that the pistol is just as dangerous an instrument as many of the guns covered by the present act.

Congressman CELLER. Yes; and I have noticed an interesting fact, Mr. McMahon, that in the ganster's arsenal today you don't find as many machine guns as you did before 1934. We have been able to deal a real blow at the machine-gun traffic. From what I have observed, the ganster's arsenal today is filled with shotguns, rifles, pistols, and revolvers. Am I correct?

Mr. McMAHON. That is entirely correct, and a recent check of seizures of gangsters' arsenals proves it. The Brady gang had two rifles, two automatic pistols, and four revolvers at the time that they were apprehended on October 12, 1937. The arsenal of a recent gang of bank robbers revealed eight pistols, six revolvers, eight shotguns, and five rifles. During the course of the investigation of Clyde Barrow and his associates the Government recovered 7 automatic rifles, 4 revolvers, and 38 pistols. In other words, the machine gun which characterized certain of the major gang wars of a few years ago is not as readily available, and the modern gangster is turning to the smaller weapons which are not now covered by the Firearms Act.

Congressman CELLER. Yes; I guess we can agree that there are too many pistols in the underworld and that anything we can do to keep the traffic steered into legitimate channels is worth the best efforts that we can put forth. Of course, one of the questions which comes up is whether or not this should be done through State or Federal legislation. Personally, I feel that the States could pass much more restrictional laws than they have seen fit to do.

Mr. McMAHON. There is no question about it. The States, for the most part, have been reluctant to take any decisive steps which would smash the traffic. I remember a witness who testified before one of your committees in Congress, stating that he thought State legislation would be helpful and that he had been working for it for 15 years.

Congressman CELLER. Yes; and I remember the observation on the part of one of the committee when he said: "And are you advocating that we play along for 15 more years?"

Mr. McMAHON. Well, I think it is the answer. The States can do a lot, but we can't play along and let the traffic continue as it has been, taking a terrific toll each year in this country in human lives.

Congressman CELLER. Now I have heard the objection that the legislation disarms the honest citizen, but I have never been impressed with that one because under the proposed bill, which is a

tax and registration statute, no one is deprived of his weapon unless he violates the statute. He registers it as he would his automobile.

Mr. McMAHON. Yes; that objection doesn't hold water, but a few lawyers raised the question of the constitutionality of the bill under the second amendment.

Congressman CELLER. It has always been my opinion that the section of the Constitution providing that the right of the people to keep and bear arms shall not be infringed has no application to this kind of a statute. Certainly the Constitution does not grant the privilege to racketeers and desperadoes to carry weapons of the character dealt with in this act. I think it is clear that the provision refers to the militia, a protective force of Government; to the collective body and not individual rights, and I think the cases construing the provision will support that construction. A stronger argument against the bill, it seems to me, is that the taxes provided for in it are a little heavy.

Mr. McMAHON. I have assumed that the heavy tax that was levied on machine guns in the original bill would be reduced under this proposal, so that only a nominal tax would be levied. The only people we don't want to get these guns are the people who won't, for obvious reasons, give their fingerprints—and under the statute they won't get the guns.

Congressman CELLER. Have you had any particular sentiment in favor of a strict firearms law?

Mr. McMAHON. Yes; we have resolutions adopted by a number of important and representative groups, such as the American Bar Association, the General Federation of Women's Clubs, the International Association of Chiefs of Police, and others. Editorial comment has been virtually unanimous in favor of the measure.

Congressman CELLER. Yes; I have no doubt but that intelligent public opinion will be with us in this effort. Of course, as we both know, there are some groups that are opposed to the measure.

Mr. McMAHON. Yes, Mr. Congressman; but I'm sure you will agree that they constitute a small minority, and that most of the opposition arises from a misunderstanding of the purposes of the bill. Some people who want to possess weapons are under the impression that the statute sets up a permit system whereby some Government bureau can, in its discretion, grant or decline to issue a permit for the purchase of a weapon. This, of course, is not the case. Anyone, so far as the Federal bill is concerned, can buy the weapon if he will pay the nominal tax and give the fingerprints. No sportsman can intelligently oppose the bill, for it interferes in no manner with his hunting weapons and his sidearms. No householder can complain.

Congressman CELLER. I suppose, then, the only people who would complain would be the munitions manufacturers and dealers, for certainly if you stop the sale of guns to crooks the total number of sales is going to be reduced.

Mr. McMAHON. There is no doubt about that.

Congressman CELLER. Then the only other group that could complain would be the crooks themselves, and the great body of the American people are not interested in the complaints of the gangster.

The Completion of the Grand Coulee Dam

EXTENSION OF REMARKS

OF

HON. CHARLES H. LEAVY

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Monday, December 13, 1937

RADIO ADDRESS BY HON. HAROLD L. ICKES, SECRETARY OF THE INTERIOR DECEMBER 10, 1937

Mr. LEAVY. Mr. Speaker, under leave to extend my remarks in the RECORD, I desire to include the following radio address delivered by the Honorable Harold L. Ickes, Secretary of the Interior, over the Mutual Broadcasting System on Friday, December 10, at the time the bids were opened for the completion of the great Grand Coulee Dam:

Today we are taking the second step in the building of the greatest dam in the world. The base of Grand Coulee Dam, already the most massive masonry structure built by man, is nearly finished in the bottom of the Columbia River Canyon west of Spokane. Now bids are being opened for the completion of this tremendous structure to its full height of 553 feet. The work already done and that covered by the new contract will involve the placement of three times as much masonry as went into the Great Pyramid of Cheops. Here is a job worthy of the best that science and engineering, that labor and industry have to offer. Grand Coulee Dam will endure for many thousands of years; testifying to the imagination, the ingenuity and the skill of this generation.

However, if I may be permitted to venture a prophecy, it is that in the distant years to come this project will have given us a more coveted title than simply that of "builders of great dams." In saying this I do not mean to detract from the honor due to the engineers and the workmen who are building Grand Coulee Dam. Even they, I think, will agree that the significance of the dam is not found alone in the magnitude of its dimensions nor in the workmanship that has gone into its construction. It lies rather in the ends which are to be served.

Grand Coulee Dam will minister to many useful purposes. It is destined to have a profound influence on the social and economic life of the Pacific Northwest which will be reflected throughout the country. It will serve to reduce flood peaks; to improve navigation; to store and to permit the diversion of sufficient water to irrigate a rich desert area one and one-half times as large as the State of Rhode Island; and to generate half again as much power as Boulder Dam. It will serve also, through regulation of the flow of the Columbia River, to improve markedly the power output of all downstream plants, including that at Bonneville Dam.

All of this will mean new homes and new opportunities for half a million or more Americans and new wealth for the Nation.

This is one of the most important conservation projects ever undertaken. It is not an experiment because it is cut on the same pattern as other projects that are now in successful operation which were built a generation ago by the Bureau of Reclamation of the Department of the Interior.

In the coming years, when this work shall have been completed and this desert shall have been made fruitful, men and women still will travel half around the world to gaze upon the dam itself, and they will see much more than a tremendous symmetrical pile of concrete in the great gorge of the Columbia River. They will see the homes and the villages and the cities, the farms and the factories, and the civilization that this dam will have created.

Grand Coulee Dam is not a State or a regional undertaking; it is a national development. The wealth it will produce will be part of our national assets. Even today, in constructing the dam, it is necessary to reach out to distant places for materials. Half of the money spent on it goes into the States east of the Mississippi River for materials ranging from tacks to turbines, thus providing employment for many men and women. Each of the 48 States will contribute something vital to the building of Grand Coulee Dam. When this project is finished families from every part of the Nation will participate in the new opportunities that it will offer.

When our grandchildren visit Grand Coulee Dam they will understand all of these things of which this great structure will be a pregnant symbol. And they and their children will think of this as an age of far-seeing planners and expert builders. They will be grateful for the foresight and the energy of a great President which have made fruitful and productive a great barren area.

The Agriculture Adjustment Act of 1937

EXTENSION OF REMARKS

OF

HON. GUY L. MOSER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 10, 1937

Mr. MOSER of Pennsylvania. Mr. Speaker, I spring from an ancestry of generations of husbandmen. With this background, my earliest emigrant ancestor came to America 230 years ago, within the month. This ancestor, Isaac DeTurk, took title to land in Pennsylvania (Penn's Woods) from William Penn, which title is recorded in Deed Book No. 1, Philadelphia County, Pennsylvania's County No. 1, in the subsequent Statehood set-up. A most interesting map of Pennsylvania in 1787, when the Constitution was adopted, has only this week been coincidently distributed by our distinguished colleague, SOL BLOOM, as a part of the splendid historical service he is rendering as Director General of the United States Constitution Sesquicentennial Commission.

This land is in Oley Township, Berks County, organized and erected in 1752, the county I have the honor of representing as Pennsylvania's Fourteenth District in this Congress. As an eighth generation descendant from this husbandman ancestor, grounded in the school of experience, to me has been entrusted a faithful representation of more than two centuries' background of experience in American agriculture.

These ancestors and their neighbors adopted a policy of rotation of crops and soil conservation as essential to the preservation of their important industry and livelihood—

agriculture. This class of husbandmen, Thomas Jefferson, may well have had in mind when, as Minister to France, he wrote:

> Those who labor in the earth are the chosen people of God, if ever He had a chosen people, whose breasts He has made His peculiar deposit for substantial and genuine virtue * * *. Corruption of morals in the mass of cultivators is a phenomenon of which no age or nation has furnished an example * * *.

Or when, again in 1785, writing from his same important post in France, he added:

> Cultivators of the earth are the most valuable citizens. They are the most vigorous, the most independent, the most virtuous; and they are tied to their country and wedded to its liberty and interests by the most lasting bonds * * *.

This crop rotation has always been corn, oats, and wheat, back to grasses whose sod has ever been their basis of soil conservation. Where surface drainage developed, patches of sod were let stand to act as a stopgap to the drainage of surface soil pulverized in the cultivation for growing rotated crops.

For generations this area has not contributed to any surplus in agricultural products. The farmer long since learned to fertilize his soil to keep it productive. Every farmer learned he must put back something into his soil to compensate for what he extracted from it by the application of his brain and muscle. Corn, oats, and hay, while green cornstalks are used for silage, the dried cornstalks, as fodder, have been shredded and fed to the stock or used with straw and chaff as litter to be worked into manure for fertilizer. The wheat unconsumed on the farm is sold to the nearby miller for grinding and consumption by his customers of the area. These farmers of mine, whence I spring, might well have written the text for their more distant husbandmen brethren to follow.

For the same generations my district has been importers instead of exporters. Carloads of flour and bran and middlings, the byproducts of milling, and even corn have been imported into the area. Reminiscent of my earliest youth Pillsbury's might well have been regarded as a brand of underwear in competition with current day Munsing from the recognizable thrift and frugality of my late revered mother working these flour bags into undergarments.

The homespun philosophy of the Pennsylvania farmer is fully set forth in the exact words of one of them writing me as a constituent on the subject as follows:

> I ask you to use your vote and influence against the proposed farm bill and crop-control legislation now before Congress. There is approximately 100 or perhaps 500 small eastern farmers living on farms from 5 to 60 acres, who must buy from 20 to 100 percent of their grain they feed, to one big western farmer who grows nothing but grain alone, so why work a hardship on and penalize 100 or 500 small eastern farmers to profit one big western-grain farmer who is too lazy to diversify his farming operations as the small eastern farmer must do in order to make a living. No one understands his business better than the farmer himself if one crop does not pay a profit; he soon switches to another crop that pays better, and that will control production better than any set of lawyer legislators at Washington or Harrisburg who, I doubt, could tell you how many upper front teeth a cow has. For example, when wheat was low in price lots of farmers cut out wheat and sowed winter barley; then those who had silos would grow a crop of barley which they harvested in June, plow the ground, plant corn and put it in the silo there by growing two crops on the same ground that grew one crop of wheat.

Mr. Speaker, that is what my farmers want to know—why the Congress should enact crop-control legislation with penalties, knowing they have contributed nothing to surplus; that they have continued to help consume the surplus of the western wheat farmer; that they have mastered crop control, as this correspondent constituent illustrated, in the consumption of the silage but neglected to illustrate the barley was similarly consumed in barley meal, like oats chop, in stock feeding.

Mr. Speaker, the voluntary crop control of the original A. A. A. was decidedly unpopular and unwelcome among these people, except with the transient unscrupulous. Its administration was not without its merited criticism, when benefits were paid to the unscrupulous chiseler, who in turn brought additional uncultivated acres under the plough, thus contributing to the vaunted surplus, calculated and claimed to have been proportionately reduced but fated for disillusionment.

The bill under current consideration, the A. A. A. of 1937, with its compulsory features, is infinitely more unpopular among the farmers of my area. Their experienced knowledge of chiselers engenders no enthusiasm for elections to bring an area under crop control, knowing as they do their area of consumption is not contributing a surplus, and is yet an importing and not an exporting area. Under the pending bill, the controls are compulsory on five basic crops—cotton, wheat, corn, tobacco, and rice. If two-thirds of the farmers of any given area vote favorably, then, with minor exceptions, to the Secretary of Agriculture would be extended authority to impose regulation on all whether they approved it or not. Such areas divide counties and even congressional districts. With areas thus restricted and unrestricted, the opportunity for unscrupulous chiselers to become bootleggers of these controlled crops is immediately apparent and the purpose of this proposed legislative benefaction being defeated is imminent.

Mr. Speaker, when the first session of this Seventy-fifth Congress adjourned in August it was with the assurance of its leaders a farm bill would be made the first order of business in the next session. We are here in special session by the President's exercise of his constitutional authority for his stated purpose of having enacted farm and labor legislation. This bill is not a farm bill in the broader sense that farming implies. This is a crop-control bill. It does not apply to the farmer, that broader class of businessman extolled by Mr. Bryan at Chicago July 8, 1896, in these words:

> The farmer who goes forth in the morning and toils all day, who begins in the spring and toils all summer, and who by the application of brain and muscle to the natural resources of the country creates wealth, is as much a businessman as the man who goes upon the board of trade and bets upon the price of grain. * * * We come to speak for this broader class of businessmen.

The farmer is enough a businessman to know the importation of farm products into the domestic markets in competition with his own, under the reciprocal-trade agreements, on the vaunted theory increased export of manufactured goods increase employment, wages, and expand purchasing power to an extent of increasing his market price, is not working out, while his market price has fallen below the cost of production.

Mr. Speaker, a government that would really help the farmer should protect his market and give him cost of production, as we attempt to aid and protect the manufacturer against unfair competition. When the farmer must sell for less than production cost he plants his next crop in the hope of a better market. When the manufacturer cannot meet production cost in his market he closes his plant, lays off his help, and immediately purchasing power ebbs.

With the President of the United States as authority for the expression that one-third of the Nation is ill-fed, ill-clad, and undernourished, coincidentally today, the Philadelphia Record publishes, under the title "What's Wrong With This Picture?" a bust likeness of Uncle Sam with his whiskers of unusual growth into a beard long and wide, labeled "Farm Supplies" but the entire head is totally bald and labeled "one-third of a nation ill-fed." Yes; what is wrong with this picture?

Mr. Speaker, I hail from a community where harvest home services are still observed in its churches, where Thanksgiving Day in keeping with a time-honored custom since the Pilgrim Fathers launched it, and faithfully observed by a Christian nation through its President issuing an annual proclamation as a day of thanksgiving to God for His divine providence and bounties. You cannot convince this class of people that crops should be controlled and restricted. Neither can you convince them it has been sound governmental policy to launch vast irrigation projects in arid and desert areas never intended by this same God in His wisdom to produce crops.

The debate on this bill has adduced the testimony of a Representative of a desert area, testifying to the enormous

production of one of these five basic crops to be controlled, through the creation of one of these irrigation projects. The exemptions to small farmers under the terms of this pending bill are out of proportion. The Chairman of this Committee of the Whole House considers the tobacco provision, on which over 1 year's time has been expended, a good one. The exemption to the small cotton farmer appears in the main acceptable to their Representatives. The rice provision of a tariff differential by Cuba, in favor of the United States on no less than 100,000,000 pounds, as domestic allotment for rice, brings no protest from the Representatives of that area.

When the Representatives from the wheat and corn producing areas sought to liberate their farmers from the arbitrarily restrictive quotas under legislative authority, they were beaten back. The farmer of my district, who does not produce at least an average of 400 bushels of field corn per farm, or an average of at least 4 bushels of field corn per acre of farm land in my county, must be investigated. Contrasted to the more than a year spent working out the tobacco provision, obviously the care, study, and attention given the small wheat and corn growing farmer becomes apparent.

On the one hand the legislation proposed under this bill is privileged and earmarked for prompt and expeditious enactment, for application to the 1938 crop planting and keeping an administration pledge for farm legislation, yet on the other hand there is every earmarking tendency it is not to be applied until 1939. Secretary Wallace has sent another body an amendment to make it apply to 1939. It provides for soil conservation to continue; another year will materially deplete that reserve and lessen its availability for its stepbrother's nourishment, the A. A. A. of 1937, wholly, three-thirds ill-fed. It carries no provisions for an appropriation or method of replacement of the soil-conservation funds once depleted. Its administrative cost will be stupendous. Its enactment will entail a drain on the Treasury replenished with other taxes or a return for special taxation to meet its cost of operation. The processing taxes eliminated by the committee, are not forever abolished and are likely to loom up as a stepchild to support its top-heavy parent in a future Congress. It is as apt as not to require from three-quarters of a billion to over a billion dollars annually to administer once in its stride.

My farmers sincerely trusted me when they elected that I come here to represent them. They can quickly enough vote their approval or disapproval of my stewardship of their interests. They never calculated that I would come here and vote to give them a private election to ascertain whether two-thirds of them desired quota restriction in any given area and forcing such provision on the other one-third whether they liked it or not. I sincerely believed, as I told them in public addresses, based on the leadership's promise, that we would give them a farm bill. I can share no responsibility in their disillusionment. We will continue to consume our full measure of cotton, tobacco, and rice, of which we grow none. We will continue to consume our full share of the surplus contributed by the single-crop wheat and corn grower. We will consume as usual our entire wheat and corn crops in our own area. We are expected to continue on faith, in the hope that Congress will yet recognize we, too, are entitled to legislative protection against the iniquitous imposition of banditry and racketeering by the unrestrained dairy-products companies, mulcting our farmers of the product of their toil; a protection of the egg market from the competition of Chinese eggs; a better and more protected market for surplus potatoes and apples and what little parts of minor crops that find their way outside our own immediate area.

I shall vote, Mr. Speaker, to amend by substituting the Eicher-Massingale cost-of-production farm bill; to defeat all restrictive quotas; for the Boileau amendment to deny soil-conservation benefits to those utilizing the soil to enter a new competition into other domestic markets; for the recommittal of the bill for proper quota adjustments, contrasted to the mature deliberation given tobacco; and, failing in this, I shall vote against the passage of the bill. While the original A. A. A., with its voluntary crop control, may have been the first venture of a toddler, this compulsory crop-control endeavor is a giant stride toward regimentation of a free America into Hitlerism, as in Germany, where a farmer failing to comply with the Government's mandate to grow and produce as commanded, is forcibly taken from it and replaced by someone who complies. I am far too deeply grounded in the best traditions of a free America my early ancestors sought to establish to entertain the remotest respect for Hitlerism, fascism, communism, or any other than the sound traditions of Americanism. I will not take that giant stride.

The Roll of Drums

EXTENSION OF REMARKS

OF

HON. JOHN M. HOUSTON

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, December 13, 1937

POEM BY MILTON KLONSKY, A STUDENT IN THE ABRAHAM LINCOLN HIGH SCHOOL, OF BROOKLYN

Mr. HOUSTON. Mr. Speaker, by unanimous consent of the House, I present for the RECORD a poem written by Milton Klonsky, a student in the Abraham Lincoln High School of Brooklyn, and brought to my attention by Miss Lee Kreiselman, Washington correspondent for the Wichita Beacon.

It is an indictment against war propaganda, points out the futility of war, and confirms my opinion the Ludlow peace amendment should be adopted. It demonstrates the deep concern of American youth at being turned into cannon fodder.

TRAGEDY IN FIVE ACTS

1. THE DRUMS

An ass's skin,
Stretched tightly
On a frame of wood,
Rumbles
An ugly song
That lures
Men to their slaughter.

2. THE BATTLE

Soft, purring voice
Beguiles
The heedless.
When sabres rattle,
Like milling cattle,
Wildly and eager,
They hasten
To death.

3. THE DEATH

The harsh bark
Of a rifle
Ruptures the quiet,
Ripping flesh
And piercing bone.
A billion cells
Surrender
Their lives.

4. THE DESPAIR

A dark,
So thick and heavy,
That it blacks
The sun.
A lonely voice
Cries out in the night,
But no one
Answers.

5. THE GOLD

A yellow metal
Shines unearthly dull.
Greedy fingers
Bathe
In its luxury.
Gold * * *
With which to buy
More drums.

Fair Labor Standards Bill

House child-labor provisions prevent employment of children; Senate (Wheeler-Johnson) provision has prosecution as remedy after illegal employment.

EXTENSION OF REMARKS

OF

HON. GEORGE J. SCHNEIDER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, December 13, 1937

All references are to S. 2475, Union Calendar, 535. The child-labor provisions of the committee print of this bill are similar, although the references may be slightly different.

Mr. SCHNEIDER of Wisconsin. Mr. Speaker, there is a vital difference between the child-labor provisions of the Black-Connery bill as passed by the Senate and as reported by the House Labor Committee. The House committee form aims primarily at prevention of the employment of children contrary to law, and the Senate form relies primarily upon prosecution after children are illegally employed. The actual provisions of the bill will illustrate this point.

PREVENTION VERSUS PROSECUTION

The House Labor Committee's form of the bill provides for an employment certificate system (p. 5, line 25, to p. 6, line 5) under a national uniform standard. Possession of a properly issued work permit for a minor employee exempts an employer from prosecution. The effect of this, as proved under the 1916 child-labor law, is largely to prevent employment of children and to reduce prosecution to a minimum. Under such a system, the States, cooperating with the Federal Government, see that children do not go to work illegally. Not only Federal prosecution but Federal inspections are reduced to a minimum.

The Senate form of the bill, on the other hand, did not authorize such an employment certificate system but relied for enforcement upon prosecution of employers after children were employed contrary to law (p. 48, line 19, to p. 49, line 9), and under conditions which would make effective prosecution extremely difficult, as described below.

EVIDENCE OF VIOLATION

The child-labor provisions of the House committee form are based upon the sound and tested principle of the 1916 Federal child-labor law, namely, prohibiting the shipment of goods from an establishment in which children have been employed within 30 days prior to such shipment (p. 45, line 20, to p. 46, line 6). The Senate form merely prohibited the shipment of goods made by child labor, with the proviso that the employment of children in an establishment should constitute prima facie evidence that child labor had been used on the goods in question. Prima facie evidence is easily rebutted and ultimately it would be necessary to produce proof that children had worked on a particular shipment of goods, perhaps in a distant State at a time much before the prosecution. This would be extremely difficult to prove.

The Senate form of the bill also incorporated the prison-made goods principle forbidding the shipment of child-made goods into a State which has forbidden their sale. It is based on the erroneous assumption that a method used for goods made by convicts in a quite limited number of penal institutions can be applied successfully to goods which may be made by children in many thousands of factories. To have any effect this prison-made goods plan would require supplementary legislation by each State. The 48 States all have different child-labor laws with wide variations as to ages, wages, and hours and types of work that are permissible. If laws should be passed by these States forbidding the sale of child-made goods from another State, they would almost certainly contain similar wide variations. To prove that a particular article had been made by a particular child in violation of the requirement of another and perhaps far distant State would be an extremely difficult task at best.

The Senate form contains a provision requiring that goods produced wholly or in part by child labor should be labeled by the original shipper and that subsequent use of child labor in relation to such goods shall be noted in labels by subsequent handlers. That such a labeling provision would be ineffective is indicated by the testimony of Grace Abbott at the hearings before the Senate Committee on Interstate Commerce, May 12, 18, and 20, 1937. (Report of hearings, p. 68, lines 6 to 16.)

It will be of interest to Members of the House to read the full testimony on this subject by Miss Grace Abbott referred to. Miss Abbott is an internationally recognized authority on all matters of child welfare. She very successfully administered the 1916 child-labor law, and later was for some years Chief of the United States Children's Bureau, and is now professor of public-welfare administration of the University of Chicago. Miss Abbott was emphatically opposed to the prison-goods method of dealing with child labor and in sympathy with the enactment of administrative provisions similar to those in the Black-Connery bill.

Below is a reprint of the 1916 child-labor law, which contains the principles which made its enforcement so successful; namely, the use of the employment certificate as a test of legal employment of minors and the provision that the employment of children below the legal age in a place of work within 30 days prior to shipment of goods therefrom made such shipment illegal.

[Public, No. 249, 64th Cong.]

An act to prevent interstate commerce in the products of child labor, and for other purposes

Be it enacted, etc., That no producer, manufacturer, or dealer shall ship or deliver for shipment in interstate or foreign commerce any article or commodity the product of any mine or quarry situated in the United States in which, within 30 days prior to the time of the removal of such product therefrom, children under the age of 16 years have been employed or permitted to work, or any article or commodity the product of any mill, cannery, workshop, factory, or manufacturing establishment situated in the United States in which, within 30 days prior to the removal of such product therefrom, children under the age of 14 years have been employed or permitted to work, or children between the ages of 14 years and 16 years have been employed or permitted to work more than 8 hours in any day, or more than 6 days in any week, or after the hour of 7 o'clock p. m., or before the hour of 6 o'clock a. m.: *Provided*, That a prosecution and conviction of a defendant for the shipment or delivery for shipment of any article or commodity under the conditions herein prohibited shall be a bar to any further prosecution against the same defendant for shipments or deliveries for shipment of any such article or commodity before the beginning of said prosecution.

SEC. 2. That the Attorney General, the Secretary of Commerce, and the Secretary of Labor shall constitute a board to make and publish from time to time uniform rules and regulations for carrying out the provisions of this act.

SEC. 3. That for the purpose of securing proper enforcement of this act the Secretary of Labor, or any person duly authorized by him, shall have authority to enter and inspect at any time mines, quarries, mills, canneries, workshops, factories, manufacturing establishments, and other places in which goods are produced or held for interstate commerce; and the Secretary of Labor shall have authority to employ such assistance for the purposes of this act as may from time to time be authorized by appropriation or other law.

SEC. 4. That it shall be the duty of each district attorney to whom the Secretary of Labor shall report any violation of this act, or to whom any State factory or mining or quarry inspector, commissioner of labor, State medical inspector, or school-attendance officer, or any other person shall present satisfactory evidence of any such violation to cause appropriate proceedings to be commenced and prosecuted in the proper courts of the United States without delay for the enforcement of the penalties in such cases herein provided: *Provided*, That nothing in this act shall be construed to apply to bona fide boys' and girls' canning clubs recognized by the Agricultural Department of the several States and of the United States.

SEC. 5. That any person who violates any of the provisions of section 1 of this act, or who refuses or obstructs entry or inspection authorized by section 3 of this act, shall for each offense prior to the first conviction of such person under the provisions of this act, be punished by a fine of not more than $200, and shall for each offense subsequent to such conviction be punished by a fine of not more than $1,000, nor less than $100, or by imprisonment for

not more than 3 months, or by both such fine and imprisonment, in the discretion of the court: *Provided*, That no dealer shall be prosecuted under the provisions of this act for a shipment, delivery for shipment, or transportation who establishes a guaranty issued by the person by whom the goods shipped or delivered for shipment or transportation were manufactured or produced resident in the United States to the effect that such goods were produced or manufactured in a mine or quarry in which within 30 days prior to their removal therefrom no children under the age of 16 years were employed or permitted to work or in a mill, cannery, workshop, factory, or manufacturing establishment, in which within 30 days prior to the removal of such goods therefrom no children under the age of 14 years were employed or permitted to work, nor children between the ages of 14 years and 16 years employed or permitted to work more than 8 hours in any day or more than 6 days in any week or after the hour of 7 o'clock postmeridian or before the hour of 6 o'clock antemeridian; and in such event, if the guaranty contains any false statement of a material fact, the guarantor shall be amenable to prosecution and to the fine or imprisonment provided by this section for violation of the provisions of this act. Said guaranty, to afford the protection above provided, shall contain the name and address of the person giving the same: *And provided further*, That no producer, manufacturer, or dealer shall be prosecuted under this act for the shipment, delivery for shipment, or transportation of a product of any mine, quarry, mill, cannery, workshop, factory, or manufacturing establishment, if the only employment therein, within 30 days prior to the removal of such product therefrom, of a child under the age of 16 years has been that of a child as to whom the producer or manufacturer has in good faith procured, at the time of employing such child, and has since in good faith relied upon and kept on file a certificate, issued in such form, under such conditions, and by such persons as may be prescribed by the board, showing the child to be of such an age that the shipment, delivery for shipment, or transportation was not prohibited by this act. Any person who knowingly makes a false statement or presents false evidence in or in relation to any such certificate or application therefor shall be amenable to prosecution and to the fine or imprisonment provided by this section for violations of this act. In any State designated by the board, an employment certificate or other similar paper as to the age of the child, issued under the laws of that State and not inconsistent with the provisions of this act, shall have the same force and effect as a certificate herein provided for.

SEC. 6. That the word "person" as used in this act shall be construed to include any individual or corporation or the members of any partnership or other unincorporated association. The term "ship or deliver for shipment in interstate or foreign commerce" as used in this act means to transport or to ship or deliver for shipment from any State or Territory or the District of Columbia to or through any other State or Territory or the District of Columbia or to any foreign country; and in the case of a dealer means only to transport or to ship or deliver for shipment from the State, Territory, or district of manufacture or production.

SEC. 7. That this act shall take effect from and after 1 year from the date of its passage.

Approved, September 1, 1916.

Wage and Hour Bill

EXTENSION OF REMARKS

OF

HON. RICHARD B. WIGGLESWORTH

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, December 13, 1937

TELEGRAM FROM ROBERT J. WATT, SECRETARY-TREASURER AND LEGISLATIVE AGENT OF MASSACHUSETTS STATE FEDERATION OF LABOR

Mr. WIGGLESWORTH. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following telegram:

BOSTON, MASS., *December 10, 1937.*

Congressman RICHARD D. WIGGLESWORTH,
Congressional Office Building:

The Massachusetts State Federation of Labor urges you to support the hour and wage legislation sponsored by the American Federation of Labor.

ROBERT J. WATT,
Secretary-Treasurer, Legislative Agent,
Massachusetts State Federation of Labor.

State Cigarette Tax Evaded—Assistance of Government Called For

EXTENSION OF REMARKS

OF

HON. WRIGHT PATMAN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, December 13, 1937

Mr. PATMAN. Mr. Speaker, I have received a letter from the Honorable William McCraw, attorney general of Texas, and a letter from the Honorable George H. Sheppard, comptroller of public accounts of Texas, relative to the State losing $2,600,000 annually in taxes on cigarettes by an evasion of the law.

These letters, together with a copy of the bill referred to therein, are inserted herewith and are self-explanatory.

OFFICE OF THE ATTORNEY GENERAL,
Austin, Tex., December 10, 1937.

Hon. WRIGHT PATMAN,
House of Representatives, Washington, D. C.

DEAR MR. PATMAN: H. R. 8045, introduced by Mr. TARVER, of the Seventh Congressional District of Georgia, authorizing the Post Office Department to cooperate with the several States in the collection of State cigarette and tobacco taxes, I understand, is now pending before the Committee on the Post Office and Post Roads.

The Texas cigarette-tax law, levying a tax on the use of cigarettes as well as the sale thereof, requires that a tax be paid on cigarettes before they are consumed in Texas regardless of the source from which they are obtained. This tax has been upheld by the State supreme court and denied review by the United States Supreme Court.

The Postal Laws and Regulations, however, deny the States the right to inspect cigarettes shipped through parcel post, as well as access to postal records; and, consequently, many cigarette dealers have set up establishments just across our State boundary lines from where they solicit orders and ship cigarettes by mail in order to avoid inspection and payment of the tax. Statistics and records obtained by this department, working in conjunction with the comptroller's department, indicate that Texas is losing more than $500,000 annually in taxes and the legitimate merchants in Texas many times this amount in business because of such postal regulation.

The Tarver bill, therefore, is of vital importance to the State's revenue as well as to thousands of cigarette dealers in the State. I would therefore respectfully urge that you actively support this bill and use your influence in rushing its enactment.

Sincerely yours,

WM. MCCRAW, *Attorney General.*

COMPTROLLER OF PUBLIC ACCOUNTS,
STATE OF TEXAS,
Austin, December 9, 1937.

Hon. WRIGHT PATMAN,
House of Representatives, Washington, D. C.

DEAR MR. PATMAN: You are no doubt familiar with the fight Texas had to keep its cigarette-tax law—one of its most prolific revenue measures—from being destroyed by interstate bootleggers, whose agents by the hundreds worked the office buildings, industrial plants, and business houses in the cities of Texas soliciting and obtaining orders for cigarettes to be shipped into Texas by interstate commerce and thus free of the State's tax. Our statistics and records show that prior to the enactment of our present law levying the tax on the use, as well as the sale, of cigarettes these interstate peddlers were selling 40 percent of all the cigarettes sold in Texas. The State was losing $2,600,000 annually in taxes and our Texas dealers five times that amount in business.

Our present law, which has been upheld by the State supreme court in the cases of *Ex parte Kimberlin* (86 S. W. (2d) 717), and *Sheppard* v. *Musser* (92 S. W. (2d) 219), imposes the tax on the cigarettes before they are consumed in Texas, regardless of the source from which they are obtained.

The interstate bootleggers, however, have learned that postal laws and regulations prohibit postmasters and postal inspectors from furnishing State officials with post-office records or from permitting such officials to inspect cigarettes shipped through the mail; therefore, our mails are from time to time flooded with circulars soliciting orders for tax-free cigarettes to be shipped by mail free of inspection. One such dealer in Joplin, Mo., in a circular directs attention to the United States Official Postal Guide, using the following language:

"We want to point out paragraph 5. We quote, 'see section 703,' which prohibits access to mail matter in post offices by any persons,

except employees of the Postal Service. The United States Official Postal Guide can be found in any post office, should you doubt this statement; we ask that you go to the post office and verify it."

Mr. TARVER, of Georgia, has introduced H. R. 8045, which will authorize the Post Office Department to cooperate with the several States in the collection of State taxes, a copy of which is attached. I understand that President Roosevelt in a letter to the revenue commissioner of Georgia has stated that he would approve such legislation. This bill is of vital importance to approximately 35,000 cigarette dealers in Texas, as well as the school fund and old-age pension fund, to which the cigarette tax collections are allocated. May I respectfully urge your active support of this bill and that you use your influence to rush its enactment.

I understand the bill is now before the Committee on the Post Office and Post Roads. This department can furnish evidence of millions of cigarettes shipped into Texas in this manner, including the names of the shipper, the consignee and his address, and the quantity of each such shipment if such evidence is desired by the committee.

Thanking you, and with best wishes for the New Year, I am

Sincerely yours,

GEO. H. SHEPPARD,
Comptroller of Public Accounts.

H. R. 8045. A bill authorizing the Post Office Department to cooperate with the several States in the collection of State taxes

Be it enacted, etc., That to render necessary assistance to the several States in the collection of taxes levied by them upon merchandise or the sale of merchandise, the Postmaster General is authorized to permit postmasters to furnish to State officers the names and addresses appearing upon parcels containing such merchandise or to permit, under such regulations as he may deem advisable, State officials to examine in the post offices such parcels for the purpose of ascertaining the addresses thereof: *Provided*, That nothing in this act shall be construed as having any application to mail matter of the first class.

The Problem of Seagoing Personnel and Its Possible Solution

EXTENSION OF REMARKS

OF

HON. ROYAL S. COPELAND

OF NEW YORK

IN THE SENATE OF THE UNITED STATES

Tuesday, December 14 (legislative day of Tuesday, November 16), 1937

ADDRESS BY JOSEPH B. WEAVER, MEMPHIS, TENN., OCTOBER 12, 1937

Mr. COPELAND. Mr. President, I ask unanimous consent to have published in the Appendix of the RECORD an address made by Mr. Joseph B. Weaver before the Propeller Club convention at Memphis, Tenn., October 12, 1937, on the Problem of Seagoing Personnel and Its Possible Solution.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

"We read from day to day of the conditions that exist throughout the world. To the west in China and to the east in Europe these clouds—and very dark clouds they are—change day by day. It almost seems that we are on the verge of a climax which may result in a great catastrophe. Before the World War we had no warnings. It may well be that today we are receiving warnings of such a catastrophe. I do not think we should close our eyes to this condition, and I think as a united nation we should submerge our various controversies and put our house in order."

I quote from my talk before the Commonwealth Club of San Francisco on August 21, 1936.

Does not the President's speech in Chicago, October 5, placing us on the side of right, bring us to the threshold of the very conditions described?

Over a year has passed, and where do we now stand as compared with conditions that existed at the time that speech was made?

Our vessels are a year older. No new tonnage, with the exception of tankers, has been constructed. The labor situation has progressed from bad to worse. Since that time the disastrous west-coast strike has occurred. Since that time discipline has ceased to exist on our ships. It is not necessary to deal in detail with the innumerable instances of insubordination, incipient mutiny, and violence; but in looking over various occurrences that daily are brought to the attention of all of us, one is forced to the conclusion that these are not "irresponsible acts" of Secretary Perkins' "bad boys," but that the combination of these instances can be called with good reason "organized disorder."

The unfortunate struggle between the C. I. O. and the American Federation of Labor for the domination of seagoing unions undoubtedly has played an important part in bringing about these conditions. There was a ripe field in some cases for justifiable dissatisfaction, but nothing in those circumstances can logically account for these continuing occurrences. There seems to be a sinister underlying influence over and above this struggle between the unions that may furnish the predominant motive for these unaccountable occurrences.

In the speech from which I quoted, the main purpose of the discussion was to secure the cooperation of all the various elements involved in our shipping problems in assisting the Government in working out the merchant marine program which was made possible by the numerous pieces of legislation passed in the summer of 1936.

The operators were willing to cooperate, in fact, they had to cooperate; but the radical labor leadership was not.

Patience and wise administration of the laws enacted would have worked out these problems. But what happened? First, the disastrous west coast strike. Second, the spread of disorder to the Gulf and to the east coast; and third, practically a complete breakdown in the enforcement of our maritime laws.

So that at the present day I would say, without fear of contradiction, that the discipline and morale on our vessels is the lowest it has ever been, probably lower than that on any vessels of other flags.

The merchant marine, which should play a most important part in the national defense, has become a liability rather than an asset.

It is not a pleasant picture to contemplate, particularly in view of the fact that we seem to be gravitating gradually toward a participation in world events which may demand all our resources.

If this catastrophe overtakes us soon, there will not be time to build up morale on our ships, because this collapse has been long in the making. It will be too late.

Troops must be transported without interruption, ammunition and supplies must move on scheduled time, fuel for the fleet must make its rendezvous in accordance with prearranged plans. This cannot be done if the total irresponsibility of the various labor leaders and their underlings, and the total lack of restraint and discipline on the part of the men themselves continues.

In the past we have seen labor leadership decide where and when our vessels shall sail; and what and to whom they shall carry. Is there any evidence that under present radical labor leadership these conditions will be changed? Is there any evidence that gentlemen's agreements and even contracts will not continually be broken?

Should war come now there is only one solution. That is, all workers in the loading, sailing, and repairing of our vessels be enlisted as part of the United States Military Establishment and be amenable to the resulting discipline. The people will demand it. The Government must enforce it.

What a contrast between this picture of chaos and the orderly, responsible record of the railroad unions. There we have collective bargaining and collective responsibility—there we have integrity, discipline, and efficiency. There is no fear that our railway transportation will collapse in such a national emergency.

And why should not the same condition obtain on our ships that exists on our railroads? There is no reason why there should be a difference. And there is no reason why, with sane, responsible labor leadership, the Government should be called upon to enforce the navigation laws which were designed and enacted and which give to the various governmental agencies all the necessary power and jurisdiction to cope with the present situation. Some restraining influence has prevented the enforcement of these laws, probably with the hope that the ordinary common sense of the American laboring man would result in a realinement and a reorganization of the unions into responsible bodies.

It would seem that the unions cannot extricate themselves from the present situation and that the time has arrived when the Government must exert its full force and authority. Otherwise the American merchant ship will disappear from the seas.

It is inconceivable that labor should adopt an attitude which, if carried on for an appreciable time, will kill the very industry in which that labor is employed.

If our water transportation was the only medium of transportation, there might be a logical reason for imposing on the industry such conditions. But, in foreign commerce, vessels of foreign flags stand ready and only too willing to take up this burden; and in our domestic transportation, railroads, trucks, and aeroplanes are always available; and, dealing specifically with tankers, there is nothing to prevent the extension of the already important pipeline systems so that the need for the majority of tankers will no longer exist.

The rank and file of our labor should be advised that continuation of what is now going on will ultimately mean the laying-up of vessels, the abandonment of services, and the loss of employment. They should know that those who must obtain their livelihood by going to sea will eventually have to seek employment under foreign flags, where the wages, living conditions, and all other circumstances under which work is performed are so far inferior to the conditions which exist in our American merchant

marine, not to mention the conditions which will be provided on new vessels, that there is absolutely no comparison.

The members of the Propeller Club of the United States are familiar with conditions on our ships, but, in the event this discussion reaches others who are not familiar with these conditions, I wish to list a few incidents, for the authenticity of which I can vouch, as typical of everyday occurrences on vessels flying the American flag.

Every day for the past year sit-down strikes, otherwise known as "quickies" in maritime parlance, have occurred in all ports of the country. Vessels cannot be scheduled with certainty as at the last moment any trivial excuse can be trumped up; such as, complaints about the food or coffee; the demand that an elaborate menu be served, in many cases much more extensive than anyone here present would expect or even desire; a nonunion man may have been shipped, or a member of an opposing union signed on. Any one of these excuses has been sufficient to stop the operation of our vessels, not only in home ports but abroad as well.

Drunkenness on the part of the crew has resulted in some of the most disgraceful episodes aboard our vessels. Obscenity, profanity, and even nudity have, on occasion, been thrust in the very faces of women and children passengers. Stewards have grossly insulted passengers at the dining tables, even to the extent of deliberately spilling soup over women, and other similar actions. One lady passenger, who had been seasick and not at her table for a day or two, came down to dinner and the steward refused to serve her and stated that "she had better go back and eat her meals where she had been eating them."

On some occasions it has been almost impossible to secure food on some vessels without currently tipping those who were serving.

A personal friend of mine, making a coastwise voyage, came out of his stateroom one night to go to dinner and saw a semidrunk steward attempting to manhandle a young woman passenger in the corridor. This gentleman, not being controlled by any unions or subject to any penalties, did just what you or I would do. He knocked the steward flat—and as this man weighs some 260 pounds, the steward was properly "flattened." Had a licensed officer done this, he would have been subject to fine and possibly imprisonment.

Intimidation, violence, and bloodshed are the orders of the day on our ships and on the water front. Our licensed officers are threatened and, on one occasion, tried by the crew. Retaliation for imaginary grievances on the part of the crew has, in one case, resulted in deliberate murder. This particular instance can more properly be called execution.

I quote from a consular report which is an official document and which sums up, I think, beyond any question of doubt, the lamentable conditions now existing on our ships.

AMERICAN CONSULATE GENERAL,
Far East, March 6, 1937.

Subject: Far East newspaper comments on disciplinary conditions on American ships.

The Honorable the SECRETARY OF STATE,
Washington.

SIR: I have the honor to refer to Consul General Hoover's despatch No. 405 of October 19, 1936, regarding the activities of union delegates on board American merchant vessels, and to transmit herewith, for the Department's information, two articles which have recently appeared in the Far East press regarding conditions on American ships and the prospect of further strikes on the Pacific coast.

While the statements regarding the deplorable lack of discipline on American ships plying in the far eastern waters are unfortunately true, they only tend to cause Far East shippers and travelers to use foreign vessels. During the recent strike many importers dealing in merchandise from the United States were unable to get their orders filled, and several stated bluntly that they never again intended to use American ships, since they could not be relied upon. The publication of such articles as these, in which additional strikes are forecast, cannot help but to deter Far East traders from shipping on American vessels.

"The shocking lack of discipline on board American vessels is common talk in the Far East, both among Americans and other nationals, and predictions are freely made that a marine disaster of the first magnitude will inevitably result if such conditions are allowed to continue.

"Respectfully yours,

"AMERICAN CONSUL."

And again I quote from another consular report, likewise an official public document.

"Repeated reports of strikes and difficulty with crews on American vessels plying the Pacific are causing much concern generally, particularly among passengers, who are more and more inclined to patronize ships under other flags because of the existing situation. I will say, frankly, from my observation in recent years of the crews of the American lines on the Pacific, I would prefer to have my family travel on other lines. I would feel a greater sense of security if they traveled on other lines. I have myself observed members of the crew of the American seagoing ships discussing their officers and their orders and union activities, using profane language in the presence of passengers and generally the impression of lack of discipline and of orderly conduct and ability and skill in their calling."

There does not seem much that I can add, except to state that there is no exaggeration in regard to any of the above; that every one of these instances and many more can be substantiated.

Do you ever see the Twentieth Century held up in the station because the crew does not like the kind of coffee served or because the brakeman does not like the conductor?

Do you ever see men continued in employment on the railroads who are habitual drunkards?

Do you ever see stewards or waiters continued in service on dining cars who are inefficient and discourteous?

Do you ever hear of these same stewards and waiters discussing with the passengers communism and other isms and insulting the passengers if they are not agreed with?

Do you ever hear of the grossest kind of insults inflicted on women passengers on Pullman cars?

No; you do not! As a former vice president of the Pullman Co. I know you do not.

The railroad unions themselves will not defend this kind of thing. The railroad unions themselves demand sobriety, efficiency, and dependability.

Let us debunk this whole situation.

Radical union leadership has failed. The union hiring halls have proven a menace. Discipline on our vessels is a joke. This leadership has had its opportunity.

We have all the necessary laws and authority vested in definite Government agencies to protect the traveling public, to protect the rights of the operators, and to protect the rights of labor. Let those agencies perform their duty promptly, fearlessly, and without passion or prejudice; but, in fairness to these agencies, interference from other Government departments must be eliminated.

Let the Government set up Government hiring halls and perform the duties which, according to law, are mandatory in this connection.

Numerous cases of insubordination, violence, and near mutiny are before the Government now for decision. Let us hope that all legal technicalities and maudlin sympathies will be brushed aside; and let us hope that these agencies, without quibbing, will get down to the fundamental question of whether or not these charges are right or wrong and will impose any penalties fearlessly.

Rid the ships of the undesirables. Stamp out communism on our vessels. Give the public, the operators, and decent labor a chance. Then we will see a prosperous industry out of which will grow responsible unions and more responsible associations of operators.

Let us save the American merchant marine.

The Present Business Situation

EXTENSION OF REMARKS
OF
HON. ROBERT R. REYNOLDS
OF NORTH CAROLINA
IN THE SENATE OF THE UNITED STATES
Tuesday, December 14 (legislative day of Tuesday, November 15), 1937

CLIPPING FROM THE CHARLOTTE (N. C.) DAILY OBSERVER, DECEMBER 12, 1937

Mr. REYNOLDS. Mr. President, I ask unanimous consent to have printed in the Appendix a clipping from the Charlotte Daily Observer, of Charlotte, N. C., Sunday, December 12, 1937, being a dispatch from my home city of Asheville, N. C., the title of the article being, "Drive Seen Against New Deal. Spruill Charges Certain Interests Trying to Force Modification of F. R. Regime."

Mr. Spruill is president of the North Carolina Bankers' Association, a very eminent, well-thought-of, respected citizen of North Carolina.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. SCHWELLENBACH. The Senator referred to Asheville, N. C. Is that the same city which is sometimes known as the Gem City of the Mountains?

Mr. REYNOLDS. The Little Gem City of the Mountain; the most beautiful spot on the face of the earth, with the exception of other beautiful spots in North Carolina.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Charlotte (N. C.) Observer, December 12, 1937]

DRIVE AGAINST NEW DEAL SEEN—SPRUILL CHARGES CERTAIN INTERESTS TRYING TO FORCE MODIFICATION OF F. R. REGIME

ASHEVILLE, December 11.—Frank P. Spruill, of Rocky Mount, president of the North Carolina Bankers' Association, said in an

interview here today that the recession in business was the result of a "concerted effort on the part of certain groups of business interests and newspapers" to force modification of the New Deal.

Spruill, president of the People's Bank & Trust Co. at Rocky Mount, related what he said was the experience of a veneer plant in that neighborhood to support his contention.

The plant, he said, had orders on hand sufficient to keep it busy for several months when, almost simultaneously, from various parts of the country came telegraphic instructions to hold up the orders.

SEES COLLUSION

"The orders were not canceled," he added, "but were merely subjected to delay."

"Now, why," he asked, "did concerns all over the country with contracts calling for use of that veneer, simultaneously find out they couldn't use it"?

The banker predicted that the recession would wear itself out. "There are now signs," he said, "that the downward trend is slowing up in North Carolina."

"Business concerns, regardless of their attitude toward the administration, will realize that they might as well go ahead," he said.

At the outset of his interview, Spruill asserted that he did not consider himself an expert, that "nobody really knows anything about it," but that "It looks to me like a concerted movement—that is evident."

Reciprocity Information

EXTENSION OF REMARKS

OF

HON. ALBEN W. BARKLEY

OF KENTUCKY

IN THE SENATE OF THE UNITED STATES

Tuesday, December 14 (legislative day of Tuesday, November 16), 1937

SUGGESTIONS AS TO METHOD AND CHARACTER OF REPRESENTATIONS TO THE COMMITTEE FOR RECIPROCITY INFORMATION

Mr. BARKLEY. Mr. President, I ask unanimous consent to have printed in the RECORD a memorandum issued by the Committee for Reciprocity Information which I think will be valuable to Members of the Senate and to the general public. It concerns information, and the method of its reception, in connection with trade agreements.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

The Committee for Reciprocity Information has announced at various times certain changes and additions to its procedure in connection with trade-agreement matters, the primary purpose of which has been to provide every opportunity for interested parties to inform the Government agencies concerned of their views in connection with each agreement before negotiations commence, and to take up with the Government problems that may arise after agreements have been concluded.

Representations to the committee with respect to recently announced negotiations led the committee to make additional suggestions as to the character of the data to be submitted in sworn statements and at hearings considered most useful to the committee and to others concerned with the negotiations. These suggestions should not be considered as mandatory but merely as a guide to assist industrial and other interests concerned in the presentation of their views.

CONSULTATION WITH COMMITTEE

The committee would like again to make clear that business and other interests are always entitled to consult with the committee or its staff with respect to any phase of trade-agreement matters, whether with reference to an agreement already concluded, to one concerning which announcement has been made but upon which actual negotiations have not yet commenced, or to the possibilities that may lie in commencing discussions with a country about which announcement has not been made. It is the Government's purpose to obtain from every possible source full and complete information prior to the negotiation of any trade agreement as well as to dissipate any misunderstandings which may exist with respect to the Government's purpose in making trade agreements or its methods of negotiation.

Opportunity is given to submit information with respect to contemplated or pending negotiations to the committee, first, by letter following the preliminary announcement that such negotiations are contemplated, then by sworn statement upon formal notice that negotiations will take place, and finally at public hearings conducted by the committee subsequent to the filing of sworn statements but prior to the conclusive negotiations. It should be stated here that all information submitted to the Government in such letters and sworn statements is confidential and for Government use only. Careful attention should be given to the text of the announcements above referred to in order that interested parties may determine the character of the data which they think may usefully be conveyed to the committee.

The above procedure is by no means intended, however, to preclude other correspondence or conferences with the committee either with a view to clearing up any questions which may occur to those concerned or for the purpose of presenting data to the committee upon particular matters not easily susceptible of explanation by letter or within the limited time available at open hearings.

Naturally, the whole Committee cannot be available with respect to each request for conference from groups or individuals whose interests may suggest such action on their part. Such inquiries or requests for a conference will be taken care of by the executive secretary of the Committee, old Land Office Building, Eighth and E Streets NW., Washington, D. C. Every effort will be made to have present at such meetings those representatives of the Government Departments most directly concerned with the matter in hand, and opportunity will thus be afforded for detailed consideration of the matters under discussion.

CHARACTER OF INFORMATION DESIRED

In supplementing herewith the regular announcements issued with respect to each trade agreement by the suggestions which follow with respect to the character of the information desired by the committee, it should be realized that this is put forward only as an indication of the type of data deemed most useful to the committee and should not be understood as intending to discourage the submission of such information as may be considered advisable or in such detail as may be considered necessary by the particular industry concerned in connection with trade agreement matters. The committee wishes, however, to discourage, so far as it can, the presentation of unnecessary and irrelevant data. In other words, interested parties should lay emphasis upon the presentation of tariff information and refrain from making general protests or all-inclusive requests. There is little point in making general objection to the purpose of the Trade Agreements Act or to the negotiation of any agreement whatsoever with the country under consideration for the simple reason that such matters are not relevant.

DATA USEFUL WITH RESPECT TO IMPORT ITEMS

If representations concern possible concessions on import items under consideration, it is suggested that attention be given to:

1. The precise interest which the writer or witness has in the proposed negotiations; the character of the industry or business concerned; its location, and the number and kind of employees, its annual production, its position in the industry or in the national business structure; comparative data on labor costs, if thought desirable, should be based upon the cost of labor per unit produced rather than wages per hour or week, though information on weekly or annual wages paid in an industry may, of course, be of interest to the committee.

2. The character of the competition to which the industry or business is or may be subjected by reason of the imports to which reference is made, indicating by description and by price bracket, if any, the precise difficulty encountered or foreseen, or, if on behalf of import interests, advantages to be gained.

3. Suggestions of special classifications, concessions upon which would be of interest to importers and to the foreign country under consideration, but which would cause the least disturbance, if any, to the domestic producer; in this connection, however, any classifications suggested should be natural and recognized in the trade, and should not require excessively fine distinctions, copyrighted trade names, or minutely detailed varieties, since the general adoption of such classification practice might well destroy the usefulness of the most-favored-nation clause.

4. Data on sources of existing or prospective imports of the product considered with relation to special classifications or price brackets of the imports and to price structure and brackets of the domestic product.

5. Details as to style trends, recent inventions, improved processes, descriptions of types, and other trade data available only to the industry.

EXPORT PROBLEMS

If representations concern concessions to be requested of the Government with which the trade agreement is being negotiated, attention should be directed to:

1. The interest of the company or business submitting the request with particular reference to the type and importance of the exports, the character of the industry, its locality, the type of labor employed, i. e., whether skilled or unskilled, etc., and like data.

2. Full information about the obstacles to trade of which complaint is made; for example—

(a) The ad valorem equivalent of the duties and other charges assessed upon the product, if considered excessive, and examples of the various types of product, if appropriate; tariff paragraph in schedules of the foreign country should be stated.

(b) Quota restrictions, if any, with special reference to method of administration of quotas, basis for claim of discriminatory treatment, if any, etc.

(c) Effects of clearing and compensation arrangements, import-license requirements, regulations with respect to exchange control, difficulties arising by reason of official monopolies, and like matters.

3. A precise description of the concessions desired in the foreign market with supporting data available to the trade. This should include such information as:

(a) The competitive situation in the foreign market, both with respect to competition with domestic production and with imports from sources other than the United States.

(b) Suggestions as to special classifications that might be established—natural and recognized by the trade—which would benefit the trade of the United States.

(c) Peculiar marketing or other exceptional conditions such as those involved in cartel organization, Government subsidy to domestic production, or other similar factors.

(d) Data with respect to the source and character of raw materials which enter into the manufacture of the product.

DUPLICATION SHOULD BE AVOIDED

Finally, though the committee welcomes relevant information from all sources, it is suggested that duplication in the presentation of views be avoided wherever possible. For example, in those cases where national labor unions, trade associations, and like institutions submit comprehensive statements, additional briefs from local branches or individual members of those organizations can properly be dispensed with unless they contribute some special facts not covered in the association's statement. Duplication of this sort is especially burdensome at hearings where presentation should be limited to data not adequately covered in the sworn statements already submitted and industry presentations consolidated at least by group, whether appearance is on behalf of laborer, manufacturer, or importer, unless conflicts of interest within such groups suggest separate appearance.

Figures and data compiled from publications of the Department of Commerce and other Government agencies are, of course, available to the committee, and their use in statements is of value only where they are employed to emphasize a special point and are not merely compilations or extracts taken from official publications.

Doped Money

EXTENSION OF REMARKS

OF

HON. HIRAM W. JOHNSON

OF CALIFORNIA

IN THE SENATE OF THE UNITED STATES

Tuesday, December 14 (legislative day of Tuesday, November 16), 1937

RADIO ADDRESS BY HON. H. STYLES BRIDGES, OF NEW HAMPSHIRE, DECEMBER 11, 1937

Mr. JOHNSON of California. Mr. President, I ask unanimous consent to have published in the RECORD, as a part thereof, an address by the junior Senator from New Hampshire [Mr. BRIDGES] entitled "Doped Money," which was delivered over the red network of the National Broadcasting Co. on December 11, 1937.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Ladies and gentlemen of the radio audience, it is my intention to speak briefly tonight on something that concerns all of us during our sleeping and waking and working hours, namely, United States money.

Schemes have been attempted ever since money has been used as a medium of exchange and a depository of purchasing power, whereby the quantity of money in circulation would take the place of production. The theories are many and varied but they have all had about the same success as Ponce de Leon when he attempted to find the fountain of youth and as the various ancient alchemists in their attempts to make gold out of lead or sea water or birchbark. In other worlds it just cannot be done. There is no short cut to sound money. One of the puzzles to me is that no matter how much experience we have had, no matter how much evidence of the failures of others, some of us are always prone to believe that while certain things may happen to other people they just cannot happen to us.

If we are sick or run down and the physician gives us a shot in the arm, we are perhaps granted temporary relief. The human body is so arranged that it can soon throw off the effect of a shot in the arm. When the economic body is ill, some of those who hope to get something for nothing prescribe an economic shot in the arm. In other words, they say, "Let us pay off a few of our debts by turning on the machinery in the Bureau of Engraving and Printing and print a few more million dollars of green-colored pieces of paper having the proper picture and the proper signature inscribed thereon, and we will soon be well again." Unfortunately, the economic body cannot throw off the effects of this shot in the arm, because not only is money a medium of exchange but is, as I have stated before, a depository of purchasing power, or, in the language of the common man, a dollar in money represents so many hours of labor, it does not particularly matter whose labor. When pieces of paper, representing so many hours of labor are offered in the food markets, they should buy so much bread, so much meat, so many potatoes, so many gallons of gasoline, or so many pairs of shoes for the children. When the electric money-making machines are turned on, however, the resulting dollars do not represent hours of labor but, instead, merely water the money already in circulation, so I have called this money which is the result of turning on the money machines "doped money." On this topic Dr. Edwin W. Kemmerer, professor of international finance at Princeton University, said: "For a nation to finance itself by inflation is like the resort of an individual to opium smoking. The first sensations are pleasant, but the more one takes the more one wants. The appetite grows by what it feeds upon, and the more one indulges the weaker become his powers of resistance."

In 1933, at a time when the present administration was doing things in its attempt to pull America from the depths of the depression, at the time of the N. R. A. and the C. W. A., the President was given the power by an act of Congress to issue $3,000,000,000 in greenbacks. This power has not as yet been exercised, but it is still a power; it is still hanging like the sword of Damocles over the delicately adjusted economic system of the country. If this power were to be exercised today, soon the price of everything that is on your table this evening would be affected. The prices would be higher. But your wages wouldn't be higher. The amount of money in your savings bank wouldn't be greater. The value of the bonds held by the insurance company which will some day pay your life insurance wouldn't be higher. Quite the contrary. Those things would be lower. Now you will ask the question, "If it is true that the national income is somewhere in the neighborhood of $67,000,000,000 a year and the public debt is around thirty-seven and one-half billion, why shouldn't the United States Government make use of this power to release $3,000,000,000 in greenbacks and thus increase the velocity of money in circulation without adverse effect? In fact, this shot in the arm might help us overcome this present recession." But the answer is, just like dope, one dose of greenback elixir would lead to another, and soon there would be much more than $3,000,000,000 of greenback doped money in circulation, and the purchasing power of the American dollar would be in the same category as the German mark in 1923 or as the French franc before the time of Napoleon. France on two occasions suffered ruin, riots, and revolution as the result of carrying out the policies of the greenbackers. The real truth of the matter is, the velocity of money does not depend so much upon the quantity of money in circulation as it does upon the confidence of the people in the money that is in circulation.

Is it not a sad commentary on the financial intelligence of this country that we can describe with deadly accuracy one of our many monetary policies by comparing it to the degrading and soul-destroying dope habit? Inflation helps nobody. Among the many desires of the inflationists one is to raise prices because they believe that high prices mean good times. As a matter of fact, at the present time we have about six and one-half billion dollars in circulation. If we were to add this three billion of inflated money we would have nine and one-half billion dollars in circulation. In 1920 we had only about $4,000,000,000 in circulation, but our price average today is only about 40 percent of what it was in 1920. In other words, high prices do not necessarily mean greater amount of money in circulation. True, inflation has a temporary beneficial effect on the debtor class who can wipe out their obligations in fiat doped money, but in the long run the destruction of the country and of decent government will far outweigh even that temporary advantage. Foolish and dangerous though the reasoning of the inflationists be, it has the power to win some converts. These wild-money people thrive upon disaster. There were enough converts in 1933 to put this Thomas inflation amendment to the Agricultural Adjustment Act upon our statute books; this power to issue $3,000,000,000 in printing-press products, irredeemable in anything of value and with no backing whatever. That law is still there. It is still a threat to our national welfare. It is still an influence in undermining business conditions. It is still entirely within the discretion of the President of the United States, whether this greenback doped money shall be poured into the channels of trade, and whether the President be Franklin D. Roosevelt or his successor, the power will remain on our statute books until the act is repealed.

When governments resort to the device of inflation they soon find out that they cannot fool the people. Certainly they cannot fool other nations with whom they trade. Foreign nations know the difference between worthless paper and sound money. Therefore, the next step of inflationary governments is to pass laws forcing people to accept worthless money or face fine or other punishment. In 1935, in a message to Congress, the present Chief Executive said, "Wealth is not created, nor is it more equitably distributed by this method. A government, like an individual, must ultimately meet legitimate obligations out of the production of wealth by the labor of human beings applied to the resources of Nature. Every country that has attempted the form of meeting its obligations which is here provided has suffered disastrous consequences.

"In the majority of cases printing-press money has not been retired through taxation. Because of increased costs caused by inflated prices new issue has followed new issue, ending in the ultimate wiping out of the currency of the afflicted country. * * *"

In view of this message it is fair to assume that the President would welcome the passage of a bill repealing this Inflation Act so that the power to regulate money would once more rest in Congress where it belongs. To say that the President believes in inflation is to say that he is merely giving lip service, in his above quoted statement, to sound money and sound economics.

Let us not forget that our wealth is not determined by the number of dollar bills we have in our pockets but rather by the purchasing power of these dollars. With this inflation measure unrepealed there is always temptation for the cheap money man, the economic tinkerer always on the job, who tried to attach the greenback rider to the soldiers' bonus bill, who did attach it to the A. A. A., and who is now attempting to attach it to the new farm bill. Let us not continue to live in a fool's paradise.

I have the honor to be the author of a Senate joint resolution calling for the repeal of the Thomas inflation amendment. My bill is Senate Joint Resolution No. 192. It is now in the hands of the Senate Committee on Banking and Currency, and in spite of the fact that a month ago I requested that an early date be set for public hearings on my bill, and in spite of the fact that this request has been supported by demands from all over the country, no date has been fixed for these hearings. But it is you, the people, who must make the demand. Let us realize that a mild increase in greenback circulation only whets the appetite of the inflationists. You must make your requests known. You must make your demands sufficiently strong. You must make it realized by all that never again is it your wish to commit the folly of trying to make people accept printer's ink on worthless paper as a thing of real value. There is no excuse on our part for having the Thomas greenback amendment on our statute books. Blind stupidity on the part of Congress and criminal neglect on the part of the people will explain it but that will not excuse it. If you wish that this vicious greenback statute be repealed, communicate your opinions to your own Congressmen and your own Senators and ask them to support Senate Joint Resolution No. 192.

Wage and Hour Bill Benefits Labor, Industry, and Agriculture

EXTENSION OF REMARKS

OF

HON. MARTIN F. SMITH

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 14, 1937

Mr. SMITH of Washington. Mr. Speaker, there are at least two sound arguments in favor of this legislation to establish minimum wages and maximum hours of work in industry which cannot be seriously questioned. First, it will better enable workers to attain a reasonably decent standard of living and more leisure time for rest and recreation and result in substantial social gains for the average citizen. Business is also certain to be thereby benefited, because the prosperity of business depends upon and is measured by the income, purchasing power, and steady employment of the wage earners and workers of the Nation. Second, this legislation will protect employers in industry from the unfair competition of other employers whose substandard conditions—low wages, long hours, and child labor—give them an unfair advantage. These, as I view it, are the two main objectives sought to be attained; and they are both meritorious and will contribute materially to the welfare and happiness of the American people.

BENEFITS TO AGRICULTURE AND THE FARMERS

Mr. Speaker and my colleagues, not only will industry and those employed in industry be benefited, but so will agriculture and the farmers of the Nation. In his speech at Omaha in the campaign of 1936, President Roosevelt pointed out the fact that one of the real answers to the problems of the farming population is to give the mass of city workers sufficient purchasing power to buy the products of the farm and thus to increase the cash income of the American farmer as well as the American laborer:

Increasing production alone in an unlimited way appeals to no person who thinks the problem through. Increasing consumption must go hand in hand with it. Here is a simple figure to mull over. If every family in the United States had enough money to live on what the doctors and dieticians call a Class-A diet, we would need foodstuffs from 45,000,000 acres more than we are using today. * * * I seek to increase purchasing power so that people can pay for more food and better food, and in turn provide larger and larger domestic markets for the farmer.

WAGES IN STATE OF WASHINGTON HIGHEST IN THE NATION

My colleagues, it is with pardonable pride that I call your attention to the fact that industry in the State of Washington, the southwest district of which I have the honor to represent, enjoys the distinction of paying the highest average wage rate in the entire country, according to the twelfth annual report of the Bureau of Labor Statistics recently released by Commissioner Isador Lubin. This common-labor survey covered 5,238 establishments throughout the United States in 20 industries with 222,555 common unskilled laborers on their pay rolls at entrance rates. The average hourly entrance rate in the State of Washington, I am proud to state, is 61.8 cents.

For the Nation as a whole, 14.7 percent of the common laborers in the industries surveyed received less than 40 cents per hour, the minimum fixed in the pending bill. In the South 48.4 percent of the workers were paid under 40 cents, while in the North only 3.5 percent averaged under 40 cents per hour.

LUMBER AND PULP AND PAPER INDUSTRIES

Mr. Speaker, the lumber and pulp and paper industries are the principal industries and source of the most employment in the State of Washington and the Pacific Northwest, and they are also very important industries in the Southern United States. It is therefore interesting to note the wide difference in the wages paid in these competing industries in the Northern and Southern States, as shown by the report of the Department of Labor, to which I have referred.

In the lumber industry—sawmills—in the North the average hourly wage is 54.6 cents and in the South it is 24.5 cents, and the percentage of common laborers receiving less than 40 cents per hour in the North is 15.1 percent and in the South it is 97.4 percent.

In the pulp and paper industry in the North the average hourly wage is 51.1 cents and in the South it is 39.6 cents, and the percentage of common laborers receiving less than 40 cents per hour in the North is 1.7 percent and in the South it is 44.8 percent.

Dr. Lubin, in the report, makes this significant comment:

In each case where the figures are available for both regions, the averages in the North were considerably higher than those in the South. The highest differential was found in lumber, amounting to 30.1 cents. The southern industry with the highest percentage of common laborers receiving less than 40 cents per hour was lumber, viz, 97.4 percent.

EFFECT UPON LABOR AND INDUSTRY IN SOUTHWEST WASHINGTON

Mr. Speaker, the most cursory analysis of the figures which I have quoted establish conclusively how much higher is the prevailing wage scale in the lumber and pulp and paper industries in the section of the country which I represent and the much lower wages being paid in the competing South, which is unfair to labor and industry in the West.

We harbor no ill-will toward our fellow Americans in the South and we wish them well. I have at all times viewed this matter impersonally and nationally. For the character, ability, and patriotism of our colleagues from the South, I have only the highest regard. They are lovable gentlemen and I have a real affection for them. There are no personalities involved here and no issue of sectionalism, and neither has any proper place in this debate. However, it is my solemn conviction that the welfare and happiness of all the people and our American society as a whole, North and South, East and West, absolutely depend upon the wages which are paid in industry as well as the hours of employment. The cash income of the millions of Americans who are employed in industry everywhere is the final determining factor in the prosperity of business and agriculture. As we have noted, we are suffering from a maldistribution of the earnings and profits in industry on account of low

wages, long hours, and child labor in some of our industries. When we raise these standards to a higher level, as we seek to do by this legislation, we thereby increase the consuming power and augment the market for all manufactured goods and products of the farm, first, in those immediate localities in which these industries are located, and secondly, throughout the Nation.

AS DEMOCRATS WE ARE UNQUALIFIEDLY COMMITTED TO THIS TYPE OF SOCIAL LEGISLATION

Mr. Speaker, it was my privilege and honor to serve as a delegate to the Democratic national convention held at Philadelphia in 1936, and I say to my fellow Democrats that we are unqualifiedly committed to this type of social legislation. I still remember the enthusiasm and fervor with which we in the convention adopted our platform, containing this plank:

> We know that * * * minimum wages, maximum hours, child labor, and working conditions in industry cannot be adequately handled by 48 separate State legislatures, 48 separate State administrations, and 48 separate State courts. * * * We have sought and will continue to seek to meet these problems through legislation within the Constitution.

Upon that platform we went before the electorate of the country, and in his closing campaign speech at Madison Square Garden, President Roosevelt said:

> Of course, we will continue to seek to improve working conditions for the workers of America—to reduce hours overlong, to increase wages that spell starvation, to end the labor of children, to wipe out sweatshops. * * * For all these things we have only just begun to fight.

WE ARE KEEPING FAITH WITH THE AMERICAN PEOPLE

President Roosevelt and the leaders of our party, and each of us, have since reiterated time and time again these promises and pledges to the American people. Now we are going to keep faith with the American people, carry out their mandate predicated upon their acceptance of the covenant set forth in our party platform, and redeem our campaign promises and subsequent pledges, and enact into law this legislation to increase wages, shorten hours, improve working conditions, abolish child labor, and raise the living standards of the workers of America.

Mr. Madden's Defense

EXTENSION OF REMARKS

OF

HON. EDWARD R. BURKE

OF NEBRASKA

IN THE SENATE OF THE UNITED STATES

Tuesday, December 14 (legislative day of Tuesday, November 16), 1937

EDITORIAL IN PITTSBURGH PRESS, DECEMBER 13, 1937

Mr. BURKE. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD an editorial appearing in the Pittsburgh Press of Monday, December 13, 1937, entitled "Mr. Madden's Defense."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From Pittsburgh (Pa.) Press of Monday, December 13, 1937]

Chairman J. Warren Madden, of the National Labor Relations Board, sees no infringement upon the constitutional guaranty of free speech and free press in the recent actions of his Bureau. His defense, outlined in a lengthy statement dealing with the summoning of a magazine editor to produce all papers, proofs, letters, memoranda, telegrams, etc., in connection with an article criticizing the Weirton Steel Co. hearing, is based on the premise that the editor knew something about a "violation of the law" and didn't want to tell where or how he learned it.

Said Mr. Madden: "Some editors are interpreting this concise expression (the first amendment of the Constitution) substantially as follows: 'No publisher or editor shall be required by any public authority to appear and give testimony in any trial or hearing as to violations of law of which he has knowledge or in which he has participated, if his knowledge was gained or his participation occurred in the course of gathering, writing, printing, or distributing matter which was to pass or had passed through a printing press.'"

In short, that editors claim they shall not be compelled to testify if they know about a "violation of the law."

All right, let's examine that premise. If it is true, Mr. Madden's defense of his Board's action is valid. If untrue, then his defense is unsound.

What could the editor in question know about in the nature of a "violation of the law?" There is only one answer, as admitted by the Labor Board. He knew about the origin and circumstances surrounding the publication of an article in his magazine. Therefore either the publication or the distribution of that article was a violation of the law. It was the only thing about which he was presumed to know.

But the first amendment to the Constitution of the United States declares: "Congress shall make no law * * * abridging the freedom of speech or of the press."

That amendment did not declare that it is a violation of law to attack the Wagner Act.

It did not declare that it is a violation of law to criticise the Labor Board.

It even did not declare that it is a violation of law to approve the labor theories of E. T. Weir, the head of Weirton.

It made no exceptions—for capitalist or labor leader, for union organizer or trade-paper publisher.

No publication—according to the first amendment of the Constitution—was in itself a violation of law. The only violations were for libel and for exciting to riot and rebellion, as defined by other laws.

Under Mr. Madden's definition of a "violation of law" the police at Dearborn, Mich., and the mayor at Jersey City were equally within the law when they arrested C. I. O. organizers for distributing union literature.

They, too, claimed to be upholding the law by calling union men to account for what they had printed or distributed.

If it is a "violation of the law" to print and distribute matter hostile to the Wagner Act about which the Constitution says nothing—then it can be claimed with equal validity that it is a "violation of the law" to print and distribute union arguments when the police at Jersey City and Dearborn want to say so.

If it is a "violation of the law" to print matter critical of an action under the Wagner Act, then why can't Congress make it illegal to print criticisms about the income-tax law or the interstate-commerce law or the pure-food law—or any other law it sees fit?

Mr. Madden's argument is good—up to the time where he forgets that the first clause of the Bill of Rights forgot to make an exception in the case of the National Labor Relations Board.

Wage and Hour Bill

EXTENSION OF REMARKS

OF

HON. E. E. COX

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 14, 1937

ADDRESS DELIVERED BY HON. E. E. COX, OF GEORGIA, ON DECEMBER 10, 1937

Mr. COX. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include the following address I delivered in Atlanta last Friday, December 10, 1937:

Mr. Chairman, were it not for the profound and fundamental changes—I might say revolution—now going on in our economic and social life, and, indeed, in the very structure and functioning of the Government itself, I would not subject myself to the criticism of too often resisting measures that are offered with the reported blessings of an administration of the party of which I am a humble member.

But so far reaching and so dangerous are these changes I am compelled by a sense of love for my country, love for my party, and concern for the posterity to which we of today must soon turn over this Government and this Nation, to speak out when I see steps being taken, encroachments being attempted, and legislation being enacted which point unerringly toward a government by men rather than by laws, the kind of government which burdens many of the Old World nations of today and which is utterly repugnant to every concept of free American democracy—the democracy of Jefferson, of Cleveland, and of the founding fathers, who fought for the establishment of personal liberty on our shores and who wrote into the Constitution the guaranties of those liberties.

I am not unaware of the criticism which has been voiced of my attitudes toward certain phases of the so-called New Deal. Nor have I been free of the mental travail, the unpleasantness, and the need for long and grave mental struggle attendant upon a position of disagreement with an administration that is struggling

so desperately to solve the innumerable vexing problems that press for attention.

My task of warning against some of these proposals and of opposing some of them has not been a happy one. But I have no regret, for nothing has been said or done in malice; it has been out of the deepest sense of duty to sustain our constitutional system and to defend the liberties of our people that I have sought to beat back every encroachment of despotism wherever and whenever it has raised its head, regardless of under what banner, whatever guise, or whatever circumstance. I must fight for a free America, for your personal liberties and mine, for an American concept of government, and against the creeping paralysis of fascism, nazi-ism, communism—dictatorship.

I do not accuse those who believe that circumstances of necessity or the exigencies of an emergency justify a temporary departure from the fundamental principles of free government of being the willing and knowing partisans of a totalitarian form of government. But I do say that once this camel gets its nose under the tent, it will mean in America what it has meant in those dictator-ridden nations of the Old World that shortly the camel will be entirely in the tent and the liberties and the personal freedom of American citizens will be trampled under foot and ground into the dust.

I have warned time after time—and I warn again now—that there is a snowball sort of effect to this constant encroachment of Government on the rights and liberties and activities of the citizens. Once let any government begin to control business, industry, labor, agriculture, church, or school, and unless that government is at some point willing to turn about in its course and release its control over these activities it must go on and on until complete control is exercised over all activities. And when government once assumes full control it must maintain itself by the device of terrorism. It can brook no criticism. It can risk no press and no voice and no collective action of the citizens against it. When that point is reached we will have in this country exactly the same sort of government—no matter by what name it is called—the same kind of government that today curses Germany, Italy, Russia, and Japan. No matter that the handcuffs and the leg irons are velvet-lined—they are handcuffs and leg irons nevertheless, and once they are clamped upon the citizenry of this Nation the chafing and finally the rebellion will come—and come sooner than we think. You cannot put the people of this country in a governmental strait jacket and keep them there. Our whole training is against it. It was easy enough to do this in Europe where the populace for generations was trained and conditioned to submission to authority. Those peoples were accustomed to bow to authority and to not question its right or power to control them. But that is not true of you—the sons and daughters of those pioneers who with faith in God, confidence in themselves, an irresistible determination to carve out their own destiny of freedom in the primeval forest by grace of strong bodies and keen axes, who threw off the yoke of absolutism and who made America what it is today. You cannot shackle such people by new instruments of power dangerous to the liberties of the people, even though such "new instruments" be placed in the hands of political puppets and self-serving bureaucrats intent upon perpetuating their own power at whatever cost to the people.

If absolutism ever comes to America it will not be through the desire of her people but through their lack of knowledge of what is being done. It will not come so much from design as from blindness. It will not come so much from determined direction as from thoughtless drift. And it is that blindness that I seek to prevent. It is that drift I seek to retard and to stop by warning against those measures and those trends which I see inevitably leading to that concentration of power that I know will not be accepted as a finality by our people. So, then, in short, you have the reason for my opposition to many of the administration measures, such as the wage-hour bill, and you have the reason for my criticisms of those measures which were so obviously in violation to the Constitution and to the whole American concept of government. I am not fighting men. I am fighting encroachment of dangerous ideologies. I am not criticizing men, I am criticizing the blindness, the indifference and the cowardice, that would make compromise with some form of absolutism, which, no matter how expedient it may seem for the moment, has within it the seeds of destruction for the liberties of America and the Constitution carved out of the blood and sacrifice of our forefathers who loved liberty and spiritual and intellectual freedom more than they loved this enigmatic struggle we call human life.

There has grown up in our national life all too much of the clamor that if a Member of the Congress does not submit supinely and on every occasion and on every proposal for legislation to the dictation of those in the executive branch of the Government, he has betrayed his party and has rebelled against his party's administration. That premise is false and that conclusion is obnoxious to every proper understanding of the constitutional duty of an elected legislator. A Congressman has his own constituency to serve. He has his own conscience to meet. He has, if he is worthy of his place in the councils of the Nation, a standard of courageous honesty and of honest courage which he cannot compromise without being faithless to the trust of his constituency, without being false to the liberties of his people, without being careless of our duty to our posterity to turn over to them a free Nation which we inherited from our forefathers.

Honest men differ in their views and their opinions—and such differences of opinions and the peaceful and reasonable adjustment of such divergence of views are the very essence and life and being of that structure—that great spiritual truth which we call constitutional democracy. That constitutional democracy is not a physical thing at all. It is truth, justice, good will, fairness, and cooperation aimed to attain the more abundant spiritual life and the more abundant physical well-being of our people. And when any man through cowardice or political expediency violates his concepts and his convictions of truth, justice, good will, fairness, and cooperation he has violated the very basis of constitutional democracy and of liberty among men. Many do it, as I have said, through blindness. They do not think these things through. Many do it through hope that by compromising for the moment they may turn back before it is too late and retrieve these elements of freedom. But there are some who give evidence of deliberately desiring to strangle the elements of constitutional democracy because they hope in the chaos which would follow to loot power and profit for themselves.

I perceive in the constant trend toward centralization in government, in the constant trend toward regimentation and regulation of all the activities of the people, this thoughtless drift and this blind and unthinking acquiescence to compromise with an alien political philosophy which spells the end of freedom in America.

Take, for instance, the pending wage and hour bill being considered by the Congress.

This measure is proposed in the name and under the guise of an economic and social necessity. The basic argument is that it is economically unsound for anybody in the United States to work for less than 40 cents an hour and that it is socially unsound for anybody to work more than 40 hours a week.

If that assertion be true, if that philosophy be sound, then it must be true and it must be sound in every case. It must be true and sound in the case of the agricultural worker as well as in the case of the industrial worker. It must be just as true and just as sound for the domestic worker, the white-collar worker, the clerk, the stenographer as it is for the lathe worker or the pick-and-shovel man or the man who follows the plow. So, therefore, if it is true for all of these, then there could be no exemptions granted by any all-powerful board or any all-powerful dictator at the head of wage-hour enforcement without violating in the case of every exemption those fundamental principles. But it is proposed to either set up a board, or a single administrator, or the Department of Justice, or the Department of Labor to violate in thousands of cases this alleged economically and socially necessary regulation. Discretionary power to an extent heretofore undreamed of is to be vested in the administrative agency chosen to enforce this proposed act, to exempt and to exclude from its provisions and operations some industries or some workers or some sections in which it is found that the fundamental theory won't work. So, then, we are to have the spectacle of an alleged fundamental economic and social necessity being set aside by edict of some enforcing administrative agency, so that in the cases of exemption the fundamental necessity will not apply while in others it will. Picture for yourselves the utter chaos and confusion that would result.

Now all this adds up to the establishment of a dictatorship over labor and over industry that will have to enforce its edicts upon all interests and activities coming within the zone of its jurisdiction or it will have to create a condition of emasculation and exemption that will render the act merely a meaningless series of exceptions and discriminations.

Let me say to you now that one of the underlying intentions of this wage-hour bill is to provide a board or some other administrative agency with the power to denude and deprive the South of certain climatic and raw-material advantages, certain labor and living advantages which are now bringing us to the forefront of industrial advancement, in order to provide competing northern industries with a weapon by which to retard our advancement and to deprive us of our markets which we can and do possess by reason of these natural and other economic advantages.

In other words, the purpose of the wage-hour bill is to put the industrial advancement of the South in a strait jacket so some administrator can sit in Washington and say when, how, and to what extent the South may utilize her industrial advantages to aid her own progress.

In utter violation of States' rights, local self-government, local self-determination of our own sociological and economic problems, this act is to be foisted upon us so that an administrator sitting in Washington can send a horde of regulators and field administrators down here to tell us the hours we shall work, the wages we shall pay, the industrial and labor and living standards to which our people and our industries shall conform, whether we like it or whether we don't, and whether we want it or whether we don't.

The very essence of the reason for State sovereignty is because the interests, the conditions, and the requirements of the various sections of the United States are so diverse and so widely divided as to render it economically and sociologically impossible to put America in a strait jacket of industrial and agricultural and social regulation made to apply to every section and to all industry and all labor alike.

It is contended that only a very small fraction of labor will be touched by the operations of this bill. If that is true, why outrage the Constitution and set up a dangerous and all-powerful board or single administrator in Washington to wield any such power if it is to touch such a small fraction of the laboring people as it is claimed?

Let me strip this whole question of the falsity of political argument and the mist of vague economic and sociological vaporings which becloud it, and stand it naked before you that you may see of what it is composed, what purposes actually enshroud it, so that you may for yourselves see the dangers to the South inherent in this dangerous and iniquitous proposal.

It has been said that this proposal grew out of the desire of the industrial East to stop the industrial development of the South, and to paralyze the industry we already have. But this is not true.

It has been said that organized labor, out of a desire to spread employment, to increase wages, and to shorten hours gave birth to the proposal. But this is not true.

It has also been said that the idea came out of a certain racial group interested in the elimination of all racial distinctions, who demand it as the price for continued political support. But this is not true.

This whole proposal grows out of the hearts and minds of those intellectual "reds" in America who actually are interested in achieving by stealth and by subterfuge and by usurpation a despotic form of government in place of our constitutional democracy, in order that they may be the ones to wield the power which, under free government and individual effort, they have neither the wits, the determination, the energy, nor the integrity to accomplish for themselves.

There are industrialists who are supporting this wage-hour proposal because if it is enforced it would tremendously handicap if not stop the present industry of the South and would paralyze our future efforts at industrial expansion. There are labor leaders who are supporting the measure because it will mean not only political organization of the industrial workers, but eventually and without doubt the political organization of farm workers and domestic workers as well, into a compact political force which could and would be manipulated and played upon as an organ by which these self-seeking labor leaders could acquire that despotic dominion over industry and over government for which they avidly thirst.

The organized Negro groups of the country are supporting it because it will, in destroying State sovereignty and local self-determination, render easier the elimination and disappearance of racial and social distinctions, and by the concentration of this vast and despotic power in a political board or administrator in Washington throw into the political field the determination of the standards and the customs which shall determine the relationship of our various groups of people in the South.

I say to you that these local problems cannot be so administered. It is not only impossible, but it is dangerous beyond conception to try to so adjust all of these intimate questions of daily life and associations by a political power sitting in Washington and determining these questions not from the standpoint of the best and wisest solution but from the standpoint of advantageous political determination of these questions. Along that way lies terrible trouble and dreadful social unrest and friction which, over the years, we have tried so hard to allay and to adjust.

These groups with their varying self-interests have all been consolidated into the common drive for this wage-hour bill. I think the President has been misled in this matter. I believe that if many of those who are now supporting this bill under the delusion that it will accomplish what it is purported to accomplish knew the real situation in the South they would withdraw their support and would denounce the measure.

It has been claimed by the friends of this measure that those who are struggling to make a living out of agricultural pursuits would escape its blighting effect, but this is not true.

It is impossible to put into effect the provisions of this proposed Wage-Hour Act without increasing the cost of all the things that the farmer has to buy. This is one effect. This act will increase the price that the farmer will have to pay for farm labor—or else your farm laborers will flock to the industrial centers for the 40 cents and 40 hours and fields will have to lie fallow and become buried under a growth of weeds because of lack of aid to keep them producing.

This act will operate, by increasing the cost of manufactured goods, to drain from the farmers' present markets a great portion of the purchasing power now spent for agricultural products, because it would be spent for manufactured products at increased prices.

There is pending before the Congress another bill, called the Agricultural Act of 1937. The administration is under commitment to farmers to secure for them parity of price, parity of income, and something more than the cost of production; and pending farm legislation is intended as a move in this direction. But can such parity be accomplished if the moment the farm bill is adopted you are to face, under this wage-hour bill, competition for your labor, higher prices for everything you buy, and a lowered purchasing power in your markets?

The ultimate effects of these two bills would be like infusing into agriculture a pint of blood through the Agricultural Act and at the same moment draining from agriculture a gallon of blood through the operation of the Wage-Hour Act.

I want such farm legislation as will achieve parity of prices, parity of income, and financial security for the farmers of America. The Nation cannot survive with the agricultural workers, comprising one-third of the population, drawing only a tenth of the national income. I am for intelligent farm legislation designed permanently to achieve for the farming population equality and parity of prices and of income. It is because of that necessity, and it is because of that desire which I have to actually secure such a condition of affairs for the farmers that I supported the agricultural bill while I oppose this wage-hour bill. I want such security and such parity for the farmers with the very least possible amount of regulation, regimentation, and interference with their individual liberty of action and self-determination. The American farmer is able. He is honest. He is of the best type of citizen we have in this Nation. What he wants and what he needs is a fair and equal chance with industry for the production and marketing of his products at prices on a parity with the prices of the things he must buy. But I say to you that the farmer cannot secure such parity if new and unpredictable competition, and new and unpredictable price burdens are to be created against him at the same time by such legislation as this wage-hour bill.

The great need of America today is intelligent cooperation between the Government and business and agriculture, not blind and arbitrary compulsion and regimentation.

We need between industry and agriculture intelligent cooperation, not blind competition and warfare.

We need between industry and labor intelligent cooperation, not blind force and hostility.

We need in America intelligent cooperation from a basis of enlightened self-interest, not class and racial hatreds and strife.

We need in America not to rob those who have to give to those who have not, but intelligent cooperation to enable the have-nots to acquire their own so they will not need that which others have.

The best form of relief known to mankind is that form which helps the needy to relieve his own condition of need.

Class hostilities and hatreds and wishful thinking never helped any nation to survive. We need a practical application of sound economics and sound sense and sound integrity to our problems in a concerted effort to eliminate the obstacles in the way of a renewed and continued prosperity.

Our Nation is again in a grave situation. It is essential that we all work together as good citizens and sensible citizens to preserve our democracy from destruction, to preserve our liberties from being wrested from us, and to preserve our defense from any assaults by other nations, while we hold in our hearts peace and good will toward all men.

I want my party to be dominant because it is worthy to be dominant through an enlightened and practical concept of government. The traditional policies and the traditional ideals of Jeffersonian democracy are the traditions of sound, enlightened, and fair American government in a constitutional way. We have, I think, wandered away, in some cases a long way, from those traditions and those ideals, but we are struggling to come back and will come back to those traditions and those ideals such as we know them here in the South, and hold them dear to our hearts because up to now they have resulted in establishing the greatest Nation under the greatest charter of liberty ever yet devised by the mind of man. [Applause.]

A Prophetic Utterance by Elihu Root

EXTENSION OF REMARKS

OF

HON. ROBERT F. WAGNER

OF NEW YORK

IN THE SENATE OF THE UNITED STATES

Tuesday, December 14 (legislative day of Tuesday, November 16), 1937

EDITORIAL BY DAVID LAWRENCE, DECEMBER 13, 1937

Mr. WAGNER. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial appearing in the United States News of December 13, 1937, by David Lawrence, entitled "A Prophetic Utterance by Elihu Root."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

A PROPHETIC UTTERANCE BY ELIHU ROOT

The other day I happened upon a quotation from a speech by Elihu Root delivered in 1916. By that time, Mr. Root had served as Secretary of War and then as Secretary of State by appointment of President Theodore Roosevelt. He had been elected to the United States Senate from the largest State in the Union and held a position of esteem in the councils of the Republican Party and business groups of America. Said Mr. Root:

"The real difficulty appears to be that the new conditions incident to the extraordinary industrial development of the last half century are continuously and progressively demanding the readjustment of the relations between great bodies of men and the establishment of new legal rights and obligations not contemplated when existing laws were passed or existing limitations upon the powers of government were prescribed in our Constitution.

"In place of the old individual independence of life in which every intelligent and healthy citizen was competent to take care of himself and his family we have come to a high degree of interdependence in which the greater part of our people have to rely for all the necessities of life upon the systematized cooperation of a vast number of other men working through complicated industrial and commercial machinery.

"Instead of the completeness of individual effort working out its own results in obtaining food and clothing and shelter we have specialization and division of labor, which leaves each individual unable to apply his industry and intelligence except in cooperation with a great number of others whose activity conjoined to his is necessary to produce any useful result.

"Instead of the give and take of free individual contract the tremendous power of organization has combined great aggregations of capital in enormous industrial establishments working through vast agencies of commerce and employing great masses of men in movements of production and transportation and trade so great in the mass that each individual concerned in them is quite helpless by himself.

"The relation between the employer and the employed, between the owners of aggregated capital and the units of organized labor, between the small producer, the small trader, the consumer, and the great transporting and manufacturing and distributing agencies all present new questions for the solution of which the old reliance upon the free action of individual wills appears quite inadequate.

"And in many directions the intervention of that organized control which we call government seems necessary to produce the same result of justice and right conduct which obtained through the attrition of individuals before the new conditions arose."

New Housing Act Will Be a Stimulant to Business and Labor

EXTENSION OF REMARKS

OF

HON. EDWARD W. CURLEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 14, 1937

A DISCUSSION BY HON. EDWARD W. CURLEY, OF NEW YORK

Mr. CURLEY. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include the following address by myself over the National Broadcasting System, Washington, D. C., Saturday evening, December 11, 1937.

Back in the summer of 1929 we were startled by a prediction that our Nation would be enmeshed in a panic in 6 months. That prediction was made by an internationally prominent statistician-economist. His name is Roger W. Babson. We know how accurate he was then when the uncanny truth dawned on the American people in the fall of that dark, history-making year of 1929. He was in a pessimistic mood at that time. Now he is back again in the limelight, taking the lead this time of the optimists in ridiculing the present-day pessimists who seem to be suffering from stage fright over the Nation taking time out to take inventory of the state of the Union. While this necessary economic step is in progress, a so-called recession took place, and the weak elements in the life of the Nation lost their nerves. Well, let us see what that great statistician-economist has to say now on this state of our affairs.

In an interview at his Wellesley Hills home, near Boston, upon his return from a 5-week visit to England, Roger W. Babson, statistician-economist, expressed every confidence that despite troubled waters in the sea of economics, business conditions in this country are basically sound. I quote:

"Babson predicts that business in 1938 will be better than it was in 1937. Our Nation today is swept by the epidemic of a new disease. It is the jitters. The English and other Europeans think this slump is only stage fright on our part."

Mr. Babson and I are in agreement as to the present and future state of the Union.

Tonight I wish to speak in reference to the Wagner-Steagall housing bill, which, in my humble opinion, is one of the most important pieces of major legislation yet introduced in Congress to convey to the minds of those engaged in finance the administration's effort to provide a basis for sound investment in an important major industry * * * an investment which carries with it the guaranteed security of Government insurance * * * another new milestone in our Nation's recovery program.

The first thought that President Roosevelt expressed back in 1933 was "all we have to fear is fear." With a heavy national deficit aggregating $7,000,000,000 as a legacy, and facing almost a complete paralysis of business in general * * * with banks closing in every State in the Union * * * with railroads badly crippled * * * and the whole economic structure in a tailspin heading for collapse, the body politic required a major operation to check and restore it to a normal condition. Over a million home owners faced bankruptcy and foreclosure. The nerves of the American people were shattered by misery and distress. Millions of farmers were crying for help. Captains of industry were on their knees begging for financial assistance from our Government. Railroads, insurance companies, and business in general pleaded for financial help from the Government, and it was granted.

The Government came to the rescue of the farmer, did it not? Over a million home owners all over the country were financed by Uncle Sam to the tune of $3,000,000,000, which went to liquidate the frozen assets of the mortgagees and lenders all over the land. All of this governmental relief expenditure primed the pump sufficiently to check the downward spiral of industry by means of this financial blood transfusion, which saved the day for the American people.

Now it is the private institution which must furnish the financial sinews of war against the existing recession we read so much about. No plan to restore prosperity will work if the people can't. The only remedy for the solution of the unemployment problem is the distribution of the wealth of the Nation in work and wages, and this is the basis of all prosperity. It is estimated that six and a half millions of American citizens are now unemployed. The only common-sense solution of this problem, therefore, is the initiation of a large-scale housing program of construction by private industry which will stimulate the dormant elements of that vital cog in the economic life of our country—the building industry.

The building industry was the first to be paralyzed by the depression, and it is the last to receive practical financial assistance. There are a million craftsmen in the building trades, and there are three to four million other workers indirectly affected by this proposed amendment to the National Housing Act.

President Roosevelt's housing program calls for reductions of one-half or three-quarters of 1 percent in the total charges on insured mortgages. At the present banks or others lending under the F. H. A. plan are permitted to charge a maximum of 5 percent interest plus one-half of 1 percent service charge. They also collect for the F. H. A. its insurance premium of one-half of 1 percent. That makes a total of 6 percent.

President Roosevelt proposed that the total of both interest and service charges be limited to 5 percent, in effect, wiping out the amount of the present service charge. On homes costing less than six thousand, he suggested that the insurance premium also be reduced to one quarter of 1 percent. Another but smaller saving would apply the premium rate to the unpaid balance of the mortgage instead of to the original amount of the loan, as at present. Thus, every time a home owner paid part of the principal on his mortgage he would reduce his insurance cost. Under the Wagner-Steagall Act the down payment will be reduced from 20 percent to 10 percent and the mortgage insurance increased from 80 percent to 90 percent—an important change for the better.

The paralyzing effect which the crisis of the depression produced between the years 1929–33, inclusive, on the building-trades department of the building industry is colossal, when a view of the statistics is placed before us, namely:

BUILDING CONSTRUCTION IN THE UNITED STATES

The number of families provided for in new dwellings in 257 identical cities are as follows:

In 1929: In one-family dwellings	98,164
In 1933: In one-family dwellings	14,437
In 1929: In two-family dwellings	27,813
In 1933: In two-family dwellings	2,124
In 1929: In multifamily dwellings	118,417
In 1933: In multifamily dwellings	9,318

Bradstreet's estimates of building expenditures in 120 cities of the United States were given as follows:

In 1929: $2,489,553,000 were spent.

In 1933: $262,942,000 were spent.

The foregoing statistics indicate expenditure of money in private industry for housing construction took a toboggan slide from a peak in 1929 and zigzagged to almost a zero point in 1933 because the financial institutions were on the verge of bankruptcy when the lifesaver, Uncle Sam, stepped in and rescued the very institutions which primarily brought on the business collapse. The builders of the Nation were handcuffed and could not obtain loans for private construction.

It is conceded by those who are experts on housing that approximately 750,000 dwellings per year for the next 10 years must be built to supply the essential human needs in this field of construction.

The rise in the Nation's jobless is put at 290,000 in a month. This unemployment in the United States in October 1937 advanced 293,000 over the September level to an estimated total of 6,350,000, according to the latest report of the National Industrial Conference Board, made public on November 31, 1937. This represents a resumption of the upward swing that took place from July to August after a succession of monthly declines since January 1937. The total employment in all fields of private enterprise and in permanent Government agencies, aggregating 46,836,000 persons in October, showed a decrease of 243,000 under the total for September 1937.

The housing problem in the city of New York, and throughout the Nation, is of more commanding importance just now to the public interests than any other subject requiring legislative action by the Congress. How can we hope to stamp out disease, insanity, and crime unless we take practical steps to remove the causes of

such a serious social maladjustment? The new proposed amendment to the National Housing Act, sponsored by Senator WAGNER, is the answer.

For the information of all concerned in this humane legislation, it might be interesting to know that there is a fertile field for new construction by private industry in the city of New York, which, under the terms of the Wagner-Steagall bill, investments will be secured by the Federal Government insurance feature.

Rents are now rising in the city of New York, especially among the tenement houses. There are five counties in the city of New York, in which are located the following old-law tenements:

First. New York County: There are 29,056 old-law tenements containing 335,042 flats.

Second. Kings County: There are 31,353 tenements containing 148,199 flats.

Third. Bronx County: There are 4,620 tenements containing 31,737 flats.

Fourth. Queens County: There are 1,632 tenements containing 7,044 flats.

Fifth. Richmond County: There are 291 tenements containing 1,164 flats.

This makes a total of 66,952 of these old-law tenements with a total number of 523,386 flats. These flats house approximately 1,500,000 people in the city of New York. If the social reformers really seek the fundamental cause of crime in all its ramifications, here is where it will be found, in all its vicious environment. The remedy lies in a drastic slum clearance and new housing program of new construction.

According to the statistics of the Federal Emergency Administration of Public Works "the total volume of all construction in 1929 in the United States amounted to $12,000,000,000. In 1932, before the establishment of the P. W. A., the pendulum had swung so far in the other direction, that the volume of total construction was less than $4,000,000,000.

To understand the importance of construction in our economic system it is necessary to recall that of 49,000,000 persons in gainful occupations before the depression, more than 3,000,000 worked at construction sites. In addition to these were millions of other workers whose employment depended directly on orders for material used in construction. The depression was ushered in by a let-down in building, from boom activities to a comparative standstill. The first of those to be laid off were the men engaged in the building trades, the masons, bricklayers, steelworkers, carpenters, plasterers, and plumbers. As construction slowed down, there was a gradual corresponding decrease in orders for materials and the employees of the mills and factories joined the ranks of the jobless. With mills and factories shut down there was obviously no call for raw materials to be fashioned into supplies for construction. Work ceased in the forests. The long lines of freight cars and trucks transporting raw materials from their source to the mills and factories which fabricated them and thence to construction sites became shorter and shorter.

The Wagner-Steagall bill is a humane constructive measure and deserves the whole-hearted support of the Congress. The sponsors of the bill are to be congratulated for their long, tiresome efforts to salvage the poverty stricken from the slum tenements and dwellings of the country and provide them with new decent housing besides cooperating for the revival of the building industry.

The Grand Coulee Dam

EXTENSION OF REMARKS

OF

HON. HOMER T. BONE

OF WASHINGTON

IN THE SENATE OF THE UNITED STATES

Tuesday, December 14 (legislative day of Tuesday, November 16), 1937

ADDRESS BY HON. HAROLD L. ICKES, SECRETARY OF THE INTERIOR

Mr. BONE. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD a brief address by Secretary Ickes, of the Department of the Interior, on the occasion of the opening of the bids for the completion of the Grand Coulee Dam, Wash.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Today we are taking the second step in the building of the greatest dam in the world. The base of Grand Coulee Dam, already the most massive masonry structure built by man, is nearly finished in the bottom of the Columbia River canyon west of Spokane. Now bids are being opened for the completion of this tremendous structure to its full height of 553 feet. The work already done and that covered by the new contract will involve the placement of three times as much masonry as went into the Great Pyramid of Cheops. Here is a job worthy of the best that science and engineering, that labor and industry have to offer. Grand Coulee Dam will endure for many thousands of years; testifying to the imagination, the ingenuity, and the skill of this generation.

However, if I may be permitted to venture a prophecy, it is that in the distant years to come this project will have given us a more coveted title than simply that of "builders of great dams." In saying this I do not mean to detract from the honor due to the engineers and the workmen who are building Grand Coulee Dam. Even they, I think, will agree that the significance of the dam is not found alone in the magnitude of its dimensions nor in the workmanship that has gone into its construction. It lies rather in the ends which are to be served.

Grand Coulee Dam will minister to many useful purposes. It is destined to have a profound influence on the social and economic life of the Pacific Northwest, which will be reflected throughout the country. It will serve to reduce flood peaks, to improve navigation, to store and to permit the diversion of sufficient water to irrigate a rich desert area one and one-half times as large as the State of Rhode Island, and to generate half again as much power as Boulder Dam. It will serve also, through regulation of the flow of the Columbia River, to improve markedly the power output of all downstream plants, including that at Bonneville Dam.

All of this will mean new homes and new opportunities for half a million or more Americans and new wealth for the Nation.

This is one of the most important conservation projects ever undertaken. It is not an experiment because it is cut on the same pattern as other projects that are now in successful operation which were built a generation ago by the Bureau of Reclamation of the Department of the Interior.

In coming years, when this work shall have been completed and this desert shall have been made fruitful, men and women still will travel half around the world to gaze upon the dam itself, and they will see much more than a tremendous, symmetrical pile of concrete in the great gorge of the Columbia River. They will see the homes and the villages and the cities, the farms, and the factories, and the civilization that this dam will have created.

Grand Coulee Dam is not a State or a regional undertaking; it is a national development. The wealth it will produce will be part of our national assets. Even today, in constructing the dam, it is necessary to reach out to distant places for materials. Half of the money spent on it goes into the States east of the Mississippi River for materials ranging from tacks to turbines, thus providing employment for many men and women. Each of the 48 States will contribute something vital to the building of Grand Coulee Dam. When this project is finished families from every part of the Nation will participate in the new opportunities that it will offer.

When our grandchildren visit Grand Coulee Dam they will understand all of these things, of which this great structure will be a pregnant symbol. And they and their children will think of this as an age of far-seeing planners and expert builders. They will be grateful for the foresight and the energy of a great President, which have made fruitful and productive a great barren area.

The Romance of Alabama History

EXTENSION OF REMARKS

OF

HON. JOHN H. BANKHEAD, 2D

OF ALABAMA

IN THE SENATE OF THE UNITED STATES

Tuesday, December 14 (legislative day of Tuesday, November 16), 1937

STATEMENT BY THOMAS M. OWEN, JR., CHIEF OF THE DIVISION OF ACCESSIONS OF THE NATIONAL ARCHIVES

Mr. BANKHEAD. Mr. President, this is the birthday of the State of Alabama. I request unanimous consent to have printed in the Appendix of the RECORD a statement by Thomas M. Owen, Jr., a native son of Alabama.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Today, December 14, 1937, is being celebrated by Alabamians everywhere as the one hundred and eighteenth anniversary of the State's admission into the Federal Union. Alabamians are proud of their noble heritage and of the romantic history of their State. As one who loves its traditions and who has some familiarity with episodes in its history, I shall present for those who are interested some of the high points in Alabama's unusual career.

Alabama, first on the roll of States, is today inhabited by a thrifty and patriotic people. It has an area of 52,250 square miles, of which 710 is water surface and 51,540 land surface.

The first white man to set foot upon what is now Alabama soil composed an exploring party of Spaniards led by De Narvez. The expedition landed on the coast of Florida and visited Mobile Bay in

1528 shortly before being dispersed. The story of this expedition is recorded in a volume prepared by a member of the party, Cabaza de Vaca.

The second Spanish expedition to enter Alabama territory was led by Hernando De Soto. De Soto, in 1539–40, traversed our borders, engaged the Indian chief Tuscaloosa and his tribesmen in the great battle of Mauvilla, said to have been the most sanguinary of Alabama, both from the standpoint of agriculture and of manon to gain eternal fame as the discoverer of the Mississippi River.

Alabama history, therefore, from the invasion of De Soto to 1937, covers a period of approximately 400 years, each packed with many thrilling episodes in the lives of its inhabitants. During this time the Spanish, the French, the British, again the Spanish, the United States Government, the State of Georgia, the United States Government, the Confederate States Government, and again the United States has successively laid claim to its soil, either in whole or in part, Alabama being a portion of that immense territory over which the mighty powers of Europe so long contended in their vast schemes of conquest and lust of dominion.

The first permanent white settlement in the Gulf States was founded in January 1702 at 27-Mile Bluff, Mobile River, known as Fort Louis, the site of old Mobile. Removed to its present location in 1711, Mobile was until 1720 the capital of the Province of Louisiana.

Fort Toulouse, at the confluence of the Coosa and Tallapoosa Rivers, was established in 1714 as a remote outpost for Indian trade. In 1814 the name was changed to Fort Jackson, honoring Gen. Andrew Jackson, and it was there that William Weatherford, great Indian chief, surrendered. That surrender ended the Creek War, broke the backbone of the Creek Indian Confederacy, and made possible later the opening of the territory for settlement.

It is interesting to note that the first African slaves were landed at Mobile in 1721. The slaves played a large part as workmen in the early development of the agricultural resources of the State.

When the Mississippi Territory was formed by an act of Congress, April 7, 1798, the present States of Mississippi and Alabama comprised one Territory until 1817. In 1817 Mississippi became a State and the eastern half of the Teritory became the Alabama Territory. On March 3, 1819, Congress passed an enabling act and on December 14, following, the State was admitted into the Union.

Alabama has had five capitals. The Territorial seat of government was at St. Stephens, in Washington County. In 1818 Cahaba was selected as the State capital. Due to the fact that no State buildings had been completed, the sessions of the legislature were held in Huntsville. In that city the local legislation necessary for Alabama to become one of the sisterhood of States was enacted, hence Huntsville is designated as one of the capital cities. In 1826 the seat of government was removed from Cahaba to Tuscaloosa, where it remained for 20 years. Due to changing centers of population Montgomery became the capital in 1846 and has remained as such since that time.

On January 11, 1861, Alabama seceded from the Federal Union, and February 4, 1861, united in the formation of the provisional government of the Confederate States of America.

Lewis E. Parsons was appointed provisional Governor on June 21, 1865, and the State was admitted to full participation in the affairs of the Union in 1868.

From 1865 until the inauguration of George S. Houston on November 24, 1874, Alabama, like the other States of the South, was dominated by Negro, carpetbag, and scalawag rule.

Constitutional conventions have been held in Alabama in 1819, 1861, 1865, 1867, 1875, and in 1901. Recently a reunion of the members of the convention of 1901 was held in Montgomery, and some 30 former members participated.

Montgomery is known as the Cradle of the Confedcracy. In that city was formed the provisional government of the Confederate States of America. There was said by William L. Yancey, greatest orator of his age, when presenting President-elect Jefferson Davis, "the man and the hour have met." There was inaugurated Mr. Davis as President of the Confederate States. There "Dixie" was first played as a march by a band under the leadership of Edward Arnold, Arnold having composed the selection after hearing Dan Emmett play it in the old Montgomery Theater. In Montgomery today will be found the Bible used by President Davis. In Montgomery today stands the first White House of the Confederacy.

Alabama contributed 122,000 men of a total white population of 526,271 to the Army of the Confederate States. Alabama gave the Confederacy 1 lieutenant general, 2 major generals, 25 brigadier generals, 60 regiments of infantry, 3 regiments of mounted infantry, 13 of cavalry, 6 battalions and 20 batteries of artillery, besides a number of independent companies, while Alabamans in other States also served in the Confederate Army.

Alabama residents have participated in every war America has ever had. Early settlers had fought in the War of the Revolution, the War of 1812, the Texas War with Mexico, the Mexican War of 1845–46, the War between the States, Indian campaigns, the Spanish-American War, the Boxer Rebellion, the Philippine campaign, and the World War. Today Alabamians are found in the armed forces of the United States in far-flung quarters of the globe.

Outstanding events in the early history of the State may be mentioned as follows:

Within our borders resided the four great Indian tribes, namely, the Creeks, Cherokees, Chickasaws, and Choctaws.

In the campaign against the Creek Indians in the War of 1812 Andrew Jackson entered upon that long public career so notable in American history.

Alabama was visited in 1825 by General Lafayette on his last tour of the United States.

The Vine and Olive Colony, near Demopolis, was composed of the followers of Napoleon, who were forced to leave France after the emperor's exile.

In Alabama lived such great Indian chiefs as the McGillivarys; Gen. William McIntosh; Pushmataha; Timpoochie Barnard; Josiah Francis, the prophet; William Weatherford; and Sequoia, the Cherokee, who developed an alphabet for his people and whose name is perpetuated in the big trees of California, Sequoia Gigantea.

Alabama gave Sam Dale, hero of the canoe fight, to Mississippi.

Tennessee gave to Alabama Gen. John Coffee, right arm of Jackson, who became our State's first surveyor general. Virginia gave us, among early Governors, William Wyatt Bibb, Thomas Bibb, Samuel D. Moore, Clement Comer Clay, Arthur P. Bagley, Reuben Chapman, and Henry Watkins Collier. From North Carolina came Israel Pickens, John Murphy, and Gabriel Moore. John Gayle came from South Carolina. John Anthony Winston was the first native-born Governor of Alabama. He was a distinguished lawyer and soldier.

Among great Alabamians who were or are great Americans may be mentioned William Rufus King, long a Federal Senator and a Vice President of the United States; John McKinley, John Archibald Campbell, and Hugo L. Black, the Supreme Court of the United States; Drs. Josiah C. Nott, J. Marion Sims, Nathan Bozeman, Jerome Cochran, John A. Wyeth, Peter Bryce Searcy, and J. N. Baker. Gen. James Longstreet and John B. Gordon removed from Alabama to Georgia, where they made lasting reputations, the latter becoming Governor and later a United States Senator. Gen. Joseph Wheeler and J. L. M. Curry, our two representatives in the Hall of Fame. Gen. John T. Morgan, Senator and father of the interoceanic canal movement. John Hollis Bankhead, Sr., who will go down in history as father of Federal aid to good roads. The longest one-name highway in America, running from Washington, D. C., to San Diego, Calif., bears his name. Alabama is more than proud of the sons of this distinguished public servant, United States Senator JOHN H. BANKHEAD, 2d, and WILLIAM B. BANKHEAD, Speaker of the United States House of Representatives. Oscar W. Underwood, Congressman and Senator, and unsuccessful candidate for the Presidency, who will be known to history for his Underwood tariff law. Alabama gave the world William Crawford Gorgas, the world's greatest sanitarian. Alabama also gave America Gen. William L. Sibert, distinguished engineer and World War officer. We are proud of Lt. Gen. Robert Lee Bullard, of Spanish-American War and World War fame. Alabama gave the world one of its greatest women, Miss Helen Keller. Other distinguished World War officers were Gen. Robert E. Steiner, Col. (now Governor) Bibb Graves, and Col. William P. Screws, of the immortal One Hundred and Sixty-seventh United States Infantry of the Rainbow Division.

We Alabamians are also proud of the fact that at Mobile we have a $10,000,000 port. We are proud that in 1832 in Alabama was completed the first railway track west of the Allegheny Mountains. We glory in the fact that Alabama was the first of all the cotton States to establish a common-school system. In our State was granted the first diploma ever issued to a woman by any chartered educational institution authorized to confer degrees. Our State university was opened to students in 1831, while at the Alabama Polytechnic Institute Prof. R. F. McKissack constructed the first apparatus used in the United States for the demonstration of the X-ray. This school also was the first southern college to establish a separate chair for electrical engineering. Alabama was also the first State to establish a department of archives and history.

At Montgomery is situated the great Maxwell Field, one of the finest aviation ports in the world. Camp McClellan at Anniston and Camp Sheridan at Montgomery were training camps for thousands of heroic Americans during the World War.

Noted Alabama valleys are the Appalachian Valley Region, Tennessee Valley, Coosa Valley, Jones Valley, and Cahaba Valley.

Noted mountains are Sand, bordering the Tennessee Valley, Little Mountain, Red Mountain in Shades Valley, Round Mountain, a spur of the Lookout Range, and Indian Mountains in Cherokee County.

Famous among our streams are the Alabama River, the Tennessee River, the Coosa, Tallapoosa, Black Warrior, and Mobile Rivers. Mobile Bay and Harbor and known the world over in song and story.

Who does not know of the world famous Muscle Shoals and Wilson Dam, at Florence, Ala.?

Our forests abound in game. There have been found more than 300 types of birds in Alabama. Great fishing is enjoyed in our rivers, lakes, and Mobile Bay. We have a wonderful conservation department, for Alabama leads in forest conservation.

The mineral district comprises about one-third of the State, including 28 counties. Alabama ranks third in production of iron ore, and fourth in production of pig iron. There is enough coal in Alabama to cover the British Isles to a depth of 3 feet. Alabama soil yields phosphates, graphite, ochre, niter, mica, lead, while copper and pyrite have been mined in Cleburne and Clay Counties, as well as limestone and dolomite. Alabama marble compares favorably with any in the world. The State also abounds in mineral springs.

Our State ranks twenty-seventh in land area in the United States. Its soils are varied, ranging from dark mucky loam to sandy loam.

Alabama boasts between 2,500 to 3,000 plants without cultivation. The list includes all the adventive and fugitive forms. Of the six great cereals of the world—maize or Indian corn, oats, wheat, rye, rice, and barley are represented in Alabama in the order here given. Cotton is the most important factor in the economics of Alabama, both from the standpoint of agriculture and of manufactures. Alabama has several nationally known nurseries, shipping growing tree stocks, vines, ornamental shrubs, and flowering plants to many parts of the country. We have a fine climate and our State is one of the leaders in public health in the Nation.

Alabama is the only State to build a monument to the boll weevil, and in our State is the only bridge ever built from the sale of roosters.

Space is not available to discuss our transportation system, modern educational institutions, or the many smaller industries which abound. Birmingham, the magic city, has grown, however, from a village some 60 years ago to an industrial center of more than a quarter of a million people.

Our State song, Alabama, was composed by Miss Julia Tutwiler. Our flower is the goldenrod. Our State name is an Indian word. The name is first found in three of the narratives of De Soto's expedition of 1540. The flag of the State of Alabama is a crimson cross of St. Andrew on a field of white.

In closing this brief summary of romantic high points in Alabama history, it may be said that Alabamians have found honorable place in nearly every State of the Union. The list is too long to mention, but there are several native-born Alabamians now in the Congress of the United States and in the Senate, while one State has chosen a native-born Alabamian as its representative in the Hall of Fame.

Lastly, this year the "Crimson Tide" represents the East in the Rose Bowl football classic, and the "Tigers" of Auburn play in the Orange Bowl.

Each year the men and women of Alabama are aiding in the building of a stronger and greater America.

The Sinking of the U. S. Gunboat "Panay"

EXTENSION OF REMARKS

OF

HON. HOMER T. BONE

OF WASHINGTON

IN THE SENATE OF THE UNITED STATES

Tuesday, December 14 (legislative day of Tuesday, November 16), 1937

EDITORIAL FROM THE PHILADELPHIA RECORD, DECEMBER 14, 1937

Mr. BONE. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD an editorial entitled "Children Playing on the Madhouse Lawn," published in the Philadelphia Record of December 14, 1937.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Philadelphia Record]

CHILDREN PLAYING ON THE MADHOUSE LAWN

A lot of solemn theorizing about what we ought or ought not to do in the Far East situation collapses in the face of the grim fact that an American seaman is dead who might now be alive had we pulled out of China.

Five others are missing and 15 have been injured. An "international incident" has been created that would not have been created had we ended our silly minuet at the edge of the volcano.

The bombing of the *Panay* is Japan's fault, of course. Japan admits that and offers to make recompense. (That will be odd reading in the American seaman's home.) But we are not quite blameless. All we did was to send American sailors to and keep American gunboats on the Yangtze River, half a world away, in line of Japanese fire. The fact that we have been patrolling the Yangtze since 1858 under treaty rights is no excuse. When a blizzard starts, wise men go indoors, in spite of their "right" to the street.

"Ah, but we have to protect our nationals," say those brave souls who don't care how many Americans die or how near we come to war, so long as we "maintain our prestige."

We don't agree. The stories of the brave Americans, dancing in Shanghai night clubs on the tops of tall buildings, chuckling while shrapnel bursts about them, do not impress us as tales of heroism. Foolhardiness is the word, and we think those Americans ought to be yanked home by their collars or told to stay at their own risk. We don't admire their reckless courage, and we don't like the kind of patriotism that leads them to involve a nation of 130,000,000 in a potential war to preserve their stores and offices in Shanghai.

We want them to come home, and the American patrol forces with them. Americans who insist on remaining in China are children playing on the grounds of an insane asylum. In such circumstances, the thing to do is not to make speeches to the inmates about sacred rights but to drag the kids away.

It would be different if the United States were firmly embarked on some course of international cooperation to aid China, if the world were actually acting to "quarantine the aggressor," in the President's phrase. That game might possibly be worth the candle, in the interests of world peace and international order, though we doubt it.

But we are not doing that, and we are not insulating ourselves from danger either. Our State Department hangs around on the doorstep; it won't go in, and it won't go home. We used to talk about the clear choice between isolation and international cooperation; our State Department is mixing both in a way that makes little sense—and an American seaman is dead.

International cooperation is not in the cards. Brussels was a dismal failure. Under those circumstances, the United States ought to get out and stay out; slap the neutrality law on both combatants and come on home.

We have had a clear warning of what lies ahead in terms of trouble and debt and potential war. It is too late for theories. Let's get out.

Operations of National Labor Relations Board

EXTENSION OF REMARKS

OF

HON. ROBERT F. WAGNER

OF NEW YORK

IN THE SENATE OF THE UNITED STATES

Tuesday, December 14 (legislative day of Tuesday, November 16), 1937

ADDRESS BY CHARLES FAHY, OF NEW YORK, ON DECEMBER 9, 1937

Mr. WAGNER. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by Mr. Charles Fahy, general counsel of the National Labor Relations Board, before the National Association of Manufacturers in New York, December 9, 1937.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

The National Labor Relations Board could very properly report to the country that it is doing well. You will, perhaps, be somewhat surprised, unless you have kept informed pretty accurately of the work of the Board, to learn that it has handled some 9,600 matters which have been presented to it under the act. Over 6,000 of these have come to it since last April, when the Supreme Court settled the question of the validity of the act and gave it a very broad scope of operation. Of these 9,600 matters, 6,465 have been closed. They are finished business. Of these numerous closed matters, affecting many employers and hundreds of thousands of employees (most of which arose during a period of rising industrial activity conducive to labor disturbances and during a period of intense rivalry within the ranks of organized labor), we are able to state that 435 strikes were averted through the good offices of the Board, 842 strikes which occurred were settled and brought to an end, more than 800 cases were dismissed or withdrawn without formal proceedings as lacking in merit or as not within the jurisdiction of the Board under the commerce clause of the Constitution, 3,596 cases were settled in a manner satisfactory to all parties and in conformity with the provisions of the act, involving 643,000 employees. It seems to be working out that only about 10 percent of the cases brought to the Board require formal proceedings for enforcement by the issuance of a complaint, the holding of a hearing, and the making of a decision by the Board; and even after this stage of Board decision is reached in this small percentage of all cases handled, settlements continue to be made so that the number of cases which finally must be taken into court for the enforcement of Board order is still smaller. The volume of the whole work, however, is so great that these court proceedings, while small in percentage, are fairly large numerically.

Among the above cases which have been handled by the Board are included 800 elections, in which with the highest degree of skill and satisfaction controversies over who represents the majority of the employees for the purposes of collective bargaining have been solved in a peaceful and orderly manner. This enables the employees to meet with the employer and negotiate concerning problems which affect them, and it also enables the employer to know with certainty with whom he should deal as a representative of his employees.

This huge volume of work is carried on by the Board in a decentralized manner through 22 regional offices carefully placed throughout the country in large centers of industrial activity. As you will readily see, the great bulk of the work of the Board, consisting of the adjustment of cases without formal proceedings,

and the holding of elections, very often with the full cooperation of employers, has been a great contribution to industrial peace. It is not that part of the Board's work which you hear about most often, because it is the least dramatic and controversial part of our work. But the controversial phase of the work must also go on as long as violations of the law continue. Employers who violate the law, I think you will agree, are as much subject to it as those who voluntarily comply with it and it is not to be expected that because an increasingly great number of employers adjust their labor relations to the principles of the act those who refuse so to do may escape their lawful obligations and deny to their employees the rights which this act guarantees and which a large part of industry voluntarily accedes to. Indeed some of our greatest industries had accepted the principles of this act long before it was enacted as the just and salutary basis for their employment relations. Many of you are familiar with this. Since the enactment of the statute and particularly since the Supreme Court decision of last April sustaining it many other industries have in the finest spirit joined the ranks of those who adopted this principle prior to any legal obligation to do so. They have set an example of compliance with statutory obligations which should be the goal of all.

There still remains, however, as you are perhaps aware, strong opposition in some quarters. The opposition originally moved under the guise of legal arguments carried under the wings of injunction suits and other legal proceedings. This opposition on legal grounds finally waned in the cleansing air of the Supreme Court decisions of last April. If you have not done so I hope you will read those decisions because they answer not merely the constitutional arguments but they indicate a strong conviction of the justice of the provisions of the act. Among other things, the Supreme Court said:

"That is a fundamental right. Employees have as clear a right to organize and select their representatives for lawful purposes as the respondent has to organize its business and select its own officers and agents. Discrimination and coercion to prevent the free exercise of the right of employees to self-organization and representation is a proper subject for condemnation by competent legislative authority. Long ago we stated the reason for labor organizations. We said that they were organized out of the necessities of the situation; that a single employee was helpless in dealing with an employer; that he was dependent ordinarily on his daily wage for the maintenance of himself and family; that if the employer refused to pay him the wages that he thought fair, he was nevertheless unable to leave the employ and resist arbitrary and unfair treatment; that union was essential to give laborers opportunity to deal on an equality with their employer. *American Steel Foundries* v. *Tri-City Central Trades Council*, 257 U. S. 184, 209. We reiterated these views when we had under consideration the Railway Labor Act of 1926. Fully recognizing the legality of collective action on the part of employees in order to safeguard their proper interests, we said that Congress was not required to ignore this right but could safeguard it. Congress could seek to make appropriate collective action of employees an instrument of peace rather than of strife. We said that such collective action would be a mockery if representation were made futile by interference with freedom of choice. Hence the prohibition by Congress of interference with the selection of representatives for the purpose of negotiation and conference between employers and employees, 'instead of being an invasion of the constitutional right of either, was based on the recognition of the rights of both.' *Texas & N. O. R. Co.* v. *Railway Clerks, supra.* We have reasserted the same principle in sustaining the application of the Railway Labor Act as amended in 1934."

Happily in our country certain fundamental rights have been so long established and we have become so accustomed to them that we seldom hear them questioned. Among these are freedom of worship, freedom of speech, trial by jury in common-law actions, freedom from unlawful searches and seizures, freedom of the press, and many other fundamental rights. There is now a new freedom that has joined these older ones and which the law now guarantees. It is the right of millions of employees to self-organization, free from employer coercion or interference, and the right of collective bargaining. This new freedom affects many millions of our fellow countrymen. As set forth a moment ago, this freedom has been recently said by the highest judicial authority of the country to be a fundamental right. The same authority has stated it to be not inconsistent with the rights of employers protected by the Constitution. It stands solidly on its own foundation within the Constitution. It is not incompatible with any constitutional right of anyone else. It is taking its important place, young though it is, among the older rights which exist in our constitutional democracy. These older rights, cherished as they are, will go along with this new freedom of employees, without the destruction or impairment of either, because all fundamental rights must and do adjust themselves, in a democracy such as ours, to their appropriate sphere of operation in relation to other rights. If the line of division between them is sometimes confused by protagonists of this right or that right, this freedom as opposed to that freedom, the issue is not left to be decided by the protagonists themselves, which would end either in anarchy or dictatorship. The proper realm for the operation of the respective rights is drawn, in the last analysis, by the courts as each case arises. The books are full of such decisions.

The freedom of employees to self-organization, as a freedom which is protected by legal processes, though it is new freedom in our national family, was gained over as long and difficult a route as any other. It was fought for, it was suffered for, it was died for. So essential was it that no opposition could end the struggle for it. I think that no opposition, however disguised, will now destroy it. Under the National Labor Relations Act it is the solemn responsibility of the National Labor Relations Board in the first instance, and of the courts in passing on the decisions of the Board in the second instance, to protect the rights of employees guaranteed by this statute whenever the machinery of the statute is invoked for that purpose. The Board must perform its duty without fear. It must do it without favoritism between rivals for advantage. The rights guaranteed by this statute belong to employees. The statute grants to employees themselves freedom in their own choice regarding the union to which they shall belong. The employer is expressly forbidden to interfere with or to influence that choice. The employers' coercion or interference with employee self-organization and choice of representatives is necessarily destructive of collective bargaining. Not only does reason tell us this, we know it from experience. You know as well as I, for example, the company-dominated union is not a means by which true collective bargaining may be had.

Collective bargaining is essential to the well-being of employees. It is essential to industrial peace under decent conditions. It is essential to the self respect of our industrial system. But collective bargaining cannot exist in the face of employer coercion of the individual employees in their choice of bargaining agents; it cannot exist if those practices forbidden by this statute are used by the employer. Those practices are therefore prevented by the Board and the courts under the mandate of the statute. This is done under as fair and as mild and as reasonable a method of procedure as ever devised for the administration and enforcement of any noncriminal statute.

I have said that it is the duty of the Board to administer and enforce this statute without fear or favoritism. But it is also your duty, the duty of every employer, to comply with it, frankly, openly, and without reserve.

Occasional criticism by labor itself of the administration of the statute which they fought so valiantly to obtain through long years of bitter strife and suffering must be viewed in its true perspective. This criticism by labor is a result of the division which now afflicts labor itself and from the fact that the Board is unable to suspend the operation of the statute because of that division. The Board is obliged to continue to decide cases which arise so that employees may obtain their rights to collective bargaining through representatives of their own free choice. In making these decisions it occurs that one side or the other of the rivals among labor organizations is not always pleased or satisfied; but it should be borne in mind that criticism resulting from difficult decisions between two earnest contestants should be viewed in its true perspective. Labor knows that the heart of the statute is freedom from employer coercion and the true collective bargaining that freedom makes possible. Labor knows that whether or not one or the other rival may secure temporary advantage from employer influence, the Board must and will prevent that influence from being used to interfere with the democratic processes of selection of representatives as prescribed by the act.

Capital and labor are being urged to cooperate. Obstacles to such cooperation should be removed so that industrial growth and industrial peace may go forward. It is a great obstacle to cooperation when one party or the other violates the rights of the other. It seems to me that healthy cooperation between capital and labor must take for granted that the provisions of the National Labor Relations Act are adhered to. There can be no trust in or respect for an employer who is unwilling to recognize the basic rights of labor as guaranteed by this act.

Those who adhere to the act and those who conform their labor relations to its principles are not found among its critics. They are amazed and often shocked by the difficulties of the employer who does not recognize the right of his employees to self-organization and collective bargaining, but who resorts to the weapon of discharge, discrimination, coercion, and domination as a means to destroy the civil liberties and the bargaining power of his employees.

The New York Southern Society

EXTENSION OF REMARKS

OF

HON. SHERMAN MINTON

OF INDIANA

IN THE SENATE OF THE UNITED STATES

Tuesday, December 14 (legislative day of Tuesday, November 16), 1937

ADDRESS BY JESSE H. JONES BEFORE NEW YORK SOUTHERN SOCIETY, DECEMBER 3, 1937

Mr. MINTON. Mr. President, I ask unanimous consent, in the name and on behalf of the junior Senator from Texas

[Mr. CONNALLY], to have inserted in the Appendix of the RECORD an address by the Honorable Jesse H. Jones, Chairman of the Reconstruction Finance Corporation, at the fifty-second annual dinner of the New York Southern Society at the Waldorf-Astoria Hotel in New York City on Friday evening, December 3, 1937.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. President, honored guests, and members of the Southern Society of New York, it is an honor to be invited to address you, and I feel a particular inspiration when I contemplate the distinguished men of the South who are now and who have been members of this society, and those who have been privileged to address it in these 52 years.

Tradition and the love of homeland draw people together throughout the world. Those who come from other sections are no doubt equally proud of their heritage, but certainly none are more loyal to the land of their birth and youth than southerners. Indeed, it is said that we of the South cling more tenaciously to our traditions than people of any other section of the Nation, unless they be New Englanders.

It is true of the southerner that no matter where he goes, how much better balanced may become his understanding from his transplanting, how successful he may be, or how stanch a citizen of the great city of New York, or elsewhere, he remains always a southerner. If he comes from Virginia, South Carolina, or Georgia, he is apt to remind you of that fact. Some of the rest of us are guilty of this pardonable pride. I confess to a full share of it in my adopted State, Texas, and the State of my boyhood, Tennessee.

With you I take pride in all southerners who make creditable records in the social and business life of your great city. They are numbered among all the professions, as well as banking, business, railroading, and politics. In addition to some friends whose faces I see here this evening, when I think of southerners in New York, two names invariably come to mind, names of men whose friendship I enjoyed and for whom I have great respect, Judge Robert S. Lovett, from my home town, Houston, and Adolph S. Ochs, from the State of my birth, Tennessee. Few men had better conceptions of what constitutes true manhood and good citizenship than Adolph Ochs and Robert S. Lovett, two really great men in any generation.

As a matter of course we all have pride in the great characters of the South who played prominent roles in the political life of our Nation in its earlier days. These include many Presidents who are dear to the hearts of southerners and northerners alike, many who became prominent in the Congress of the United States and in other pursuits, and many who shed their blood for country and principle. It is hoped there will never be occasion for any such sacrifices again.

Those of us from Tennessee and Texas are particularly proud of Andrew Jackson and Sam Houston. We have other ideals, each and every one of us, many of them, but time will not allow even a faint effort at naming them. I should like, however, to refer to two of our contemporaries, Vice President Garner and Secretary Hull. They both go along in the even tenor of their ways, doing their jobs and setting an excellent example for the rest of us in Government service.

We are always proud when southerners acquit themselves creditably in whatever they undertake, wherever they go. And I make no apology for these expressions of pride and sentiment. In my view, these qualities of man are second only to humility, the greatest of all our virtues.

One could spend more than an evening talking about the South and southerners without doing justice to either, but in considering a subject for this address I concluded that you would probably be more interested in national problems that are occupying our thoughts—government and business—the relations of one to the other, as they appear to me from my experience in both business and government. And let me state most frankly that I do not feel adequate to analyze accurately the causes for the present state of business, or for the state of our minds, and I make no pretense to having the wisdom that can point unerringly to a solution.

As you may know, I went to Washington in January 1932 as a minority member of the bi-partisan Board of Directors of the Reconstruction Finance Corporation, almost 6 years ago. For more than a year the Hoover administration exerted great effort to stop the downward trend. With the coming of the new administration more extraordinary government procedure was put into operation than was ever known in a democratic government, and soon we started up the hill.

Time will not allow me to go into detail about the activities of the Reconstruction Finance Corporation and the approximately $9,000,000,000 credit which it has made available to agriculture, banking, and business. The five Government agencies, the R. F. C., Home Owners' Loan Corporation, Farm Credit Administration, Public Works Administration, and the Federal Housing Administration, have supplied the country with more than $15,000,000,000 necessary credit, and the ultimate cost to the taxpayer of all this will be very little.

I take pride in the fact that the integrity or honesty of administration of any of these agencies has not been challenged.

For more than 4 years now we have experienced marked and generally steady economic improvement. We have gradually but consistently experienced definite recovery; recovery in employment, in agriculture, industry, business, and banking—recovery in all pursuits. It has been general with respect to spheres and regions to little business and to big business.

But in recent weeks there has come a definite and marked recession in almost all lines. A feeling of uneasiness prevails. In many quarters we are beginning to hear the question debated as to whether or not the country is slipping into another depression.

There is no questioning the fact that there is a very marked slowing up in all business activity. Industrial production is down; car loadings are distinctly off; operations in the steel industry have dropped to a low level; production in the heavy goods and motor industries is on the decline; unemployment is increasing; and prices of farm commodities are substantially lower.

Notwithstanding the realities of these recessions, or the fears that have been multiplying in the minds of many people, we have not reached the stages of a depression.

It would be a sorry commentary if, with the greatest abundance of everything imaginable for a comfortable and pleasant existence, the American people were unable to compose their differences and avoid another depression.

I have too much faith in the inherent patriotism and good sense of the American people to believe that the ultimate answer will be another depression. I have too much faith in the patriotism and ability of our business, agricultural, and industrial leaders to believe this. I have too much faith in the integrity, the statesmanship, and the sound judgment of our public servants to believe it, and I refer particularly to the Congress and the President of the United States.

I know all is not well, and so do they. So do you. I know that effort is being made every day to ascertain the cause and to find a remedy.

I have stated publicly that I did not understand the reason for the fear, or the alarm, or whatever it is that is slowing up business, and I repeat that statement here. The reason we most often hear is fear of Washington—fear of government—but that is not a good reason. Our Government is what we make it.

We probably got out too soon after our recent illness. Maybe we overtaxed our strength, or put the machine in high when we should have tried it a little while in second speed. We were very low in '31 and '32; the country had been almost liquidated.

We started out under the leadership of President Roosevelt, all applauding his determination to bring the country back to a state of prosperity. There was just one way to get started, spend money, create credit, and charge the enemy on all fronts. This was done in a big way, and by 1935 we began feeling our wings again. We liked it.

Nineteen thirty-six was a fairly good year as business goes, and we started clamoring for a balanced Budget—very properly so. You can balance the Budget all right, personal or Government, if you can stand the pressure, but you will get hungry when there is no meat in the smokehouse nor meal in the barrel.

A few weeks ago it seemed that the Budget could be balanced by the next fiscal year, and if we can get business started again and people back to work, it probably can be, but not otherwise. Furthermore, we should not want the Budget balanced at the expense of hungry people, or if it endangers the welfare of our country. The Budget can never be definitely balanced until business and government come to a better understanding. Business and government must be partners, partners willing to share responsibilities and to cooperate honestly and confidently. Business and government are necessary to each other if either is to succeed.

In my opinion, the key to the situation confronting us today is intelligent, cordial, friendly, determined cooperation between Government and business—Government and all the people. It cannot be sectional; it cannot be class; it cannot be political. It cannot be achieved if we let ourselves believe that our Government is our enemy. Government must be the friend of business, but business must learn, and is rapidly learning, that Government is the umpire—the senior partner—and that it is the Government's responsibility to see to it that business plays the game squarely, and does not charge too much for its service. The Government must be fair, of course, as fair as a father to a family of children, and there should be no favorites.

When some of us here tonight were growing up, a rap on the knuckles or a slight box on the ear was sufficient to hold us in line. With others the rod or more severe methods were necessary. We all like to exceed the speed limit when the road is good, and without restraint are apt to endanger not only ourselves but others.

Too many of us feel that Government supervision is Government interference, and in the administration of our laws it sometimes appears that way. Every national administration must take the blame or the credit for its bureaus and bureau heads. Congress passes the laws but the bureaus administer them, and from my observation, the interpretation and administration of the law is of equal if not greater importance than the law itself.

Most business people are willing to cooperate with Government and to assume the full share of responsibility and tax burden that should properly go to business; but the taxes must be levied so as not to stifle business, and the regulation must be fair. Our trouble probably is that Government and business do not often enough sit around the same conference table. I know that committees are formed from time to time and conferences had, and I know that they have not produced satisfactory results, either to business or to Government.

Maybe these efforts would be more effective if we dealt direct with the President and with Congress. We elect these men to run our Government, and what we have to say about them and the Government should be said to them. There is not a man in Congress, either branch of it, who does not welcome suggestions from unselfish, patriotic constituents. One trouble is that many of us demand of our Representatives some special treatment or favor.

We are essentially a people of business, a working people. Every farmer, shopkeeper, or manufacturer, every bank, railroad, or insurance company, everyone, including labor and the professions, is a part of, or dependent upon business, and all are happy when they are making headway. All of these working together with Government, or substantially all, can successfully cope with any situation. Pulling in different directions will wreck the ship. No class should be allowed to advance at the expense of any other class, no group at the expense of any other group.

Strikes should never be necessary for labor to get fair treatment. Public opinion will support labor in all fair demands and will not support industry that is unfair to labor. The reverse is equally true.

One thing is certain—we all either go up together or we go down together. I prefer to believe it will be up.

President Roosevelt pointed the way in his message to Congress November 15. Let me read a paragraph from what he said:

"Obviously an immediate task is to try to increase the use of private capital to create employment. Private enterprise, with cooperation on the part of Government, can advance to higher levels of industrial activity than those reached earlier this year. Such advance will assure balanced budgets. But, obviously, also, Government cannot let Nature take its course without regard to consequences."

This succinct analysis points the way to a resumed advance that should carry us to permanent recovery. It has in it principles that will make for regular and increased employment of labor at reasonable wages, employment that will insure profits to business and industry from which necessary taxes can be collected, and that will afford a more satisfactory return to agriculture.

In the President's message to Congress the first item mentioned was a revision of the tax laws. He did not intend that this should take precedence over the legislation for which he called Congress to meet, but it showed clearly that he realizes some modifications are desirable. It would be very helpful if these changes could be brought about at this session of Congress, particularly with respect to corporations which need every dollar of their earnings after normal taxes for plant improvements or to pay debts. If this is not feasible, Congress might provide that the changes when made apply to this year's business. The principle of the undistributed surplus tax, insofar as preventing unnecessary accumulations, is a good public policy. But as now written it works a hardship on the great majority of corporations, those that need their earnings for expansion and for debt payment. Relief to these taxpayers is imperative.

We are advised that the Ways and Means Committee of the House will have its bill ready for consideration early in January, at the latest, and Senator HARRISON tells us that the Senate will act promptly. The President says he is ready when Congress is.

So we are assured of tax revisions within a very few months, including, so I am advised, modifications of the capital-gains tax. And of all our aching teeth the tax tooth seems to hurt the most.

The Treasury must have the revenue necessary to run the Government, but I have never had any doubt that the tax laws would be modified to provide this revenue without stifling business and industry.

If we are to avoid another unhappy period, everything must be done that can be done to create work, and everything must be removed that interferes with the growth and expansion of business and industry, building homes, business properties, improving and maintaining our transportation systems, or construction of any character. The President knows this and Congress knows it.

Railroads are still our most important single factor in employment and the heavy-goods industry. They are out of the market now almost entirely. Recent increases in wages and the cost of supplies, together with provisions for social security and railway pensions, have got the railroads up against a blank wall. Many of them have closed their shops and all of them are laying off men for the very good reason that they do not have sufficient earnings with which to hire and buy. Few of them have any appreciable amount of credit left.

The automobile industry is probably as great a factor in employment as the railroads, but it is well financed, and is not subject to governmental regulations that control its earnings.

Every other industry passes its increased costs of labor and supplies on to the customer, and our transportation companies, the railroads, the steamships, trucks and busses, and the airways, can do no less if they are to survive and continue to furnish safe and sufficient service without direct Government assistance, and we can't subsidize everything.

We should not require that any service be furnished at a loss any more than we require that commodities be produced and sold at a loss. All business is entitled to a fair profit, and people who work for a living a fair wage.

Congress is now at work on the agriculture problem, an effort to assure a sustained profit to the farmer.

Every phase of our economic system demands the sincere and sympathetic cooperation of business and Government, and between the various elements of business, if our problems are to be solved. And solved they must be.

We may be able to talk and think ourselves into a prolonged recession in business, but I repeat, there is no true basis for another depression.

In '31 and '32 our banks and financial institutions were in trouble. Now they are strong and bulging with loanable funds. So we can cross that one off. The average rate of wages is good. All we need is more hours of work. We have all manner of food supplies in the greatest abundance; and there is no lack of anything necessary to the general welfare, except confidence, mutual confidence.

So if we can't manage to get along, we should give the country back to the Indians.

Tradesmen's Fascism

EXTENSION OF REMARKS

OF

HON. EMANUEL CELLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, December 13, 1937

LETTER TO HON. W. A. AYRES, CHAIRMAN, FEDERAL TRADE COMMISSION

Mr. CELLER. Mr. Speaker, under leave to extend my remarks I include a letter from me to Hon. W. A. Ayres, Chairman of the Federal Trade Commission.

The letter is as follows:

DECEMBER 14, 1937.

Hon. W. A. AYRES,

Chairman, Federal Trade Commission, Washington, D. C.

MY DEAR CHAIRMAN AYRES: Referring to your letter of November 30, replying to mine of November 29, I am attaching hereto a dossier, which contains, among other items:

Exhibit A: A list of the individuals, organizations, and corporations which have been mentioned to me in connection with alleged coercions possibly related to an alleged coercion of a manufacturer which has been stated to have resulted in $25,000 being paid over to the National Association of Retail Druggists.

Exhibit B: A photostat of a copy of a letter from the Curtis Publishing Co. refusing to run anti-price-maintenance advertising in its publication, the Saturday Evening Post.

Exhibit C: Copy of a letter from the executive vice president of the advertiser involved in the refusal referred to in exhibit B, above, asserting that the publication Time similarly declined publication of anti-price-maintenance advertising.

Exhibit D: A photostat of the reproduction of a portion of a check for the $25,000 referred to in exhibit A, above.

Exhibit E: A photostatic reproduction of a check for $25,000 drawn in favor of the National Association of Retail Druggists and apparently cashed by that organization. This is the check for the $25,000 referred to in exhibit A, above.

Exhibit F: A photostatic reproduction of page 1616 of the official journal of the National Association of Retail Druggists, which establishes as official objectives of that organization, under date of November 19, 1936, both minimum-profit margins throughout the country of 50 percent of the cost price of merchandise to the retailer (33⅓ percent of the sales price, that is) and uniform resale prices throughout the country on all items produced by manufacturers operating in interstate trade under price-maintenance legislation.

Exhibit G: A photostatic reproduction of page 1614 of the official journal of the National Association of Retail Druggists, showing that the objectives mentioned in F, above, were officially undertaken by the executive committee of the association, at a meeting held in the Rose Room of the Sherman Hotel, in Chicago, November 10 to 12, 1936.

Exhibit H: A photostatic reproduction of an excerpt from an editorial by the executive secretary of the National Association of Retail Druggists, which was printed in the association's official journal on February 4, 1937, in which he states "one price for all" should be stood for by those employing him as executive secretary, and that the "one price" should be at least 50 percent profit on the cost of merchandise—33⅓ percent on the selling price, that is—and suggests how to make those who think otherwise see "the light."

Exhibit I: In August of this year, following the enactment of the Miller-Tydings amendment as a rider to an appropriation bill, the executive secretary of the National Association of Retail Druggists issued to the "officers of each fair-trade State" a call for a meeting to be held the 30th of that month at the Sherman Hotel in Chicago. Exhibit I in the dossier is a photostatic copy of the last part of that call, showing the date as mentioned, and the signature of the executive secretary.

Exhibits J and K: At the meeting referred to in I, above, and established therein as officially called on behalf of the association

in question—the National Association of Retail Druggists—which had adopted as its objective, as shown in Exhibit G, above, national uniformity of prices at a minimum-profit margin of 50 percent on cost, although the association's Washington lobbyist warned (exhibit J) that he had swayed votes necessary to the passage of the Miller-Tydings amendment only by promising that illegal price activities would not be carried on under it, there was adopted a national price-enforcement plan so clearly illegal that I called it to your attention, and apparently Government officials decried it when consulted informally (exhibit K) regarding it.

Exhibits L and M: As I suggested more in detail in my letter to you of November 29, evidently in an attempt to circumvent the illegalities of the plan mentioned above, the association at its succeeding convention, which occurred in St. Louis during the following month (September 27 to October 1, 1937), adopted a "revised" plan and put on a "show" of legitimate price-maintenance objectives, several of the official speakers, including the association's general counsel, Herbert Levy, even going to the extent of practically admitting that current price activities of members were dangerously illegal (exhibits L and M). I presume on the strength of this, officers of the American Pharmaceutical Association of high repute, continued to hold office in connection with the plan—I refer to Dr. Robert L. Swain, of Baltimore, Md., and Dr. E. F. Kelly, of Washington, D. C.

Exhibits N and O: However, a meeting of the executive committee of the association which closely followed the convention, again announced, at the Sherman Hotel, in Chicago, on November 19, as the official objective of the association, actual Nation-wide price uniformity under price-maintenance legislation (exhibit N). This meeting was attended by the body which had been set up previously in connection with the August meeting referred to above, but Dr. Swain and Dr. Kelly of the American Pharmaceutical Association were evidently not present (exhibit O) this time, nor the association's general counsel, Herbert Levy, who had warned so strongly of the dangers of price illegalities at the preceding convention (exhibit M). I have been told that Dr. Swain and Dr. Kelly have resigned from the body, "under pressure of other obligations," and that Mr. Levy has stated he ceased to be the association's general counsel in the interval separating the September 27 to October 1 convention at which he made the speech shown in exhibit M, and the November 19 meeting referred to by exhibit O.

Exhibit P: The photostat (P) shows the surplus of the National Association of Retail Druggists to have been on August 31 of this year, on the authority of its auditing committee, $183,784.22.

Exhibit Q: Photostat (Q) describes the California Pharmaceutical Association's plan under which 3,500 posters, and a related bulletin service—as I called to your attention in my letter of November 29—may result in camouflaged boycott by a new variation of the venerable "white list" method.

Exhibit R: A copy of an article published in Collier's which is of indicative importance in connection with the matter under discussion, and as well of specific importance in connection with the remarks accompanying exhibit A.

Exhibit S: Exhibit S is my letter to you of March 2, 1937, which, together with the many substantiating exhibits that accompanied it, which I do not attach, as they are in the Commission's files, supplies much that supports the many indications contained in exhibits A to R, and as well in my letter of November 29, that the Commission may well bring to light important price-fixing illegalities in connection with the investigation you mention in your letter of November 30 is under way. I trust that those in charge of this investigation have available both my letter of March 2 and the accompanying exhibits, but if they are for any reason needed I can supply copies.

In connection with the names of organizations, individuals, and concerns involved in exhibit A, I wish to call the Commission's attention to what is apparently a new type of sinister censorship of customers' sources of information by organized groups of distributors that may amount to a tradesmen's fascism. While only the names first listed in exhibit A have to do with the specific instance of the $25,000 check to which I called attention in my letter of November 29, I know that the Commission will be interested in a general way in the other occurrences which are mentioned in that exhibit, and which have come to my attention since the letter I wrote on November 29 has been made public.

They seem indeed to indicate pressure important enough to affect the most powerful periodicals in the country. Proponents of the Miller-Tydings amendment and the Patman Act have repeatedly asserted "large interests" have influenced the printed page against them. While I have yet to learn of a specific instance of publications being put under pressure to oppose these laws, the mere publication of the allegation of a specific effort by those favoring these two laws to have articles of which they did not approve withdrawn from newsstands, has already brought to my attention the very indicative incidents of activity by those favoring these laws which I have included in exhibit A.

These incidents show that two periodicals of large circulation, Time and the Saturday Evening Post, have felt it necessary to refuse advertisements attacking price fixing and addressed to consumers. Another, Collier's, also an outstanding national weekly, I am told, has been subjected to exactly the same reaction that was involved in the allegation I called to the Commission's attention in my letter of November 29, and simply because its editors published an able article informing consumers about the price effects of the legislation in question. A third publication, one of the oldest monthlies, suddenly, if the information given me is correct, had felt it necessary to withdraw from publication an article on price fixing by an author who had previously written an excellent article for it on the same subject.

If these incidents are brought to light so quickly by the publication of the single report to which I called attention, how many more have occurred, how many more may occur? Is the consumer to be brought under a censorship exercised by a tradesmen's fascism interested in keeping him in the dark? Are editors and advertising managers going to have their hands tied by the same type of organized trade pressure which openly essays fixing profit margins for the entire country at a uniform and an arbitrary level? Is getting facts on legislation and distribution to the consumer to be subject to censorship by the very trade groups which directly live off the consumer?

Certainly these incidents urgently call for a representative consumer organization and for a national consumer mouthpiece. If the consumer is to be cut off from the facts he requires to protect his purchasing power intelligently, the country may well be headed for a tradesmen's fascism which would be as inimical to consumers as any one-man dictatorship or any big-business fascism.

It is obvious that in its investigation of the National Association of Retail Druggists the Commission faces the extremely difficult task of separating the chaff of protestations of righteous endeavors to outlaw predatory price cutting, and unfair discriminations in favor of large purchasers, from the wheat of collusive effort and vicious trade coercion having as its sinister objective the fixing of upset profit margins at the consumers' expense. Under such circumstances it is always difficult to brush aside the mask and disclose the sinister, masked, objectives.

It will be necessary for the Commission's representative to trace back over many years of trade history in order to search out those significant points at which the righteous endeavor to curb predatory practices have become smoke screens for endeavors to force manufacturers to fix prices at levels which provide arbitrary profit margins sought by distributors. These points may be found a number of years back, for the issue is not a new one, as is evidenced by the fact that the association in question is now under a consent decree having to do with price activities. But today the question is rather the dangers to the consumer in what distributors may force upon suppliers, instead of what suppliers and distributors may do to the consumer acting together, for the development of large volume outlets has changed the situation markedly.

The Commission will find that many sincerely and soundly interested in eliminating unsound trade practices have actually taken part in the recent agitation for price-maintenance legislation. Their very presence in the ranks of those favoring this sort of legislation lends a righteous companionship to those whose motives are in fact the fixing of a uniform minimum-profit margin nationally.

Actually, however, the taking of a uniform national price under a uniform minimum gross mark-up as an objective, of itself establishes that unsound motives are involved. For it is common knowledge that distributive costs are higher for certain lines, for certain localities, for certain sections of the country, than for others. For data on this subject, with references to sources, I refer the Commission to my letter of March 2, 1937.

To attempt to justify an over-all profit margin for all types of stores, for all types of locations, and for all types of geographical sections must, therefore, involve resorting to unsound reasoning, which disregards the legitimate interests of the consumer.

While it is entirely sound to hold that unfair trade practices, predatory loss-leader selling, and unjustified price discrimination should be banned, it is entirely unsound to contend that every sale in America of a product should cost the consumer at least 50 percent of the invoice price to the merchant. Certain fast-moving, nationally advertised products can be sold under minimum service conditions, in locations making a large volume possible, for as little as 10 percent of the sales dollar, and for well under 20 percent in many such locations even with attractive modern retail surroundings provided. In my letter to the Commission dated March 2, 1937, specific examples are cited.

Other localities, particularly those which can reach but a very small volume, may justifiably call for 30 to 40—even 50 or more—percent of the consumer's dollar.

Can a single price bridge such variations fairly? Can a minimum price be but a compromise at best, too low for some, too high for others?

If the manufacturer were left to his own price decisions freely made, can there be any doubt that he would fix a minimum price that would eliminate loss-leader selling or bait merchandising of his product, but which would also result in his items obtaining volume sales in areas where volume sales are possible? Is it conceivable he would fix a uniform price throughout the United States at 5 percent above the over-all cost of doing business of a few stores in a large city or the suburbs of that city?

The organized drive among druggists for 33⅓ percent on selling prices (50 percent on cost prices) is based on the St. Louis drug survey, published by the Department of Commerce and partly financed by contributions from a large manufacturer of a drug proprietory product. This survey actually had to do with figures from a few stores in the St. Louis area which happened to have an average over-all cost of doing business of 28 percent, which, plus 5⅓ percent "for net profit," is actually the source of the 33⅓ percent which the druggists contend to be at least their due from the consumer.

But this survey was intended to disclose costs by lines and, naturally enough, to show that the cost of selling nationally advertised, fast-moving items is far below any store's over-all cost of doing business; and that it did show, but the druggists are careful not to mention the costs it showed for handling the very fast-moving lines on which they ask an assurance of 33⅓ percent on sales prices.

My letter to the Commission dated March 2, 1937, on page 4, gives specific examples of the variations that exist between the actual cost of retailing the various lines handled in a drug store; and on the succeeding page the official United States Census of American Business is cited to show how widely the total cost of doing business actually varies between stores and types of stores instead of being the 28 percent referred to above, and arrived at in the totally nonrepresentative manner I disclose.

No; a manufacturer of a fast-moving nationally advertised product is not going to set a uniform price for all locations that allows the profit desired by the smallest volume outlet on the most pronouncedly off-location site, unless he is forced to do so by trade pressure.

And it is for evidence of the exertion of trade pressure, therefore, that the Commission's investigation must search, if the chaff is to be separated from the wheat. It is on the chance it may lead to significant information on that score that I call particular attention to the $25,000 check mentioned in the attached dossier.

It would be interesting to bring to light the entire history back of that check. It is hardly conceivable that a manufacturer would suddenly just hand over $25,000 in cash without some factor, very definite and very compelling, veing involved. The history of the incident is, I believe, readily available from data in the hands of members of Pacific coast educational institution faculties who specialize on marketing.

The Commission will render the consumers of the country an outstanding service if it is able, as a result of this investigation, to differentiate clearly the exploitation of the consumer by forced mark-ups from the protection of the consumer through the outlawing of unfair trade practices.

And it would also at the same time render an equally important service to the small dealer. For if prices are fixed at minimums unfair to the consumer, all retailing will be harmed, while if the minimum prices are fair to the dealer with a large volume, they will be unfair to the dealer unable to get a large volume.

I know that the Commission desires to assist the small dealer in every legitimate way, as I also do, but realizes that exploitation of the consumer can only in the end harm the small merchant, if for no other reason than that it increases the large units' opportunities. If the end of price maintenance is to be minimum prices too low for fairness to the dealer unable to get a large volume, but assuring the large units, say, 30 percent as against 18 percent, to the small merchant, how has the small man been helped? Or is he helped if the minimum prices are high enough for the small man to make only a fair return, while the large units make a tremendous profit?

I am hoping that the Commission's investigation will prove constructive, and successfully overcome the many unusual problems and difficulties which it will admittedly encounter.

Yours very sincerely,

EMANUEL CELLER.

How Shall We End Child Labor?

EXTENSION OF REMARKS

OF

HON. H. JERRY VOORHIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 14, 1937

Mr. VOORHIS. Mr. Speaker, child labor is wrong. It is wrong because it dwarfs the mental development, the hope and the spirit of the future citizens of America. It is wrong because good education and child labor cannot go together. It is wrong because, if we are to prepare our children for life in this highly complex civilization, we must give them every chance for a full, carefully planned period of development. We will leave our children plenty of problems. The least we can do is to give them a happy childhood and an adequate preparation to meet those problems.

And child labor is wrong because it runs contrary to every natural impulse of life, because, therefore, it is contrary to the will of God.

Most people will agree with what I have said so far. But now we come to the question, How shall we end child labor?

In this so-called wage and hour bill now before us there are provisions for ending child labor in goods entering interstate commerce. This is one of the strongest arguments in favor of the bill.

PROVISIONS OF HOUSE BILL GOOD AND BETTER THAN SENATE BILL

On the whole, the child-labor provisions of the bill as drawn by the House committee are good. They are better than the provisions of the Senate bill.

The reasons they are better are these: First, the Senate bill prohibits the shipment of goods actually made by children, with the proviso that the employment of children in a mine or factory or other establishment constitutes prima facie evidence that child labor has been used on the goods. In the end this would put burden of proof on the Government to show that children had worked on a shipment of goods long after it had been shipped far away from the factory.

The House bill provides, on the other hand, that—

> No producer, manufacturer, or dealer shall ship or deliver for shipment in interstate commerce any goods produced in an establishment situated in the United States in or about which within 30 days prior to the removal of such goods any oppressive child labor has been employed.

The difference between making the law apply to goods actually made by children, as in the Senate bill, and making it apply to goods made in a factory where children are employed should be obvious to anyone and should clearly show that the House bill is far the stronger of the two.

ENFORCEMENT BEFORE OR AFTER VIOLATION?

The Senate bill provides, moreover, for enforcement of its provisions by prosecution after infringement of provisions of the law regarding employment of child labor and relies largely on an attempt to require the labeling of all goods made by child labor as a means of gaining compliance.

But the House bill provides that the chief of the Children's Bureau shall issue certificates to employers if it is found that the persons employed in his establishment are not children, under the terms of the act and such a certificate, therefore, is the employer's evidence that he is not violating the law. Thus employers, to avoid possible prosecution, would be inclined to enforce the law themselves by not having child labor and obtaining a Children's Bureau certificate.

In the House bill also, the Children's Bureau is empowered to carry out enforcement of the act and to bring prosecution in case of violation.

NECESSARY AMENDMENTS TO HOUSE BILL

The House bill, however, needs, in my opinion, certain amendments, which I understand will be offered from the floor at the proper time.

Briefly these amendments are as follows:

First. To provide that exemptions to the terms of the act applying to forestry, fishing, work on naval stores and the like shall not mean that the child-labor provisions do not apply to these industries.

Second. To take away from the Chief of the Children's Bureau the great power to make exceptions to the act now held by that official under the terms of the House bill. This can be accomplished by limiting this discretionary power so it could only be used for children over 14 years of age, and by providing that it can never be used to permit children to work in manufacturing and mining industries. As drawn at present, the bill gives the Chief of the Children's Bureau power to let almost any child work, if, in his opinion, such employment will not interfere with schooling or health. Pressure on the Chief of the Children's Bureau would be tremendous, and the whole act might break down at this point unless the amendment suggested above is adopted.

Third. To prevent the possibility of parents being compelled to have their own children work with them in manufacturing or mining or hazardous occupations. The purpose of this amendment will not be to interfere with rights of parents but to prevent parents in turn being compelled to use their children as workers—at least so far as manufacturing, mining, and hazardous occupations are concerned.

Fourth. The powers of enforcement of the Children's Bureau as defined in section 14 (b) are not as clear as they might be, and a clarifying and strengthening substitute for this section will be offered and should be adopted.

A GREAT STEP FORWARD

With these changes, passage of the House wage and hour bill will mark a great forward step in humanitarian legis-

lation in America. It will be fair and it will be effective as regards the prohibition of the labor of children under 16 in interstate commerce.

No one should fail to realize that all child-labor legislation implies that we are assuming obligation to see to it that widowed mothers with small children, now perhaps compelled to depend on income from some of their children's wages, must be given adequate aid by the Nation and the States for which they are rearing future citizens. As we consider our Social Security Act and the old-age pension question, we cannot forget these widowed mothers. Present provision for them cannot make anyone complacent. We have to do better.

What the New York Times, Roosevelt Supporter, Says of Wage and Hour Measure

EXTENSION OF REMARKS

OF

HON. CHARLES A. EATON

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 14, 1937

EDITORIAL FROM THE NEW YORK TIMES DECEMBER 13, 1937

Mr. EATON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following editorial from the New York Times of December 13, 1937, on the subject of the wage and hour bill:

[From The New York Times, December 13, 1937]

RECOVERY VS. THE WAGE BILL

Nothing could more clearly illustrate the irresponsibility of the present leadership in Congress than its plans for going ahead with the Federal wage-hour bill. It may be doubted whether a proposed law of greater economic importance to the country has ever been considered. It will directly affect the fortunes of hundreds of thousands of employers and of millions of workers. Its bearing on the future course of business recovery may be crucial. Yet the leadership of the House, when the bill is brought before that body today, plans to allow just 4 hours for general debate upon it, just 4 hours to dispose of scores of problems of first-rank economic, political, and administrative importance. The Labor Committee, which framed this bill, has so drastically changed its own mind about it in the few months since the Rules Committee blocked action upon it that it will itself offer about 60 amendments to its own measure. The nature of these amendments has been revealed to the country and the membership of Congress only in the vaguest fashion. In spite of these amendments the leadership is planning to allow only 3 days for discussion of them. One can imagine how informed, intelligent, and thorough the ensuing debate is likely to be.

It may be mildly interesting, nonetheless, even to the present congressional leadership in Congress, to list some of the points that might be considered if there were any disposition to consider them:

1. Whether it is wise to concentrate Federal power still further—whether the Federal Government should assume this huge further extension of its functions at the expense of the individual States.

2. How many persons will be affected by this bill? How many workers, for example, are now receiving less than 40 cents an hour, and in what sections and what occupations are they mainly to be found? Such scattered figures as exist indicate that a full third of the workers of the country are getting less than the 40-cent figure set. The application of such a minimum implies a very drastic readjustment of industry and production.

3. To what extent will the bill increase unemployment? If no one is to be employed in industry for less than $16 for a 40-hour week, for example, no one who is not deemed worth that amount will be employed at all. We cannot make a man worth a certain wage by declaring that he shall not be offered or shall not accept any less. We deprive the community of what he could have earned, and we deprive the community of whatever services or goods he could have produced.

4. To what extent will this unemployment increase the Federal relief burden at a time when it is thought particularly important to return to a balanced Budget? What will be the Government's relief policy regarding persons forced into unemployment by the wage-hour bill? Will the Federal Government pay them less or more than they were previously getting?

5. To what extent will the wage-hour bill set up a tariff wall in the North against southern goods? A study by the National Industrial Conference Board, based on the census of manufactures for 1929, shows that the average cost of labor per man-hour in South Carolina was 23 cents, in New York, 60 cents. Department of Labor figures show that the average entrance rate of adult male white common labor in the summer of 1936 was 40 cents in California, 31 cents in Florida. Will an attempt be made to impose uniform minimum-wage rates throughout the country regardless of the great differences in the conditions of production that bring about the existing differentials? If differentials are to be allowed, how will the various labor advisory boards be expected to determine precisely what such differentials ought to be?

6. Will the provisions in the bill for raising tariffs and imposing import quotas be retained? To what extent will these provisions nullify the State Department's reciprocal trade agreement policy? To what extent will they drive us toward autarchy and toward an authoritarian economy? And how can they compensate our exporters for their injured position in foreign markets?

7. What will be the effect of the 40-hour week provisions? To what extent do these provisions rest on the fallacy that we can increase employment and get richer by working less? What study has been made by Congress of the effect of the 40-hour week in France in disrupting industry? Are we going to profit by the costly French experiment or are we going simply to ignore it?

8. The administrative provisions will probably be improved by the Labor Committee. But there is no evidence that the committee has made any careful study of existing State minimum-wage laws. The New York State law, for example, wisely provides that the industrial commissioner shall first make a "directory" order fixing minimums, and that this shall be in effect for 3 months without penalty except publicity before any attempt is made to fix a "mandatory" order. No similar evidence of caution exists in the Federal law.

9. The House ought to examine various penalty provisions that are far more punitive in spirit than those found in State minimum-wage laws.

Adequate consideration by Congress of even a few of these points would require considerably more than 4 days.

Why Labor Should Support the Deane Plan

EXTENSION OF REMARKS

OF

HON. C. ARTHUR ANDERSON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 14, 1937

Mr. ANDERSON of Missouri. Mr. Speaker, the following discussion should be considered not primarily from the standpoint of an individual worker, but from the standpoint of "labor," which term comprehends all classes engaged in skilled and unskilled work for which money compensation is received.

Labor, which numerically represents a high proportion of the total population of the Nation, has an inalienable right to its just share in the economic prosperity of the Nation. Of what does this right consist? What is its just share? How can it be assured of its rightful share?

Labor functions, as do almost all groups in our population, in a dual capacity—as producers and as consumers. In order to consume it must produce, and it is entitled to consume the equivalent of what it produces. In order for a worker to function as a consumer he must be possessed of adequate purchasing power, and, by and large, the amount of purchasing power available to him is dependent on his opportunity to utilize his intelligence and capacity in production. Therefore he is entitled to an opportunity to utilize his abilities and capacities to the maximum possible extent and to receive for his labor the maximum compensation he can demand in competition with the abilities and capacities of his fellow workers. There is no way to determine the amount of money wage which will represent proper compensation for a worker's contribution to the total production of the Nation, except in relation to the amount of wage received by other workers—that is, except on a competitive basis. It follows, therefore, that labor always will receive the highest economic compensation when there is the strongest demand for labor. Whenever there exists a labor surplus—unemployment—such surplus eventually lowers the bids that would otherwise be made for the services of those employed, so that the primary consideration of labor is to see that no labor surplus exists; in other words, that unemployment is eliminated.

But even if there is no labor surplus, it does not follow that the amount of compensation paid to labor will be

adequate to permit them to function economically as consumers. It is possible, economically speaking, that the total wage bill of the Nation will be insufficient to support the consumption that will sustain a high rate of production. And while it is impossible to determine whether the amount of dollar wage is economically just from the standpoint of the individual worker, it is possible to tell whether the total wage bill is adequate to sustain the consumption of the goods produced under the highest practicable rate of production.

All of which means that labor will benefit to the maximum possible extent under those conditions which permit of the continuance of the highest practicable rate of production, with no labor surplus overhanging the market. Under such conditions there will exist a consistent demand for labor of all types and kinds and each individual worker will be able to secure a just compensation for his services in relation to the value of the services of other workers.

It is not in the interest of labor to arbitrarily support a compensation for an individual worker beyond the compensation to which he is relatively entitled based on his ability and capacity to produce in relation to the ability and capacity of others. For example, if a handyman decides to become a carpenter and through arbitrary restrictions can secure the wages of a competent carpenter, it may benefit the handyman but it will penalize every competent carpenter. And the minute such an arbitrary wage standard is forced, it becomes necessary to set up other arbitrary standards to keep incompetent individuals from becoming carpenters; in other words, to arbitrarily restrict the number of carpenters.

The reason that organized labor has so often advocated arbitrary restrictions and the maintenance of an arbitrary wage standard is not because this was of maximum benefit to the efficient worker but because in the presence of a labor surplus there was no free competition, and it is perfectly natural that organized labor should have followed this means of capitalizing their organization to thus improve their group standard of living. But only under free competition can an individual secure the opportunity to rise in the economic scale as high as his abilities and capacities permit him to rise.

However, if a labor surplus is kept off the market so that there is a constant demand for labor of all types, the amount of compensation received will be a just compensation—always provided that the total compensation of labor is adequate to sustain a rate of consumption that will insure maximum production.

Under the Deane plan, these two factors are automatically assured:

First. A labor surplus would be kept off the market by providing jobs on public works for everyone willing to work but who was unable to secure jobs in private industry.

Second. A sensitive index would be provided which would promptly show whenever the purchasing power of the mass consumers of the Nation—largely labor—was inadequate to sustain the highest possible rate of production; and whenever this condition was shown the compensation of all workers would be supplemented, increased, immediately by an amount sufficient to assure the continuation of maximum production.

In other words, under the Deane plan, the total purchasing power of the mass consumers of the Nation would never be permitted to fall below the point that would sustain maximum production. Thus labor would have the definite assurance (1) that their total wage bill would always equal that proportion of the total production of the Nation necessary to permit of its constant consumption, and (2) free competition in selling their services against the services of other workers in a market with a sustained demand for all types of labor.

Under such conditions of strong demand for labor there would result a general improvement in all conditions that affect the welfare and satisfaction of the worker in his job, simply because where conditions were unsatisfactory, workers would quit and find jobs where conditions were satisfactory, making it necessary for employers to promote all those conditions that would induce self-respecting workers to remain in their employ. Thus labor could no longer be exploited, but would take its logical place as free and independent individuals reaping the full rewards of their intelligence and industry and for the first time, would gain the complete independence for which they have constantly striven.

Under the Deane plan, labor automatically would be assured the benefits for which they have fought so hard and long—(1) the security of a job at all times, and (2) the highest possible economic compensation. Thus class struggle would be automatically eliminated.

The Agricultural Section and the Wage and Hour Bill

EXTENSION OF REMARKS

OF

HON. HERRON PEARSON

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 14, 1937

LETTER FROM JOHN H. PITTS RELATIVE TO THE AGRICULTURAL AND WAGE AND HOUR BILLS

Mr. PEARSON. Mr. Speaker, I am in receipt of a letter from a very prominent constituent and good friend residing in my district expressing very forcefully his views in regard to the agricultural situation and the application of the pending wage and hour bill; and pursuant to permission heretofore granted to extend my remarks and include this letter, I am submitting it herewith:

HARBOUR-PITTS CO., INC.,
Cerro Gordo, Tenn., December 6, 1937.

Hon. K. D. MCKELLAR, *Senator,*
Hon. HERRON PEARSON, *Congressman,*
Washington, D. C.:

MY DEAR SENATOR AND CONGRESSMAN: Relative to agriculture, under conditions such as exist today, when, seemingly, our most able and best informed in every walk of life are more or less divided in their opinions as to just what method or program, as a permanent plan, should be pursued to bring about the greatest good to the largest number, it is my opinion that it is the duty of every citizen, no matter how small, who has given this major undertaking long and serious consideration, to express his or her views to those with power to act.

I was once an uncompromising advocate of controlled production as a permanent remedy for agriculture, especially cotton, believing and understanding, as I did, that we could by such program control the world's prices of cotton, but after having seen this program in effect or operation for 4 or 5 years, with the major production reversed, as I understand, to the credit of foreign producers and the loss of much of our exports, and believing as I do that if we are to continue as a permanent plan such control of production, we are soon to find our country practically if not wholly without export demand for our cotton; and if so, then what are our cotton States to do with only our domestic demand or consumption of seven to eight million bales, or even if there could be found other uses and our domestic demand increased to ten or twelve million bales, and especially so when we know that our population is increasing and our country yet in its infancy in production, and that in all probability the State of Texas alone could supply such domestic demand? Therefore, I am now forced to the conclusion that controlled production furnishes or promises no satisfactory future and will not serve as a permanent plan and is only justified, if at all, as an emergency or temporary plan until some more permanent and better plan can be found. And

Having been disappointed in the results of the control plan, and realizing that some permanent supplement must be found, have tried to carefully and thoughtfully consider many other proposed or suggested plans, and am strongly of the opinion that our route of relief is to be found in some well-founded and fairly and properly administered self-supporting, domestic allotment plan, similar to if not that offered, as I remember, by the State of Texas in 1932, through its agricultural commissioner, J. E. McDonald, and which plan, probably, is on file in Washington, and which, as I further remember, provided for a subsidy on that amount or percent of such allotment as was domestically consumed and in such amount as would bring the same up to the parity price. And

Such a plan, as I reason, would be self-controlling for the reason that if a producer's lands were such, or his conditions were such, that he could not compete for the world market, then he could and would produce only such amount as on which he would be entitled to the parity price, leaving those with low cost of production free to raise all they wanted to and to compete for the world market; would turn production back to the producers, with full knowledge that they were to depend upon the world market for all of their production in excess of that percent of their allotted production domestically consumed; would give employment for thousands now out of employment; would give our cotton States a better chance to regain lost export business, and would seemingly place this field of agriculture on an equal footing with the manufacturing interests of our country, and which, if so, would be all that should be expected.

Now, such a plan or any plan to be self-supporting, and to me no permanent plan could be satisfactory which was not in the main self-supporting, a processing or other tax should be placed upon the finished article for the purpose of creating the fund from which to pay the subsidy. I am not unaware of the decision of our Supreme Court on the old processing tax, but if such plan was otherwise acceptable, and "if everything comes according to its time" as is contended, then surely there could be found a route around any hindrance to the welfare and interest of all of our people.

A processing tax, to my way of thinking, is the fairest and, in fact, the only proper route of supplementing the producer of any product, and more especially is this true with cotton, as the raw material accounts for but little in the price of most any article made from cotton, it being contended, in 1932, as I now remember, that the raw cotton in a $2 shirt, at 10 cents a pound, was less than 4 cents. And, where solely for the purpose of supplementing the cotton producers' income, thereby resulting favorably throughout our country, I can see no just cause for complaint. The processor, of course, hands the little increased cost on down to the consumer, whose business, regardless of its nature, is made safer if not more profitable when the agricultural interest of his or her section is in a reasonably prosperous condition. Those in cotton States couldn't complain, and those in the Wheat, Corn, and Dairying Belts should not complain, as the South's interest, in procuring a reasonable income from the production of cotton, is also their interests, for the reason that when the South can no longer find a satisfactory market for their cotton, then the cotton States will be forced to convert their cotton lands to the production of grains and dairying, and which would be seriously detrimental to the present wheat, corn, and dairying sections. In fact, it has been my observation, and so far as I remember, without exception, that when our cotton States get prosperous all other things right themselves, and I am, therefore, of the opinion that cotton is still king, and trust that a satisfactory and permanent program or plan can speedily be found.

I am also much interested in the outcome of this maximum-hour and minimum-wage legislation or proposed bill.

Established rural retail mercantile businesses, in sections well covered by good roads, and especially those of the larger types and with heavy taxes and other fixed expenses (due to the present multitude of practically, if not wholly, untaxed peddlers and catalog houses), are operating without profit, net profit, and in some instances at a loss, as I am generally informed, and I know that our business is and has operated at a small loss for 3 years or more, but yet holding on mainly, for the reason that a larger percent of their capital is invested in improvements and on which, though revenue producers for our counties and States) but a small amount could be realized in liquidation. Also, this large interest in our land and country is living in hopes that those with power to give relief (by and through such laws as will eliminate favoritism to such business as free-taxed peddlers, and, so far as I know, locally untaxed mail-order houses), will see the present threatened destruction of these thousands of established revenue-producing rural businesses and will create or pass such laws as will require the above-mentioned two favored businesses to contribute to the upkeep of all local governments in which they do business, and, thereby, place them upon the same footing as all others. It is my judgment that these two businesses—peddling and catalog houses (peddlers probably governable by the respective States, and catalog houses by the Federal Government)—are two fields for taxation, though yet untouched, as wide open as a boot jack, being favored as they are by our vast program of good roads and complete rural-delivery system and all to be paid by taxation or bond issue to later be paid by taxation upon the established properties of all of us.

Why should any interest be permitted to capitalize upon such improvements, without contributing largely to the cost and maintenance of such improvements—as their businesses are operated today, untaxed as it is, it is, to me, like unto the killing of a builder with his own hammer—why should any catalogue house be permitted to do business in any county in this United States without having first paid a privilege tax to said county. Is this not a discrimination in favor of an outside institution against all local and home organizations, and whose properties are under a fixed mortgage for the upkeep and maintenance as well as the bonded indebtedness of such local governments; and without which it would be impossible for such institutions as peddlers and catalog houses to operate? It is my judgment that our governments have been, already, too late looking after such businesses, and which are fast destroying all long-established and stationed retail mercantile interests in our rural districts and from which, as you gentlemen well know, much of the revenues of our country are received. Therefore this pending or proposed minimum labor bill, if applicable to rural business throughout our land and country—excepting agriculture—is of much interest or rather looked to with much interest by such rural interests as that to which I have referred.

There are, no doubt, thousands of just such rural institutions in our land and country, as that to which I have referred and all employing one or more girls, lady clerks, and in many instances a Negro or white boy or man to carry in wood, milk a cow, work a truck patch or garden, and other numerous little jobs about the stores and dwellings. This help, under such conditions as exist in these rural districts, cannot possibly be paid large salaries and they know this and do not expect it. In the case of lady clerks in these rural districts, practically all are the daughters of farmers who do not need them at home and their work is not hard, going when they wish and returning when they get ready; and while their salaries are small, $20 to $30 per month with board, room, and washing furnished free and being treated as one of the family, are perfectly satisfied and getting along much better than would be their condition at home.

We also, as is common by the larger concerns in rural districts where cotton is the money crop, own and operate a small steam cotton gin, running as a rule about 8 to 10 weeks each ginning season, using altogether rural farm laborers and working seven men. The usual and common prices paid for this class of labor, at these country gins, ranges from $1 per day for a wood roller to $3 per day for an engineer, though these employees seldom work half of the time, are waiting for cotton most of the time, as each of you gentlemen well know to be true at all country gins. Many days in each season our receipts from a day's ginning will not pay the labor bill and other fixed and unchangeable expenses, laborers being paid by the day, whether they work or play.

Now, it is my judgment, which is that of all with whom I have consulted, that any minimum-wage law which does not exclude such rural labor as that to which I have referred, will send 90 percent or more of these lady clerks back home and without any employment at all, and in the case of steam-power gins, will either close them down or cause the installation of automatic machinery and gas, oil, or electric power to take the place of labor—not for the reason that these employers would so desire, but solely to comply with the first law of nature, self-preservation. No sane man will willfully and knowingly long continue to operate any kind of a business which he knows can result only disastrously. Therefore if such a bill is to be passed and is to apply, as before stated, to all classes of labor and in all sections, except agriculture, then may I suggest that there be also an exception, as applicable to rural districts, embracing the same provisions and exceptions as that set out in Regulations 90, relating to the excise tax on employers under title IX (9) of the Social Security Act, and which provides, under section 907 (a), "The term 'employer' does not include any person [and I suggest that the term "person" be changed to read: "Any person, firm, or corporation operating solely in rural districts"], unless on each of some 20 days during the taxable year, each day being in a different calendar week, the total number of individuals who were in his [his, their, or its] employ for some portion of the day (whether or not at the same moment of time) was 8 or more."

I think that such an exception or exclusion from the provisions of such a bill would be a blessing in that but few, if any, little and unprofitable rural businesses, such as those to which I have referred, would come under the provisions of the bill. Of course, the intention of such a bill is to better the condition of labor, but, seemingly to me, it is almost as hard to apply a satisfactory uniform labor scale to all sections as it would be to successfully treat all diseases with the same medical treatment, as what might work satisfactory in one case might be disastrous in another. I can't see how we could satisfactorily apply a uniform labor scale to the business of farming, as simple as this is, for the reason that a laborer on a Tennessee poor hill farm where the averaged production was 300 pounds of seed cotton to the acre, could not possibly be worth to his employer as much as he would be worth to the same or other employer on a fertile west Tennessee farm where the yield, instead of 300 pounds, is as high as 3,000 pounds per acre. So, as for me, there can never be found a satisfactory uniform labor scale, except in manufacturing or other business where the job is piece work, or in other lines where the increased cost, through such increased cost of labor, can be handed on down to the final consumer, and this, positively, cannot be done in common rural mercantile or other business, and any attempt to better rural conditions, by and through such an undertaking, can only result in the reverse of the intent by creating more unemployment.

In thinking of all of these unpleasant happenings and conditions which have come up within the last 7 years and for which all have been and are yet striving and searching for a remedy to correct, I find my mind going back to the old adage, if it be an adage, which, in substance, was: "The application of a wrong remedy, persistently applied, may create the very condition we are striving to prevent."

Trusting that this long letter will not unduly burden, I beg to remain, as I have always been, your loyal friend.

JNO. H. PITTS.

The Unemployment Problem

EXTENSION OF REMARKS

OF

HON. JAMES M. MEAD

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 14, 1937

ADDRESS OF HON. JAMES M. MEAD, OF NEW YORK, AT BUFFALO: TOWN HALL MEETING OF THE AIR, NOVEMBER 27, 1937

Mr. MEAD. Mr. Speaker, under leave to extend my remarks in the RECORD, I include my address at the Buffalo town hall meeting of the air, November 27, 1937:

This is indeed a splendid undertaking, one that deserves to succeed. It presents a medium for the presentation of great national problems and likewise aids in the solution of these complex questions. I desire to commend the sponsors of this program, and to wish for their efforts, every full measure of success.

The unemployment question which I am permitted to discuss this evening is at the same time a social and economic question. Shall we study these questions and plan for their solution, or shall we leave them entirely alone to be led by natural economic forces which might or might not carry us in the desired direction?

Man is a planning animal. He plans when he sows or harvests or builds. Through the agency of Government, he plans for his national defense and likewise for his health and physical well-being. Why not plan for his economic and social well-being as well? Man's intelligent capacity to plan has made civilization and as it has protected our people from pestilence, famine, and invasion, it may give us access to the necessities, the comforts, even to the luxuries of life.

As our first objective in social and economic planning, let us seek the attainment of a standard of living that is broadly distributed among our people and free from the devastating fluctuations of the past. In order to obtain an adequate standard of living, our people need a vast increase in all kinds of goods and services. To furnish these, we must expand our capacity to consume and with it our ability to increase the production attained in 1929. To meet this standard, to reach this goal, millions of American families who are now in want must have sufficient money to buy at least all they need. Our greatest need therefore is for more purchasing power.

Experience indicates that we can never enjoy a lasting prosperity unless and until American business in general is reorganized to pay such higher wages as will enable our workers to buy our industrial production as well as to give our industries an adequate home market. Such a market is necessary if we are to maintain industry at a profitable rate of operation. What we need to plan for in America is a balance between labor, agriculture, and industry on a mounting scale. We need price and wage policies which will provide purchasing power to our people sufficient to consume the ever-increasing productivity of our machines.

Economic and social planning springs from a common responsibility for adequate markets, continuity of employment, and widespread economic security. Those objectives are necessary to safeguard the future well-being of our Republic. No citizen can avoid an obligation of that character.

What I believe labor and agriculture want of our great corporations is that they so arrange their affairs as to enable them to turn out from year to year a gradually increasing supply of goods to the end that we all may have more of the joys which go with better homes—automobiles, and labor-saving appliances useful on the farm and in the homes. This can be done when a larger share of the fruits of labor shall go into wages to create a necessary mass market for mass production.

As the rate of production increases with larger and larger power plants and more and more machinery, a greater number of purchasers must of necessity be found. Quantity production necessitates millions of buyers and millions of buyers are found only where purchasing power is increasingly expanded.

The failure of our economic system to operate at top capacity was not due to the fact that our people did not want to buy goods, but was the result of their inability to obtain sufficient money to purchase the things they needed and desired. In order to obtain a fair standard of living the American people need a vast increase in all kinds of goods and services. To me more purchasing power is the paramount need.

For a quick, efficient, and effective remedy I would suggest shorter hours and higher wages. Why have machines and idleness?

Private enterprise without social control if we read the record, not alone in America, but in every other industrial nation, will not work. Private enterprise operates primarily to make profits and therefore fails to realize the importance of providing adequate markets by increasing the purchasing power of its own workers. Our wage earners will not soon forget that nearly 15,000,000 workers in the last depression were forced into idleness, denied a chance to earn a living while the machines with which they could have produced a living accumulated rust.

Why even in 1929, our year of greatest prosperity, one-sixth of our population was forced to live below the minimum necessary for health. Now that we have discovered in recent years a number of ways in which economic forces can be guided, depressions can no longer be thought of as great calamities which, like earthquakes, cannot be escaped. Depressions are due in great part to man's failure to plan. Intelligent planning is therefore essential to the well-being of capital, labor, and government. Let us, therefore, plan to solve our unemployment problem. Government is the instrumentality through which the planning is consummated.

Unemployment, as a national problem, was comparatively unknown before the World War. Oh there were temporary periods of aggravated depression then, but for the most part local governments were able to cope with conditions resulting from those economic recessions.

The rapid growth of our population, together with the opening and development of new regions of territory gave constant stimulus to new enterprise and without the benefit or the knowledge of high-powered machinery, abundant opportunities for employment were available in those days. In that era of competition and geographical expansion, opportunities for advancement and promotion were numerous and the great army of contented workers, both immigrant and native, progressed happily and satisfactorily. It was indeed an age of opportunity in America. Trades and skilled vocations were at their height. The assembly line had not yet come into being. Trained mechanics and artisans enjoyed a high standard of living as well as a satisfactory measure of economic security. In those days business of every kind was naturally small and community owned as well as locally managed. The impersonal corporate employer had not arrived as yet, with the result that abundant opportunities existed in those days for a successful career even for the little fellow.

Comparatively poor men founded Buffalo's great newspapers, established our leading banks, and gave us our most successful mercantile establishments. Today in this complex age a fortune is required to enter most of our enterprises. Recent developments in the Nation's economic life has changed all of this. The natural growth of our population has slackened, the flow of immigration has necessarily been abated. Our frontiers of new farm lands and virgin forests have disappeared. Technological improvements in the nature of high-powered mass producing machines, enabling one man to do the work formerly done by 10, by 100, or by 1,000 men, are commonplace today. Power machinery, mass producing methods, labor-saving systems, together with giant corporate enterprises, present a new and difficult problem which confronts the leaders of every industrial nation of the earth. The complicated technique of the assembly line of labor-saving methods of mass volume output has overwhelmed us. Instead of a blessing in disguise, the machine has left millions hungry and jobless.

Much of the world's unrest can be traced to this very problem of unemployment. Everywhere political leaders are groping for a solution to this vexing question. Within recent years, 30 major changes have taken place in the systems of the governments of the Old World. Their political formula changes overnight; communism, fascism, nazi-ism accompanied by military and political dictatorship form the parade of oppressive governments of the Old World. Democracy has been stopped in its tracks. The capitalistic systems have yielded to rigid control or to government ownership except possibly where cooperative enterprise has proved successful. Here in these United States we are the last bulwark of representative democracy. Upon the success or failure attaind by us in the solution of our unemployment problem rests the success or the failure of the democratic parliamentary system.

While some people may pride themselves in our high standard of living, no doubt the highest in the world, one-third of our population is ill-nourished, ill-clad, and ill-housed. Over 42 percent of America's families have an annual income of less than $1,500 a year. Actually more than one-fifth of the families in well-to-do America are eking out a bare existence on less than a thousand dollars a year. Ill-nourished are such families whose budgets compel an unbalanced diet. The bare necessities of life, and not even those at times, is the standard they endure—with poor food, little clothing, and a hovel for a home. These folks, our neighbors, stand as an indictment against our unpardonable indifference of the past.

With our great industries and our capable population with a Nation so richly endowed as is the United States, we should, we must, devise a system whereby the able-bodied will be certain of a chance to work for a fair day's pay. Less than this cannot be tolerated by a self-respecting people. Less than this in a democracy worthy of the name would be cruel, if not evil. We therefore owe it to our underprivileged, we owe it to ourselves, to the friends of democratic institutions everywhere, to solve this unemployment riddle and to give our people economic justice.

Our social system must continue to enlarge the methods by which the products of labor are distributed. Government must provide the opportunity for our unemployed.

This depression has revolutionized the mental attitude of our people. Farsighted leaders of industry, representatives of government, chieftains of labor organizations are now looking for economic stability under the guidance of government. They are

seeking social control with the help of Federal agencies. They see the need of increasing and improving upon the economic well-being of the underprivileged of our population. The prudent employer of today recognizes in his employee a potential market for the output of his factory. This new leadership in the light of modern conditions recognizes the need for an economic balance without which the Nation's prosperity cannot be realized. This economic balance is not alone a balance in the Nation's Budget, which in itself is an achievement to be desired. It aims for a balance between jobs and available workers, between wages and the cost of living, between the production of the Nation's industries and the capacity of its people to consume. In the past, jobs and wages were neglected which resulted in an impaired capacity to consume, and this in turn led to the depression.

Our Nation's economic record since the beginning of the World War indicates very clearly the need for buoying up of our capacity to consume. Before our entry into the war the demands made upon our industries by the allied governments gave us a balance between our ability to produce and our capacity to consume. This situation continued throughout our participation in the World War. After the war was over, and during a period of readjustment, our purchasing power dropped violently and our Nation's economy went into a tailspin. Later on, and as a result of the financial help we extended in loans to the nations of the world, America again enjoyed a period of prosperity. But when the huge loans came due and our debtors failed to meet their obligations, our economy suffered another serious setback and remained in that condition until the huge Federal appropriations of 1933 and thereafter gave us buying power sufficient for our Nation's machines to feed upon.

In times of abnormal spending we enjoyed a fair measure of prosperity, but when spending ceased we slipped badly. Federal spending has been tapering off of late, so has our prosperity. Until private enterprise can employ our surplus workers, spending of some character is needed.

The tremendous productivity of our efficient machines overwhelms us and stagnates trade except when the Nation's power to consume has been stimulated by the demands created by war or resulting from huge public construction programs. From these economic gyrations, we recognized the great need for the expansion of America's power to consume and the simplest and yet the most effective remedies suggested by the Nation's authorities on economics are: shorter work periods and higher wage standards for the machine worker.

My remedy for existing economic conditions is, therefore, to be found in the philosophy of the shorter workday and the higher-wage scale. All other remedies have fallen short in the past. In this day of surpluses, even in the numbers of our workers, we must expand our social frontiers so as to utilize the wealth provided by the machine age in which we live. The cost of the National Youth Administration, and of Social Security program, must come out of our economic system. We must provide jobs for the surplus workers through the Civilian Conservation Corps, the Public Works Administration, and other like activities. By a reduction of work period, an increase in wage scales, by the extension of our Social Security program and by the continuation for the present of Federal work-creating activities, we should be able to effect a reasonable balance between the Nation's power to produce and its capacity to consume. This balance will insure a balanced budget.

It is the Nation's obligation to provide work opportunities for those who neither share in the wages paid by private employers or the profits produced by our Nation's business enterprises. They too should enjoy the right to work.

I am a staunch believer in the possibility of eventually eliminating poverty in America. To me it is stupid to believe that it is necessary for one-third of our population to remain in poverty in this, the richest nation on earth.

Shorter hours mean better prices for our farmers, bigger home markets for our manufacturers, and an end to relief and deficits.

If we don't control the machine, it might control us.

World Peace

EXTENSION OF REMARKS

OF

HON. ANDREW J. TRANSUE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 14, 1937

Mr. TRANSUE. Mr. Speaker, under leave to extend my remarks in the RECORD, I submit a poem entitled "Men Wanted," which was written by Thomas H. Howard, of 918 North Saginaw Street, Flint, Mich., and dedicated by the inspired author to world peace. It is in the interest of the universal peace, which we all are seeking, and most appropriately during this Yuletide season, which since the beginning of Christianity has been especially dedicated to peace on earth to men of good will, that I recommend this epic poem to the consideration of our Nation and to the people of every other nationality.

In the measured meter of poetry the author of this poem has encompassed and epitomized the aversion of humane nations against war. It is my hope in furthering the distribution of this poem that it will have a definitely stabilizing influence upon the delicate equilibrium of the world that is commensurate with the inspiration and effort of the author.

MEN WANTED

(Dedicated to world peace by Thomas H. Howard)

Wanted—men who are twenty-one,
Men who are able to shoulder a gun;
In the best of health and the prime of life,
To leave their homes and their kids and wife.
Peaceful men who are now content,
To settle the war lord's argument;
And go to foreign lands, perhaps,
That they never knew except for maps.

Wanted—men whose mothers cried,
For brothers the last war tore from their side;
Wanted—men whose mothers still mourn,
For their dads who were killed before they were born.
Wanted—men who can learn to hate,
And especially those who believe it's fate,
When a comrade falls beside them dead,
Full of the latest machine gun lead.

Men who can stick a bayonet through
Somebody's boy that they never knew;
Wanted—men who would like to fly,
And drop down death from out the sky,
On women and children young and old,
So a handful of men can have more gold;
Men from the East and West and North,
And men from the South to journey forth.

To leave the farms and crops behind,
So war lords' pockets can be relined,
With tainted gold from a bloody ditch,
So they and theirs can again be rich,
With the body and blood from the world of youth,
Who never will know the naked truth;
Medicine free and your doctor bills,
A crutch and a cane and lifelong ills.

Wanted—men content to wear,
A nation's tribute to those who dare;
A cross of gold with bars, perhaps,
To show they were in the last big scrap.
The jobs are open to all who care,
On land or sea or in the air;
Thirty a month and your clothes and chuck;
Apply—war lords—and the best of luck.

Wage and Hour Bill

EXTENSION OF REMARKS

OF

HON. NOAH M. MASON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 14, 1937

TELEGRAM TO HON. NOAH M. MASON AND HIS REPLY

Mr. MASON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following telegram and my reply thereto:

SPRINGFIELD, ILL.

N. M. MASON,
House Office Building, Washington, D. C.:

First annual convention of Labor's Non-Partisan League of Illinois assembled in convention at Springfield, Ill., representing over 200,000 organized workers in this State, went on record to notify you that your action on the wage and hour bill in not voting to have the committee discharge and have bill brought on the floor of the House of Representatives for consideration, was strictly against the objectives of both organized and unorganized labor in the State of Illinois. We earnestly request that you vote favorably on this bill and support wage board instead of single administrator. We await the announcement of those who vote for this bill.

RAY EDMUNDSON,
President, Labor's Non-Partisan League of Illinois.

WASHINGTON, D. C., *December 14, 1937.*

Mr. RAY EDMUNDSON,
President, Labor's Non-Partisan League of Illinois,
Springfield, Ill.

Voted to have bill go back to committee to be rewritten in accordance with recommendation of William Green. Expect to vote for wage and hour bill favored by A. F. of L.

N. M. MASON, M. C.

Hon. James A. Farley's Kansas City Address

EXTENSION OF REMARKS
OF
HON. JOSEPH B. SHANNON
OF MISSOURI
IN THE HOUSE OF REPRESENTATIVES
Tuesday, December 14, 1937

INFORMAL ADDRESS OF THE HONORABLE JAMES A. FARLEY, POSTMASTER GENERAL, SEPTEMBER 8, 1937, AT 9 P. M.

Mr. SHANNON. Mr. Speaker, under leave to extend my own remarks in the RECORD, I include a short talk made by Hon. James A. Farley, Postmaster General of the United States, at the national convention of the National Association of Letter Carriers, in Kansas City, Mo., on September 8, 1937:

It is pleasant to be in Kansas City tonight with my good friends, the letter carriers. It is an added pleasure in being presented to you by one of the most confirmed enthusiasts I have ever known. When Ed Gainor believes in you, he doesn't hesitate to say so. It is probably a good thing for Ed, and a good thing for the letter carriers, that you also have a mild-mannered, soft-spoken chap like Mike Finnan as your national secretary. Together they make a great combination.

We in Washington are fond of them. We can't always see eye to eye with them when they come into the Department to sell us on something new for the letter carriers. However, we never quarrel. Of course, they are disappointed when they do not meet with instant success. But they are never discouraged. We can always count on seeing them soon again, smiling and confident, with a new prospectus—or possibly one of the old ones colored up a bit to make it look new. Often they transfer their selling campaign to the Halls of Congress, for we have no authority to negotiate wage scales, hours, and other things that are fixed by law. We do make recommendations relative to such laws, but only when asked to do so by the President and the Congress. On such occasions we make our recommendations based upon the facts as we know them. Quite often our advice is accepted by the Executive and the Congress and our opinion prevails, contrary to the wishes of your genial officers and their associates, but they keep hammering away regardless.

Seriously, what I am glad to say is that you are well represented in Washington, and unquestionably the attitude of your officers reflects the temperament of the majority of your group. I have great admiration and respect for postal people generally, and I feel a deep sense of gratitude to all of them. My associates in the Department—the inspectors, the postmasters, the supervisors, the railway mail clerks, post-office clerks, and rural carriers—all have been fine. Their work is splendid and they have helped me in all my efforts to improve the Service. Like yourselves, they are loyal and eager to keep the post office where it rightfully belongs, as the number one agency of the Government. I most sincerely thank each and every one of them, and each and every one of you for your kindness to me and for your cooperation.

I must confess, however, and I say this with no reflection on any other group, that I have a very warm spot in my heart for letter carriers. There is something about you boys in gray that makes all Americans proud of you; that makes me proud to be your chief. To me it seems that a greater part of the good will we enjoy is brought to us by you. True, you have a greater opportunity to engender good will among the patrons than any other group in the Service.

There are many citizens who have no other contact with their Government except through you. They look to you for messages of good cheer from their loved ones. Likewise, they receive through you messages that bring bad news—tales of misfortune and illness—and they entrust to you their answers. Business depends upon you. Santa Claus depends upon you. In fact you are that old boy's staunchest ally. But whether you carry good news or bad, you are welcome in the busy marts of trade, in the mansions, and in the tenements. On front streets and back streets alike folks look forward to your coming.

The average citizen gives little or no thought to other agencies or other people in the Postal Service. He probably knows that clerks in post offices, in railway-mail cars, on steamships, and at air-mail fields, must perform a part of the Service; and he probably knows that every means of conveyance is used in transporting the mails. He knows too about the courageous men who fly the planes and those who drive the engines of the fast trains—but he knows you better. He sees you every day. He believes in you and trusts you implicitly. So, to the average citizen, you are the Postal Service.

You also are a great influence for good in the communities you serve. You are their ambassadors of good will. You, more than any other peacetime group, inspire confidence and patriotism among our people. By your daily visits, by your regularity, by your efficiency, and by your good disposition you give assurance that all is well; that a progressive Government is functioning in behalf of all its citizens.

And while I am congratulating the city carriers for their splendid part in our Federal service I want to take this occasion to say a brief word also in behalf of our great army of rural carriers. They, too, are a credit to the Postal Service and, like yourselves, I am proud of them.

In conclusion, then, may I congratulate you and give you the warmest personal greetings of President Roosevelt, who is doing so much to make all activities of Government function in the interest of all of the people.

May I also wish for each of you health and happiness, the best of luck, and a most entertaining and profitable convention.

Observance of Universal Bible Sunday

EXTENSION OF REMARKS
OF
HON. LUTHER A. JOHNSON
OF TEXAS
IN THE HOUSE OF REPRESENTATIVES
Tuesday, December 14, 1937

RADIO ADDRESS OF THE HONORABLE CORDELL HULL, SECRETARY OF STATE, ON THE OCCASION OF THE OBSERVANCE OF UNIVERSAL BIBLE SUNDAY, DECEMBER 12, 1937

Mr. LUTHER A. JOHNSON. Mr. Speaker, under leave to extend my remarks in the RECORD, I submit herewith the able, thoughtful, and very timely radio address delivered by the Honorable Cordell Hull, Secretary of State, on the occasion of the observance of Universal Bible Sunday, on December 12, 1937:

I am happy to accept the invitation of the American Bible Society to say a few words on this occasion of Universal Bible Sunday. There can be no more timely and appropriate observance. Seldom in the history of mankind has there been more need than today for the precepts contained in the greatest of books.

We are living at a time when the minds and hearts of men are baffled and confused. Ours is an age of unparalleled paradoxes. Human ingenuity and inventive genius have expanded enormously mankind's capacity to satisfy the material and cultural wants of man. Yet in the midst of this potential abundance poverty is still rampant and suffering and misery are still widespread. Yet the fruits of cultural advancement are still far from being universally accessible.

The evolution of political thought has created forms of democracy and representative government under which human liberty can flourish to ennoble and fructify the lives of individuals. Yet in many parts of the world there is a drift toward a reversion to a system of tyranny of man over man; toward an abridgement or destruction of human liberty; toward a shackling of speech and action, and even of individual thought and conscience.

Technical and economic developments have brought the world together into an interdependent whole. International peace has assumed the aspect of practical, immediate, and urgent concern to all nations and to all individuals within nations. The repercussions of war, wherever it may occur, are swiftly and devastatingly transmitted to the farthest corners of the earth and inevitably affect the lives of nations and of individuals.

Yet the attainment of durable peace is still a matter of desire and hope rather than a reality. Having created incredibly efficient means of destroying life and property in military action, humanity is still far from success in its frantic search for means of abolishing the scourge of war.

These are some of the problems which weigh upon is today. How shall we seek their solution? Where shall we look for the answer?

One thing is clear. Our problems and our difficulties, our sense of bafflement and confusion, do not spring from any material causes, nor from an inability to visualize our potentialities and our possibilities. The roots of our tragic shortcomings lie in the realm of the spirit.

Time and again we find ourselves defeated in efforts to improve conditions within and among nations solely because of the spirit

which animates human relationships. Our most earnest endeavors often flounder and founder because we fail to find reliable guideposts in the basic sphere of relations of man to man.

Yet such guideposts exist—plainly to be seen by those who wish to see them, easy to follow by those who realize their surpassing worth. They are embodied in a book, the book of the ages, the Holy Bible.

That book is, indeed, as Lincoln once said, "the best gift which God has ever given to man."

It is the revelation of God's will as to the relationship of man to God.

It is the most complete and satisfying compendium of moral and ethical principles. Its precepts have withstood attack and criticism, derision and doubt. They have emerged triumphant from the test of centuries as the most constructive basis of human relationships.

It is the high-water mark of literature. The sublime beauty of thought, feeling, and expression, enshrined in its simple but sonorous phrases, has shone undimmed through the centuries.

It is more widely loved and revered and read than any other book. Even so, our tragedy is that the Bible is not read enough, pondered enough, followed enough.

What we need today, above everything else, is a universal and firm conviction that only if the thought and action of every one of us are guided by the spirit of the Bible, can humanity win through to our ardently desired goal of happy and contented life for all; that if that spirit is cast aside or warped, disaster alone is in store for us. There should be engraved in the mind of each of us the words of the parable with which the Master concluded the Sermon on the Mount:

"Everyone, therefore, that heareth these words of Mine, and doeth them, shall be likened unto a wise man who built his house upon the rock; and the rain descended, and the floods came, and the winds blew and beat upon that house; and it fell not; for it was founded upon the rock. And everyone that heareth these words of Mine, and doeth them not, shall be likened unto a foolish man who built his house upon the sand; and the rain descended, and the floods came, and the winds blew and smote upon that house; and it fell, and great was the fall thereof." (Matthew 7:24–27.)

Today, too many human relationships, within and among nations, rest upon the shifting sands of selfish search for immediate advantage; of mistrust and enmity; of refusal to respect those rights of others, or to fulfill those obligations toward others, without which barbarism rather than civilized existence becomes the scheme of life. Inevitably all of us, the victors as well as the victims in this continuous and blind struggle, must become engulfed in the ruin of that social structure which we call civilization. History records too many instances of the downfall of civilizations consequent upon moral and spiritual decadence.

That is the fate which inexorably awaits us unless we resolutely build our social structure upon the rock of mutual confidence and friendliness; of clear-sighted differentiation between ephemeral and lasting attainments; of sincere and scrupulous respect for the rights of others and whole-hearted fulfillment of obligations toward others; of understanding and cooperative effort between individuals and nations.

Humanity desperately needs today a moral and spiritual rebirth, a revitalization of religion. There is no sure way to this supreme goal save through adherence to the teaching of the Bible.

Wage and Hour Bill

EXTENSION OF REMARKS
OF
HON. WILLIAM B. BARRY
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Tuesday, December 14, 1937

Mr. BARRY. Mr. Speaker and Members of the House, I am for the wage and hour bill because I am convinced that its enactment will raise the wages and increase the purchasing power of a large group of the lowest-paid workers in our country.

It will do away with sweatshop hours that are undermining the health of this less-fortunate group of our citizens.

It will abolish child labor in industries that engage in interstate commerce.

The measure will create employment for many thousands of workers who are now unemployed, by compelling chiselers of industry to shorten hours and employ more people.

While helping the worker, it will also aid the legitimate employer by driving out the chiselers who compete with him unfairly.

The measure, while not perfect, is a progressive social and humane piece of legislation and deserves to pass this body by an overwhelming vote.

If time proves to us that some changes should be made, we can always amend the law accordingly.

Let us, however, get started in the right direction and pass this measure at the present session and prove to the people of the country that the Democratic Party keeps its platform pledges.

Amendments to the Federal Housing Act

EXTENSION OF REMARKS
OF
HON. PETER J. DeMUTH
OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES
Tuesday, December 14, 1937

RADIO ADDRESS OF CONGRESSMAN PETER J. DeMUTH, OF PENNSYLVANIA, DECEMBER 11, 1937

Mr. DeMUTH. Mr. Speaker, under leave to extend my remarks in the RECORD, I submit my radio address over stations WJAS and WWSW at Pittsburgh, Pa., December 11, 1937:

When President Roosevelt, in his recent message to the special session of the Congress, recommended certain amendments to the National Housing Act, he took one more step in a definite plan aimed to generate more activity in an industry which is the second largest employer of labor in the country.

Before we discuss these proposed amendments, let us consider the importance to the country's employment conditions of a healthy, progressive building industry. A study by the Bureau of Labor Statistics shows that for every hour a workman is employed on a residential construction job approximately 2½ hours are required for labor "behind the lines." By the latter is meant the total estimated time consumed by labor in processing the building materials and other necessary equipment and in transporting it. The Bureau of Labor Statistics is authority for the further estimate that, of the 2,000,000 more unemployed in this country now than in the year 1929, 800,000 are directly or indirectly concerned with the building industry and that were the industry to approach the home construction mark of 1929, when some 500,000 homes were built in this country, this additional 2,000,000 unemployment figure would virtually vanish.

There are two governmental agencies involved in housing—namely, the United States Housing Authority and the Federal Housing Administration. The United States Housing Authority was created by the Wagner-Steagall bill passed in this session of Congress to provide a method of financing the construction of municipal housing through properly accredited local housing authorities. Construction of housing under this act is intended to provide so-called low-cost or low-rent housing for those citizens who, by reason of low income, require assistance to obtain adequate and healthful housing. There is also involved the program of slum clearance, intended to assist cities in the rehabilitation and reclamation of blighted areas. The act provides that the United States Government may buy the bonds issued by local housing authorities properly secured by a mortgage on this project. The Government will pay a subsidy to the local housing authorities of 3½ percent annually on the entire cost of the project, provided the local government grants tax exemptions not less than one-fifth of this amount. Such bonds shall bear 3-percent interest. I am glad to report that the Administrator, Nathan Straus, has informed Congressman EBERHARTER and myself that he has earmarked $10,000,000 for housing to be constructed by the Housing Authority of the city of Pittsburgh. We propose to aid the removal of any obstacles and expedite the program so that men can be put to work as soon as possible.

The other governmental agency is the Federal Housing Administration which was created by the National Housing Act of 1934. The purpose of this act is to make possible the actual owning of a home, which is a natural and inherent desire of every one of us; to make loans for modernization and improvement of homes and other real estate; and to make available improved modern housing for rental purposes.

The current proposed legislation before the National Congress is concerned wholly with changes in this existing act which operates under the Federal Housing Administrator, Stewart McDonald. Certain imperfections or deterents have retarded the application of this act to its intended full force and effect. Nevertheless, much has been accomplished by the F. H. A. to stimulate building construction. In Allegheny County more than 2,600 homes were built or refinanced through this facility. Statistics reveal that this operation involved the placing of $13,169,810 in mortgages, of which $5,932,500 was for construction of new homes.

The act at present provides Federal insurance of a mortgage up to 80 percent of the value of the property. Thus the down payment by the owner now is 20 percent cash, or its equivalent in land, or both. The present interest rate, including service charges, mortgage insurance, and other charges amounts to approximately 6½ percent.

To speed up this building program by giving the potential home owner an additional incentive to embark on a sound home-buying program and at the same time give private capital further impetus in this field, the following changes in the National Housing Act have been proposed. The down payment required of the prospective home owner, represented by cash or land values, is to be reduced from 20 percent as it is now, to 10 percent on mortgages less than $5,400. Let us consider just what this means to you as one considering the purchase of a home. This means simply that for $600 under the proposed changes, instead of $1,200 under the present 20-percent down requirement, you can begin owning a home appraised at $6,000, under the F. H. A. insured-mortgage system. The indebtedness may be repaid over a period of 20 years. This means that the cash or equal necessary for the possession of a home valued at up to $6,000 is cut in half. The importance of this reduction is appreciated when one considers the fact that 80 percent of the country's citizens' annual income is less than $2,500. A further concession to the vast medium-income group is the reduction in both interest rates and mortgage insurance premiums on this class of home, from 6½ percent as it now stands, to 5¼ percent. The one-fourth percent insurance premium is to be computed on the outstanding balance of the mortgage instead of the original principal, as is now done.

The effect of the operation of the F. H. A. is that the lenders of the money are insured by the act while the home owner or home buyer themselves, because of the F. H. A. methods of risk-rating, property standards, constructions requirements, and locational ratings, own homes that will not unduly depreciate in value.

Yesterday morning I appeared as a witness before the Banking and Currency Committee and urged further amendments to H. R. 8520, which is a bill to amend titles 1, 2, and 3 of the present F. H. A. Act. I urged that the interest rate on new-home construction less than $6,000 be reduced to a flat 5 percent, which shall include mortgage-insurance premium and the elimination of the service charges and all other charges except the title-examination fee. That on present construction the service charge be eliminated and the rate of insurance premium be reduced to one-fourth percent on the diminishing principal. The present rate is one-half of 1 percent on the original obligation, which in fact is 1 percent on the full amount of the loan. Experience of the F. H. A. to date shows this reduction is justified.

I pointed out that 90 percent of the individual homes of the United States are built by small independent contractors who build not more than four or five homes at a time. That it would not be sound judgment for an individual of limited resources to undertake more houses than the market can absorb. The Administrator recommends construction loans on groups of not less than 25 houses. This is discrimination against the small builder in favor of the large corporation. I further state that the small builder, without any overhead expense, with the personal attention he gives to construction, can and does give more to the public for their dollar than the large building corporations on this type of work. Furthermore, better distribution of wealth and more good to a greater number of families is secured by this method. The committee was impressed with this point and it is hoped to secure this change also.

I also urge that only the net direct losses should be charged against the mutual-mortgage-insurance fund and that the Administrator should not be permitted to charge any overhead or indirect expense against this mutual-mortgage-insurance pool.

Before closing, let me state that the interest on mortgage money on new construction should not be over 5 percent, since the Government insures the mortgage after home builders provide a pool of money to take care of any losses the Government may experience. The banks now pay only 1½ to 2 percent to depositors. They used to pay 4 percent and loan at 6 percent including all charges. Therefore, the home builder and home owner is paying far in excess of a reasonable amount for the use of credit money. Labor is not receiving too much for its services, but capital is receiving an exorbitant profit. This has stalled our industrial system as far as the building industry is concerned.

Why the Dismay?

EXTENSION OF REMARKS

OF

HON. EVERETT M. DIRKSEN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 14, 1937

Mr. DIRKSEN. Mr. Speaker, may I in all sincerity inquire about the apparent dismay over the bombing of the *Panay* by the Japanese? Why the note of alarm in the editorials of today? Why the note of concern in the news stories on the front page? Why all this anxiety of the State Department? Why any agitated frame of mind at the White House?

Only a short while ago, I raised the question along with other Members of this House as to why the Neutrality Act had not been invoked because of the turbulent conditions of the Orient and I was reminded that the President had not yet found that a state of war exists between Japan and China. I was reminded that the act does not become operative until the President "finds that a state of war exists" and makes it operative. Since there has been no such finding, I assume we are to believe that the oriental fracas is but a local unpleasantness of little consequence. In the light of that fact, why this dismay about the *Panay*?

It is not a war. It is not even an incident of war. How can it be if no war exists? How can it have the slightest relation to war when there has been no finding of war and if it is not war or an incident of war, what is it? An accident? Maybe. A blunder? Perhaps. An untoward incident? It might be. But nations do not send each other protests because of accidents or blunders or untoward incidents. Those can happen in the best of national families. Since the President has not yet learned that a state of war exists in the Orient, all this manifest concern is but a slender bit of fancy. Or can it be that the State Department has suddenly discovered that what seemed to be an intriguing game of oriental ping pong with incidental casualties has turned out to be a war. And if so, what about the Neutrality Act?

Grand Coulee Dam and Irrigation

EXTENSION OF REMARKS

OF

HON. CHARLES H. LEAVY

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 14, 1937

RADIO ADDRESS BY HON. JOHN C. PAGE, COMMISSIONER, BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR, FRIDAY, DECEMBER 10, 1937

Mr. LEAVY. Mr. Speaker, under leave heretofore granted to extend my remarks, I am including a radio address entitled "Also One-Third Is Ill-Watered," delivered by the Honorable John C. Page, Commissioner, Bureau of Reclamation, Department of the Interior on December 10, 1937, at the time the bids were opened for the completion of the Grand Coulee Dam.

Mr. Page, in a logical and unanswerable argument, points out the national need for carrying the reclamation program through until all western lands susceptible of reclamation through irrigation are brought into cultivation. One-third of the total area of the United States lies in the region where irrigation is essential to successful agriculture, and there, by reason of natural limitations of water supply, but a very small proportion of the whole area can ever be made productive. To those Members of Congress who have heretofore questioned the wisdom of developing to a maximum the arid lands of the West I commend this unanswerable argument of the Commissioner of Reclamation, which follows:

West of the one hundredth meridian in the United States there are 700,000,000 acres of arid or semiarid lands. Seventeen of the big Western States are included in whole or in part in this region, where generally agriculture cannot progress safely beyond the rudimentary pastoral stage without irrigation.

It is difficult to imagine that 700,000,000 acres of land in the one-hundredth meridian cannot be seen, although in some respects it is as important a feature of the country as the Continental Divide.

President Roosevelt has said that one-third of the Nation is ill-nourished, ill-clad, and ill-housed. Let us add, also, one-third is ill-watered. Seven hundred million acres—an astronomical sounding figure—represent one-third of all the land in the United States.

Normally crops are harvested each year from less than half that much land in the entire country. It takes all of Washington, Oregon, California, Idaho, Utah, Nevada, Arizona, Montana, Wyoming, Colorado, and New Mexico (all big States), and a good share of North Dakota, South Dakota, Nebraska, Kansas, Oklahoma, and Texas to make up 700,000,000 acres.

To find the one hundredth meridian turn to the map of the United States in any handy atlas. You will see that it splits off the western third of the country, running down just east of Pierre, S. Dak.

East of the one hundredth meridian the lands normally receive sufficient rainfall for crops. West of it they do not. Except for high mountains and a narrow strip along the Pacific coast north of San Francisco, nowhere west of the one hundredth meridian can more than 20 inches of rain be expected in a year. Twenty inches is not sufficient for most tilled crops. Over vast areas of the West much less than 15 inches is the normal, and in some places only 3 inches are received annually. Three inches will not support life.

The United States came into possession of this vast domain in blocks, beginning with the Louisiana Purchase. The difference between the arid and semiarid lands and those of the humid regions, previously settled by the American people, was not reflected in national policy for many decades. It was recognized early that irrigation must play an important role in the agriculture of the West, but the homestead laws, which had served well in the humid regions, remained in effect. The Government for several generations followed its historic policy of encouraging and sponsoring settlement of its newly acquired territory, despite the aridity of the land, by making it easy for an individual to obtain a rectangular piece of it. What the homesteader could do with the dry land thus obtained was left to him.

It was not until 1902, when the Federal Reclamation Act was adopted, that the United States began to modify its policy to fit the conditions encountered in the West. The Taylor Grazing Act, 3 years ago, marked the final reversal of the old system by setting aside much of the remaining unappropriated public domain permanently for pastures.

It takes us a long time to learn. I find still that some who know nothing of the West apparently believe that irrigation is unnecessary out here. The prehistoric Indians and the early Spanish missionaries, who were not encumbered with preconceived notions, founded their settlements on irrigated lands centuries before the first American came. They did not try to dry-farm areas which received insufficient rainfall for tilled crops, as we did. We did it simply because somewhere to the east, perhaps 1,000 miles distant, crops could be grown without dams and canals to bring water to the land. The Indian knew little or nothing of the humid region to the east. The Spaniard came, by way of Mexican deserts, from the Mediterranean where irrigation is as old as civilization. The American, however, came overland through the tall prairie grasses from the lush fields of the east.

Out here in the West, it was realized early that irrigation would be necessary. The young Western States quickly passed laws authorizing and assisting the formation of irrigation districts and other agencies through which their agriculture could be developed. More than 50 years ago, agitation arose for Federal sponsorship of irrigation. The Nation has had a definite and firm policy with respect to irrigation for 35 years. It is embodied in the Federal reclamation laws. Without attempting to elaborate here, I will briefly sketch this policy. It is and has been from the outset, one of helping the West to help itself. Public funds gathered principally from western sources, such as the sale of public lands and the leasing of oil lands, have gone into a special revolving fund for use in constructing irrigation works. Settlers on the projects are required to repay to the reclamation fund without interest the cost of the structures and canals which serve them. The purpose of Federal reclamation is to strengthen the West and to provide opportunities for people to make homes for themselves and to earn decent livings from the land.

Not only do some people who are not acquainted with the West find it difficult to understand why irrigation is necessary, but many others have a misconception of its extent. Few realize that in all of the arid and semiarid region there are less than 20,000,000 acres of irrigated lands, and that this very small percentage of the total 700,000,000 acres provides the principal support for 12,000,000 or more people. Even fewer realize that the grand total of western lands which are now irrigated and which can be irrigated by the available water supply will be only about 30,000,000 acres. I have had men, frankly disturbed at our efforts to expand irrigation, ask me in all earnestness if the Federal Government would irrigate all of Nevada. Now, Nevada is a very large State. The agriculture of Nevada, like that of the remainder of the West, is limited by water, not by land. In Nevada it is so severely limited that the control and use of every drop of water in the State would permit the irrigation of an area no larger than one or two Iowa counties. If there were enough water in Nevada to irrigate all its lands, irrigation there probably would be required no more than it is in Iowa. Iowa is small in area when compared with any one of the States of the West. Yet if all the water of all these Western States were used in irrigation, it would irrigate an area no larger than Iowa.

Irrigation must stop when all the waters available in the West for use by feasible projects are utilized. It cannot be permitted to stop short of that time. This limit may be reached all too soon.

The Department of Agriculture tells us that soil erosion has impoverished or ruined 200,000,000 acres of once-productive farm lands. That is 10 times the amount of land now irrigated in the West. It tells us further that an additional 100,000,000 acres of useful farm land is actively affected by erosion and that its productivity is threatened. That is 10 times the amount of land which may in the future be irrigated in the West. The Nation is engaged in an earnest attempt to remove from cultivation a part of its submarginal lands: thus to free from a peonage wrought by Nature and misuse of the soil a section of our population. Recently a 7-year drought, as yet unbroken, has driven 100,000 farm families from the Great Plains. Where are these people to go?

Many of them go West looking for new opportunities, hoping to find homes on irrigated lands. If these people are to resume their lifework, many of them must find irrigated farms.

This brings us to one of the major functions of Federal reclamation in our national land-use program. Only about 3,000,000 acres now are irrigated by Federal projects. This land, however, supports directly approximately 900,000 people living on farms and in towns on the projects. The present construction program, though it may be considered large, will irrigate but an additional 2,500,000 acres when the projects are completed. This total includes the 1,200,000 acres of the Grand Coulee Dam-Columbia Basin project, a long-range development which will not be finished within, perhaps, 30 years. Our construction program cannot make new lands available fast enough to take care of the demand arising among those who have been driven from their homes in other areas. In October 65 new farms were opened for settlement on the Klamath project. More than 1,500 war veterans, who are given preference under the law, applied for them the first day. Many of these men were from the Great Plains. The Columbia Basin project, if it were finished at this time, would provide homes for less than half of the farm families already driven by drought from the Great Plains alone. I would that we were prepared now to start the pumps at Grand Coulee Dam and to turn the water into the canals which eventually will form a net over the fine land to the south of the dam. We would then be in a position to help at least a fraction of those who are in need.

Farmers in other areas need have no fear of irrigation. Irrigated agriculture has complementary relationships rather than competitive relationships with the agriculture of humid areas. The staple crops, of which there are exportable surpluses in other regions, are produced only in inconsequential amounts on the irrigated lands of the West. Two types of crops dominate on irrigated lands, and neither is competitive with those of other regions. First, from the standpoint of acreage, are the forage and fodder crops which provide half the feed for the livestock industry of the West; the most important industry of this region. First, from the standpoint of returns to the farmer are the specialty crops, sugar beets, vegetables, melons, and fruits. At the risk of seeming paradoxical, I will assert that these crops are not competitive generally with those of any other area in the United States.

The livestock industry of the West makes use of the vast pastures provided by nature here. Great expanses of these ranges could not be used except for the comparatively small irrigated patches scattered through them. These irrigated dots on the map of the West produce hay for winter feeding, without which the cattle and sheep could not be kept here at all. These western ranges and irrigated fields produce the larger part of all the feeder stock finished out in the feed lots of other areas. In the feed lots of the Midwest the farmer in that region who produces corn finds a major outlet for his crop. Obviously this segment of the agriculture of the irrigated lands of the West complements the agriculture of the humid States. Obviously there is no competition here.

The specialty crops—and nearly every irrigated area in the West has a different one—also complement the production of other areas. The sugar beets of irrigated fields in the Rocky Mountain region glut no market upon which the midwestern, eastern, or southern farmer relies. The lettuce and cantaloups, the tomatoes and pears of the irrigated fields in California, Arizona, Utah, or Colorado have served only to balance the winter diet of the great cities from New York and Boston westward. Introduction of these crops in the irrigated sections, which have long growing seasons, has been of distinct service in the improvement of the health of the Nation. Only those who could afford to pay for hothouse vegetables could eat salads the year around 30 years ago. Now it is difficult to find a market from Maine to California that does not carry fresh vegetables, priced reasonably enough for all, throughout the year. The irrigated West is responsible.

No one ships lettuce, or any other vegetable, from California to Chicago when it can be produced near at hand. The cost of transportation takes care of that. There is, therefore, no competition with the truck farmer of other areas. When they can fill the demand the freights hauling iced cars stop running out of the West.

What has been said of vegetables, is true in large part of the fruits grown on irrigated lands in the West. The citrus fruits of California and Arizona are known the world over. Every spring in Washington, D. C., before the frost is out of the ground, big red cherries appear in the markets. The label of a shipper from an irrigated section out here appears on every box. As the season progresses, these western cherries are displaced by those grown near at hand. So it is with every other fruit. Fresh fruits are now available at reasonable prices the year round, thanks to irrigation in these western valleys where a warm sun compensates in part for a deficient water supply. When the advancing season ripens the fruit on the trees of the east, the remainder of the

western crop is canned. Again we find the irrigated orchards complementing those of other regions.

I will only mention, without dwelling on the theme, that the Nation has a direct interest in the manner in which the irrigated districts bolster the local and State governments of the West. Mining once was the principal industry west of the one hundredth meridian. Now the West is sprinkled with ghost towns which were abandoned when the ore veins pinched out. Irrigation farming has served to substitute for the vanishing resources. It not only has supplanted mining as a source of income in the Western States but it has grown many times more productive of wealth. The irrigated districts support schools and churches. The Federal projects alone support 859 rural schools and 996 churches. These areas are pillars in the foundation of county, city, and State governments. The irrigated lands are carried on the tax rolls in most areas at valuations 10 or even 20 times as high as the valuations placed on dry-farmed lands. It must be remembered further that there are about 500,000,000 acres in these Western States that are federally owned and that therefore do not appear on the tax rolls at all.

Federal reclamation not only has an important place in the Nation's land-use program—it is essential. It is vital to those whom it nourishes in distant parts. It is vital to those with whom Nature has not dealt kindly elsewhere; those who seek security through new homes and new opportunities.

It is our responsibility to apply the knowledge that engineering and science now make available, for the benefit of all the people. Today we move forward in the construction of Grand Coulee Dam, the key structure of the greatest single irrigation project of history. To the limit of our ability, let us be worthy of our trust and meet the challenge of Nature on the third of our Nation which is ill-watered.

Harbors of Refuge for Small Craft

EXTENSION OF REMARKS

OF

HON. FRANCIS D. CULKIN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 14, 1937

MEMORANDUM ON EASTERN LAKE ONTARIO FILED WITH COL. E. H. MARKS, UNITED STATES ENGINEER CORPS, AT A HEARING IN ROCHESTER, N. Y., DECEMBER 6, 1937

Mr. CULKIN. Mr. Speaker, under leave to extend my remarks in the RECORD, I submit a memorandum relative to harbors of refuge for small craft, filed with the United States Engineer Corps at Rochester, N. Y., December 6, 1937:

The undersigned was active in introducing and passing a resolution in the 1937 Rivers and Harbors Act providing for a preliminary survey of the coasts of the Great Lakes with a view to the establishment of harbors for light-draft vessels.

During the 10 years of my service in Congress I have given particular consideration to the encouragement of recreational yachting and proper harbors for nontonnage craft.

LARGE INVESTMENT IN SMALL CRAFT

There are, at present, within the waters of the United States, 4,015 documented yachts with an approximate value of $140,000,000. The owners of these yachts spend about $30,000,000 yearly in upkeep—fuel, storage, equipment, insurance, and labor. This type of yacht is increasing annually at the rate of about 11 percent (figures furnished by Ira Hand, secretary of the National Association of Engine and Boat Manufacturers, 420 Lexington Ave., New York City). This classification does not include the small sailing yachts without power. I am advised no record is kept of them. It is safe to say, however, there are at least 500,000 of such craft in the United States and their value may be conservatively placed at $150,000,000. This type of boat is constantly on the increase. The fact is the average lover of the outdoors is now driven to the water by reason of the discomfort and sometimes danger attendant upon the operation of automobiles for recreational purposes.

I wish to call attention to the fact that the yachtsmen of America were formerly forced to pay a tonnage tax, and prior to the repeal of this statute they had paid into the Treasury in excess of $3,000,000, not one cent of which was ever used in benefits for their group.

Practically no attention has been given by either the Federal Government or the States to the vast army of people who go on the water. The Federal Government has spent a billion on good roads and the States infinitely more. Both the States and the Federal Government, as well as localities, have given heed to the demands of the golfer, the tennis player, and the camper, this on the correct theory that opportunity for outdoor recreation and exercise makes for good citizenship.

From the economic standpoint alone the small-craft owner is entitled to be considered. By reason of the taxes he has paid in the past he is entitled to some relief in the present situation. As heretofore stated, the investment in small craft nationally is, of course, very considerable, and all the labor and materials used are home products. The stimulation of the small-boat industry will give employment to a great number of citizens. It will use vast quantities of American materials and therefore is to be encouraged.

Harbors of refuge for small craft will usually cost but nominal sums. They enable the boat owner to get away from conventional havens with the usual collection of sewage and to be sheltered somewhere where the pollution menace does not exist. I wish to add that there are few tonnage harbors where small craft are obliged to take shelter where it is possible to swim in safety and without fear of typhoid or infantile paralysis. This is increasingly true of the whole Lakes area.

The reason I introduced the amendment was not only to provide small harbors of refuge for recreational craft, but also to provide shelter in out-of-the-way places.

EASTERN LAKE ONTARIO

The black-bass fishing in the eastern end of Lake Ontario is the best in the world, and thousands of persons each year go from the mainland to the islands for this fishing. They sometimes tarry too long, and a harbor of refuge of this character would be a very great service in such emergency.

The type of recreational cruiser which comes into the lake from all parts of the United States for the bass fishing would use these harbors for anchorage and the young and old people who go on the water would have an environment where they could be directly in touch with nature. This is the theory upon which the Federal Government and States maintain many parks at great expense for those who travel by automobile. The vitality of our people is notoriously better conserved by direct contact with nature, and the thousands of men, women, and children who are on these recreational craft, if they are allowed to get away from the pollution of the average harbor, will have a sanitary, decent environment.

In discussing the conditions as to small-boat harbors at the eastern end of Lake Ontario, I should call attention to Gill Harbor at the Coast Guard station on Galloo Island. This harbor was dredged out several years ago when the station was established but is now largely filled in and is difficult of entrance. This should be taken into consideration in connection with the needs of small-boat harbors in the eastern end of Ontario.

It should be remembered that all these harbors are difficult of approach in certain weather and that some are sheltered from northern and westerly winds and others are not. It is a fact also worthy of consideration that Stoney and Galloo Islands offer no or little lee for a westerly or southwesterly wind. This makes the creation of these small-boat harbors all the more imperative.

PROPOSED HARBORS

Lake Ontario presents several illustrations of this type of harbor where at nominal cost and with very little expenditure for maintenance, such harbors may be established.

They are as follows:

1. North Pond, on Gallo Island, at the easterly end of Lake Ontario. This body of water is approximately 1 mile in length and about a quarter of a mile in width. The depth of the water in the center is 5 feet. The channel entering from the lake proper is approximately 35 feet wide. The entrance to the pond could be dredged out and the pond itself dredged out to a depth of 9 feet at nominal cost. It would afford a haven for craft coming up the St. Lawrence River and also for small craft which encounter heavy weather from any direction. This pond, which is shown on chart 2 of maps prepared by the United States Engineers, would afford the passing small craft an opportunity for real shelter in a wholesome primeval environment.

2. Mr. Frank C. Herrick, secretary of the Crescent Yacht Club at Chaumont, N. Y., also calls attention to Dutch John Bay on Stoney Island, also in the eastern end of Lake Ontario, where a small amount of dredging would open up a small lake which practically cuts the island in two. It would furnish ample protection for a considerable fleet of small boats. He also calls attention to the fact that sudden storms frequently occur in this area during the summer season and that some shelter is needed in this quarter for small boats that are coming down the lake or have been caught in a sou'wester.

3. Selkirk, on the mainland at the eastern end of the lake: This is at the mouth of the Salmon River and should require but nominal disbursement in order to make it safe for small craft. There are a great many summer cottagers in this vicinity and they use a great number of small boats, the majority being power. Added draft for this area would make it a proper harbor of refuge for boats caught in a nor'wester in Mexico Bay. I will not go into detail on this as the district engineer has taken considerable evidence on this question and preferred to wait until the whole situation was surveyed.

4. Sandy Pond, also on the south shore, is another area much used by cottagers and is adjacent to a public park operated by the State of New York. The expense here would be likewise nominal. Both the Sandy Pond and Selkirk areas are used extensively by people from the eastern part of the country who are on tour by auto. The summer-colony phase is of considerable magnitude.

A SOUND PUBLIC DISBURSEMENT

In conclusion, I wish to emphasize the fact that this is not prodigal or wasteful spending. It makes for the health of the

American people who are going on the water more and more in sail and power. It should be reemphasized here also that this group who paid three millions into the Treasury for which they received absolutely no benefits, are just as much entitled to recreational opportunity as the automobilist, the golfer, and camper, for whom hundreds of millions have been expended by the Federal Government.

Respectfully submitted.

FRANCIS D. CULKIN,
Member of Congress, Thirty-second District, New York.

Tobacco Tax Amendment

EXTENSION OF REMARKS
OF
HON. W. D. McFARLANE
OF TEXAS
IN THE HOUSE OF REPRESENTATIVES
Tuesday, December 14, 1937

CORRESPONDENCE BETWEEN HON. JAMES V. ALLRED, GOVERNOR, AND HON. W. D. McFARLANE, OF TEXAS

Mr. McFARLANE. Mr. Speaker, under permission given me I desire to extend my remarks and include the copy of a letter received from Hon. James V. Allred, Governor of Texas, and a copy of my reply thereto:

EXECUTIVE DEPARTMENT,
Austin, Tex., December 9, 1937.

Hon. W. D. McFARLANE,
House of Representatives, Washington, D. C.

DEAR MR. McFARLANE: The Honorable George H. Sheppard, comptroller of public accounts of this State, has estimated that Texas is losing approximately $500,000 annually through tax evasion on cigarettes shipped into Texas by parcel post because of a postal law or regulation which prohibits postal inspectors and postmasters from furnishing State tax officials with information regarding such shipments or from permitting such officials to inspect shipments by open mail for the purpose of obtaining the names of the consignees. Mr. Sheppard has informed me that great numbers of unscrupulous cigarette dealers have established places of business just over the border line in nearby States for the sole purpose of shipping cigarettes by mail in order that their customers may avoid paying the tax. Our cigarette law levying the tax on the use as well as the sale of cigarettes, which has been upheld by the State supreme court, makes the cigarettes taxable; but as long as the postal regulation denies the State the right to inspect the cigarettes for the names of the consignees or any post-office records of such shipments, their business will continue to flourish.

I understand that Mr. TARVER, of the Seventh Congressional District of Georgia, has introduced a bill (H. R. 8045) authorizing the Post Office Department to cooperate with States levying a tobacco tax in the collection of their State taxes, a copy of which is enclosed.

This bill is of vital importance to some 35,000 legitimate merchants handling cigarettes in Texas, who lose $5 in business for every dollar the State loses in taxes. The cigarette collections are allocated to the old-age pension fund and the school fund. Mr. Sheppard believes that the enactment of the Tarver bill will solve this problem for the State, and I am sure your support of the bill will be greatly appreciated by both the State and the legitimate cigarette dealers in Texas. The bill is now before the Committee on the Post Office and Post Roads.

Sincerely yours,

JAMES V. ALLRED,
Governor of Texas.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., December 14, 1937.

Hon. JAMES V. ALLRED, *Governor,*
Austin, Tex.

DEAR GOVERNOR: I have your letter of December 9 regarding H. R. 8045, authorizing the Post Office Department to cooperate with the States levying tobacco tax in connection with their State taxes. I am heartily in favor of the conditions sought to be corrected under the terms of this bill and have just talked with Mr. HAINES, chairman of the subcommittee considering same, and he tells me that his committee will hold hearings early next session and he believes that a satisfactory bill can be worked out and passed.

I will be glad to cooperate fully regarding same.

Sincerely yours,

W. D. McFARLANE.

The Deadly Parallel

EXTENSION OF REMARKS
OF
HON. EVERETT M. DIRKSEN
OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES
Tuesday, December 14, 1937

1917

Mr. DIRKSEN. Mr. Speaker, January, and the nations of the world are at war. The United States protests the operations of German submarines. Preparations being made to float further British loans in this country. Bernstorf advises Lansing that the Imperial Government will meet Allied war measures by establishing a war zone around Britain, France, Italy, the eastern Mediterranean. Rising indignation at the activities of the Imperial Government of Germany. Comes February of that fateful year. President Wilson announces severance of diplomatic relations with Germany. Blundering U-boat commander sinks the *Laconia* with American citizens aboard. A blunder. Regrets. Apologies. Excuses. House of Representatives rushes measure to arm American ships. Enactment prevented by Senate filibuster. Mad March walks across the calendar. War Sunday. Sermons, speeches, rising temper. The President announces that naval guns and crews will be supplied to American ships without congressional authorization.

Another blunder—the *Algonquin* sunk without warning off Plymouth. Headlines: Martial ardor grows; dismay; anxiety. Just another blunder. President calls Congress into extraordinary session. April. The world awakens to the breath of spring. Congress meets. Parade of pacifists broken up by police. Troops come to the Capital. Resplendent Congress. Joint session in the House Chamber.

A solemn Supreme Court attends. A sober Cabinet is there. Dour Senators. Agitated Representatives. Colorful galleries filled to the last place. Diplomatic Corps in resplendent uniforms given places of honor. Tenseness. The President arrives. Solemn war message. Debate. War. It is April 6, 1917. Somewhere the hollow, mocking laughter of death.

1937

Saturday night, December 11: Ballroom of the Willard Hotel on historic Pennsylvania Avenue. The Gridiron Dinner. Four hundred distinguished guests in evening attire. Gay flags, colorful streamers, tasty table decorations. Vivacity, mirth, laughter. Senators and Representatives, important professional men, industrial tycoons, journalists, columnists. A gay speaker's table garlanded with flowers. The President, the Cabinet, the Ambassadors and Ministers and others are there. The Secretary of State, Cordell Hull, prim, solemn, severe. The Ambassador of Japan, Mr. Hirosi Saito, reticent, quiet, bland. The Ambassador of China, Mr. Chengting T. Wang, bland and self-effacing. All is warmth, quiet, joy, satisfaction.

Monday, December 13: Screaming headlines. The bombing of the *Panay*. News articles expressing concern. Tart editorials. Speeches in the House and Senate. A rising spirit of indignation. Ambassador Saito calls on Secretary Hull. Profuse regrets and apologies. Blunder! 'scuse it! White House memorandum to the State Department expressing concern and shock and that the Emperor be so advised. Sharp debate in the United States Senate. Joint resolution introduced in the House to invoke sanctions against Japan. Great Britain sends sharp protest note to Japan. Cab drivers, shopkeepers, Government employees, others discuss the prospect of war. Item in Washington press with caption, "Dislike Japan—United States Sailors Would Welcome Fight." Somewhere the hollow, mocking laughter of death.

Federal Control of Water Pollution

EXTENSION OF REMARKS
OF
HON. JAMES E. MURRAY
OF MONTANA
IN THE SENATE OF THE UNITED STATES
Wednesday, December 15 (legislative day of Tuesday, November 16), 1937

RADIO ADDRESS BY BOAKE CARTER, NOVEMBER 29, 1937

Mr. MURRAY. Mr. President, I ask unanimous consent to have printed in the RECORD a radio address delivered on the 29th ultimo by Boake Carter, on the subject of river pollution and Federal control of such water pollution.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

This day a year ago, walking through the snow-clad Pocono Mountains of Pennsylvania, I learned as I never learned before, what fools we humans have been in destroying recklessly, wantonly, with no thought of the future, nature's gifts to us, in order that we might better chase the dollar and build therewith a civilization of stone, marble, steel, and iron. This day a year ago, I talked about that very crime we have committed in our avariciousness for material things; talked of denuded forests; of walking for miles without seeing a tree that would make a good 3-inch plank; of the manner in which, in our ruthlessness, we had shaved the hairs from the head of the earth in great patches, so that rains and melting snows raced down the mountain sides in the spring in swirling torrents, unhampered, unrestrained, to swell the flow of mighty rivers like the Allegheny, the Ohio, the Mississippi, the Columbia, and others and create the wild, raging floods that cost America millions upon millions of dollars annually.

Today, 1 year later, I came back to the same mountains, with that great army of deer hunters; returned to Skytop, Pa., the mecca of sportsmen and sport lovers from all parts of the United States, and I had another lesson brought home to me, in vivid, arresting fashion. A little adventure it was. In midafternoon today, I turned to Joe Mellon, the game warden of these parts, a mere boy of beyond 60, one of those souls of kindliness, honesty, sincerity, who numbers his friends in the millions, from Presidential candidates to mere newspapermen; whose speech is picturesque and the kind of character you read about in books—I turned to him and said: "Joe, where can I get a good drink of water." "Right there, m'boy," said he instantly and pointed with one hand toward a stream running from the mountain side into a pond, and with the other handed me a little folding canvas cup, creased with many seasons of wear.

And so I went to the stream, bent down, and thrust the canvas cup into the waters as they sang their lilting tune across the rocks and stones that lay upon its bed. And the rays of a red November sun tinted the waters of that little stream with crimson fire, and the deepening blue sky added that dash of color that delights the heart of any man who has even faintly and only occasionally communed with Nature and all her beauties. And as I drank I noted the transparency of the water, like the purest glass. It was a drink beyond compare—cold; invigorating; a freshness of taste free from taint—for which there are no words in the English language to provide adequate description.

And I wondered, as I gulped that water greedily, what fools we city people are; how little we know what we have done; how much would millions of people in the United States give to be able to go down and stand upon the banks of the rivers running through their towns and find water as clean by only even 50 percent of that which I drank this afternoon. We destroy our forests without order, without system, and promote great floods which cost us millions of dollars in damage and repair. Our rivers we have made industrial sewers filled with debris, with chemicals, with oil, and a permeating stench, and again add to our costs by having to filter the water from the rivers that we make filthy, so that we may drink the liquid we city people are pleased to call water so that we may not go thirsty.

In this one State of Pennsylvania alone we once possessed 100,000 miles of rivers that were clean enough to sustain fish life. Today, because of pollution, there are less than 7,000 miles of that 100,000 in which fish may survive. Ninety-three thousand miles of Pennsylvania streams and rivers have become so contaminated that fish life has died. In proportion, the story goes from many other States all over the Union. Most of us citizens read of conservation, hear of something about what is called stream pollution, and, because it has no dramatic appeal, we usually pass on to other affairs in the news, some uplifting murder, no doubt; some educational account of a kidnaping, or some such matter.

Yet consider the poor of the great cities of the Nation; would they not appreciate being able to go down to the river running through their town, with their children, on a hot summer night, and enjoy the comforts of cool breezes that come off water? They would, to be sure, but they don't because no one appreciates particularly the allure of sitting beside a stream or river whose pollution is such as to provide stench upon stench that is overpowering at times many blocks back from many rivers. Do not children, whose families cannot afford to take them to the seashore or the mountains on hot summer months, swim in our mighty rivers, oblivious of the muck and scum that floats by upon the surface?

Have you ever wondered why it is that most of our typhoid outbreaks occur in the hot summer months? Do you know in many instances the haphazard dumping by industrial plants of their waste matter into some of our rivers is responsible for as much as 14 feet of silt upon the bottoms of some of our major navigable rivers? Then the Army engineers have to come around with their dredges and dig it all out again every year.

Industry has dumped their waste matter into the rivers; the people have had to pay for doctors' fees, for filtration plants, and higher water rates to make the stuff drinkable, and pay to dredge out the rivers each year. It may amaze you as it did me when Judge Grover C. Ladner, one of the leading conservationists in America for the last 25 years, told me the astonishing fact that you may dump sewage into a river, but sewage never gets down to the sea, as you think it does.

It was Benjamin Franklin who said something more astonishing still—that rivers themselves never reach the sea. The Amazon is one of the few exceptions, the force of its outward flow thrusting a patch of fresh water out into the South Atlantic Ocean many miles beyond its mouth. But as rivers flow toward the sea, the rate of evaporation of water exceeds the supply of water from its tributaries. And so, you will find that sea water, or salt water comes in and extends for a considerable distance up a river from its mouth. Thus there is always a tidal barrier at the mouth of each river, which ebbs and flows all the time—and beyond which barrier no sewage can ever flow, although probably most of us have fondly believed for years that if we tossed something into the waters of the town rivers, eventually it would be carried down and out to sea.

Nature has provided certain methods of purification for the waters of our rivers under normal conditions. For instance, as only one example, dissolved oxygen. God gave us human beings lungs with which to breathe the oxygen in the air to keep us alive. He gave fish their gills, so that they may take the oxygen out of the water, and live. But when rivers are polluted with filth from factories, from tanneries, from coal mines, from oil, from chemical companies, from open sewers from cities, the river uses up its oxygen fighting this muck more quickly than it can keep taking it in from the air.

When you find oil and scum floating on the top of the water of a river, you can now realize, perhaps, how this acts as a blanket, and keeps out oxygen from the river. Therefore, decomposition sets in and you get your four stenches from our great rivers, bounded by great industrial plants upon either bank for many miles. Consider this amazing fact. In 40 years $450,000,000 worth of gold has been mined from Alaska. In the same period of time, 40 years, the canneries of Alaska have taken $500,000,000 worth of salmon from the Alaska waters. And year after year, this tremendous salmon business goes on and on—salmon come back year after year to spawn in the same waters—why? Because they know the waters are clean and not filthy, open sewers, menacing health, menacing life.

Why, then, don't we do something about this business of pollution, you say? Ah, but for years a comparatively small handful of people in America have tried. For years they have fought against staggering odds of propaganda, huge slush funds, powerful industrial lobbies in the halls of legislatures and in the halls of the Washington Congress, against bureaucracy in the Federal Government. Their progress has been slow. Set-backs were many, and often heartbreaking. Their battle was not spectacular, not the kind which provided political patronage—the public paid little heed, heard less about it. But by their doggedness, these conservationists and antipollutionists have persevered.

Today they stand upon the threshold of victory—a victory which would restore many of the great rivers and streams of America to a state of at least halfway respectable decency; a state where people would find it enjoyable to sit by them or row in a boat upon them of a summer eve without being nauseated by fumes of pollution; where the public health would be given greater safeguard and drinking water become cleaner and more pure and less synthetic than it is today in our great cities. But it is a victory that cannot be won without public support. And coming, as I do, from a city with two rivers, the condition of both of which still remains a thoroughgoing disgrace to not only Philadelphia but Pennsylvania, and contrasting these waters, contaminated solely by man and his industrial machine, with the undefiled waters you see among these mountains, flowing downward in their pureness and clarity, I frankly take the editorial view that the conservationists deserve all the support they can get. Briefly, the situation is this:

In the Congress is a bill known as the Vinson bill. In its original form it proposed, in effect, that the matter of pollution should be

a matter of State cooperation, with the Federal Government lending a helping hand to all. It proposed that a survey of the situation over the entire country be made for the guidance and comfort of States tackling the pollution problem within their own borders. The Senate, however, through the efforts of Senator LONERGAN, of Connecticut, adopted a series of amendments, which would establish a Federal control board, which, in turn, would deal with the national problem from the basis of each individual problem created by each individual watershed.

Now a full-fledged industrial campaign, headed by the United States Chamber of Commerce, is being fought to defeat these amendments and return this antipollution bill to its original form. The reason is simple. It is an admixture of industrial selfishness on the one hand and Government bureaucracy on the other. There are too many industrial companies who do not wish to spend a comparatively trivial investment in waste disposal plants of their own, as a sanitary means of getting rid of their refuse. They lobby in Washington for the privilege of still dumping their refuse on the national rivers, and obliging the public to pay the bill, put up with the stench and the menace to health.

On the matter of bureaucracy—that word health brings up the second phase of the drive to sabotage Senator LONERGAN'S efforts in the Senate. The bureaucrats seek to insist that the entire problem is one of public health, and that, therefore, the Federal Public Health Service should have full charge of dealing with pollution in America's navigable rivers. Actually, the Vinson bill, without the Senate amendments in it, becomes nothing more nor less than a proposal to have another survey. Another survey on a matter on which countless hundreds of surveys have already been made; countless surveys which have recommended many fine things; countless surveys for which the authorities have patted the experts doing the surveying on the back, sung their praises to high heaven, called them noble gentlemen and upstanding citizens, and then neatly and carefully stuffed the reports away in convenient pigeonholes, to gather dust, rot and decay like a million other surveys.

There is a million dollars involved—as a starter—and think what a bureau in Washington can do with a million dollars to start a nice new survey on an already supersurveyed subject! Consider the patronage involved; consider the job holders to be foisted on the public back. Thus too many industrialists seek to join hands with the Washington bureaucrats and together drive to emasculate the only sound bill that has ever been put forward to deal with stream pollution on a national basis.

Of course, the immediate counterclaim is that one points to the danger of bureaucracy, and then the bill, as amended today, proposes to set up a new Federal board, which would mean a new bureaucracy. Ah, yes; but to the unsuspecting, uninitiated citizen, that is bureaucratic and chamber of commerce sophistry. For which would you have, a bureaucracy eating the public revenue and giving nothing concrete, helpful, or worth while in return, or a bureaucracy that consumes public revenue, but by its work saves the public millions more than the public spends upon that bureau's upkeep? The answer is obvious.

It is clear also that pollution is a national problem and can only be dealt with successfully on that basis. For when it comes to a matter of State cooperation, there simply isn't any. That has been proven and demonstrated by bitter experience. Two States face opposite each other, divided by a river. Why should one State try to clean up that river if the politics of the other State don't care to join in that clean-up battle? But one does not begin to realize the overpowering, overwhelming importance of the story wrapped up in stream pollution in the United States until one leaves the cities and all their dirty stained waters and bathes one's face in the freshets in the hills and drinks the mountain water, which is crystal pure in its origin and should be pure as it runs into our great rivers. As Grover Ladner once wrote, "God made the rivers, but man made them sewers." Congressmen who will not be bluffed by the campaign to destroy the Lonergan amendments to the Vinson bill will be doing a service to their Nation, the import of which they may not realize. That is what I learned today while hunting for deer at Skytop.

Politics and Patriotism

EXTENSION OF REMARKS

OF

HON. PAT HARRISON

OF MISSISSIPPI

IN THE SENATE OF THE UNITED STATES

Wednesday, December 15 (legislative day of Tuesday, November 16), 1937

RADIO ADDRESS BY HON. JAMES A. FARLEY, CHAIRMAN OF THE DEMOCRATIC NATIONAL COMMITTEE, NOVEMBER 8, 1937

Mr. HARRISON. Mr. President, I ask unanimous consent to have printed in the RECORD a radio address delivered on November 8, 1937, on the Evening Star forum by Hon. James A. Farley, chairman of the Democratic National Committee, on the subject Politics and Patriotism.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS OF CHAIRMAN JAMES A. FARLEY, OF THE DEMOCRATIC NATIONAL COMMITTEE, ON THE EVENING STAR FORUM, NOVEMBER 8, 1937

Human ingenuity manages to meet every situation that the shifting progress of mankind encounters. Sometimes and in some countries the powers in authority, for their own purposes, hinder the application of the new processes, but in this fortunate land of ours, where the people actually rule, we make the fullest use of them.

This is a time when it is particularly necessary that there should be communion between the Government and its citizens. So much is happening here and elsewhere that concerns the life and happiness of every individual that if it were not for this new agency of communication the public mind would inevitably be confused, and partisanship instead of logic would govern the thoughts of our countrymen.

I am referring to the radio, which enables me tonight to talk directly to I do not know how many millions of people. If I have any message, that message goes to my Nation-wide audience, unadulterated and unchanged. It is not subject to, for instance, the necessity of condensation which sometimes compels newspapers to pick out merely what they deem the high points of an address. It will be uncontaminated by coincident editorial comment which seeks to sway readers either toward or away from the subject matter of a speech.

Republican or Democrat, Socialist or Independent, a speaker is enabled to talk to the people, and the people are enabled to draw their own conclusions and make their own deductions and form their own opinions.

I have no fault to find with the newspapers. Indeed, if it were not for this forum of the Washington Star, I would not have the opportunity tonight of expressing certain thoughts that I hope may be of interest to my listeners. This forum is another manifestation of the fine spirit of loyalty to the freedom of speech that has made our country what it is. Every editor has, of course, a perfect right to his opinion and he would not be loyal to his trust if he did not endeavor to impress upon his readers the views that he considers correct and of service to his country. So here we have a newspaper opposed in a general way to the policies of the Roosevelt administration giving equal privilege to a supporter of the administration with those whose views perhaps coincide with the newspaper's own viewpoint.

It is, I believe, unfortunate that some newspapers because of the financial support of a particular group feel called upon to voice the sentiment of that group rather than the sincere opinion of the editor. But that is another story and, incidentally, is another example of where the radio affords a means of correcting a situation. I am not here tonight to complain of or assail what I deem a misuse of editorial opportunity. On the whole, the newspaper world has handled the side of the political controversy on which I am enlisted with reasonable fairness in its news columns. I have little right to find fault with what appears on the editorial page, provided that that editorial page represents an honest view and does not alter the facts to make them agree with the newspaper's policies.

The developments of the last 5 years have been helpful to popular government in more ways than one. I believe that the terms of the present administration at Washington have accomplished more for the preservation and extension of popular government than any similar period since the early days of the Republic. But there is another element of progress that is perhaps of even greater importance. The controversies that have arisen, the circumstance of legislation affecting directly the lives of every element, have stirred the political consciousness of this country. Actually, we are all in politics today. The great industrial magnate, the financial chieftains in Wall Street, the farmer, the mechanic, and even the hitherto forgotten man or woman without a job—they are all in politics, and to some extent they are all politicians. There is a curious delusion about politics—of lesser intensity today than in the past, but still prevailing to some extent—that there is something almost wicked about the processes through which we get our government. It is true that all politicians are not perfect, any more than that all bankers, or all merchants, or all workingmen are perfect. In every branch of the complex fabric of our social system there develops racketeers, chiselers, and even criminals. So it is with politics. Under a republican form of government no other means is provided for the establishment of national policies and the placing of individuals in the posts of authority and responsibility.

Politics may be as pure or impure as the people themselves determine. I don't know how often I have heard eminent and successful men announce that they are businessmen and not interested in politics. It has always seemed to me that that was a confession of neglected duty rather than a boast of superiority. If the wrong kind of politician gets control and uses his office for his own advantage, it is largely the fault of those people who conceive themselves too busy to be interested in their own government, except when that government adopts a policy that they deem hurtful to their particular interest or withholds a privilege that they have previously enjoyed.

Nowadays you do not hear that boast so often. That is a good thing, for a government cannot be better than the mass of the people who are governed. No administration can be successful

unless it represents the will and works for the welfare of the majority. No government can endure that disregards the rights of either majority or minority, for the day of reckoning must always come when the people themselves decide whether their governors have been faithful stewards of the Nation's welfare.

So the advent into politics of these gentlemen who have a mistaken idea that the sole purpose of government should be to see to it that they make all the money possible regardless of the prosperity of customers, consumers, or employees has its advantages. When they get close to their government it is to be hoped that some of them, at least, may be converted to the thought that a wholly prosperous community will give them more business and more consistent profits than one in which wages are so low as to make it impossible for the wheels of commerce to revolve freely. Then they may recognize the fallacy of their idea that they are singled out for persecution in the matter of taxes or such regulations as are contemplated in the wage and hour bill. They will come to understand that their government is just as much interested in their prosperity as their own chambers of commerce, of the manufacturers' associations, or like organizations. Their government is not so stupid as to believe that it could make a success of administration by starving business or by making it impossible for business to make reasonable profits.

As you know, I am around New York City a great deal, and I have listened to quite a number of important citizens who, for the moment, seem to feel that something terrible is happening to them. I wonder in which country these gentlemen would be more contented. They would have something to worry about in one of the nations governed by a dictator, who not only would tell them what hours and wages would be, but would levy on their personal fortunes as well as their business profits at his own sweet will. Or in one of those other nations whose necessities for armament compel a taxation rate that makes ours look trivial.

I wonder, furthermore, how these people figure out that in a world almost wholly disturbed they should somehow be permitted here to proceed in the manner of the old regime where they enjoyed a ducal immunity from the economic problems of the people generally. Now, mind you, I am talking of men who think they are good citizens, who regard themselves as the bulwark of national prosperity. It is difficult to get them to realize that the United States is today the happiest country in the world. No threat of socialism, communism, or dictatorship hangs over them. They are free to make what investments they please or to make no investments. The banks to which they entrust their money are safeguarded and bulwarked by more precautionary measures than the financial institutions anywhere else in the world.

It would seem that men so situated would be at pains to instill confidence instead of disseminating fear. If they think some of the taxes are too high, or some of the tax measures too drastic, the way is open to them to put their case before Congress. They ought to know that no Congress willingly imposes greater taxes than the necessity of the country demands. Under the legislation that has been put on the books in the last 5 years their businesses have climbed up from the dismal swamp of depression to a dividend-paying eminence. If any one of them would for a moment contrast the present position of his enterprises with what they were before those measures were put on the statute books, I would think that he would feel deeply grateful for those enactments rather than highly resentful.

I do not think any of them has a very clear idea of what he is afraid of. They talk about the wage and hour bill that is up for enactment at the special session of Congress. Nobody knows the form it will take ultimately. Our national legislators are still working on it. These Members of Congress are perhaps more acutely conscious of what is involved than any other group in the United States. They are responsible to their constituents and they know that unless the performance of their duties is satisfactory to their home people there will be new faces at the Capitol.

Perhaps the fault lies less with these trembling capitalists than with the amateur economists enlisted in the anti-New Deal campaign.

What people ought to understand is that such questions as are involved in the wage and hour bill and in farm legislation, for example, have really no place in partisan politics. I believe I am safe in asserting that if Franklin D. Roosevelt had been a reactionary our political adversaries would have been just as loud in their criticism and would themselves have espoused the liberal view. In other words, in partisan politics the fellow on the other side is never correct; no matter whether he goes to the right or the left, or sticks to the middle of the road.

It is a general impression, I know, that a dominant party feels it the occasion of rejoicing when the opposition party is reduced to helplessness and hopelessness. As a politician, I may entertain sentiments similar to these, but as an American citizen I can see many, many dangers in the too great dominance of one of our political organizations. No party is great enough to feel itself above criticism. I believe that a strong opposition minority is absolutely necessary under our system of government. I believe that good government is the only permanent guaranty of political success. I mean by that that political strategies cannot keep one party in power unless that party delivers the goods in making and keeping our country contented and prosperous to the extent that government can compass those ideal conditions. This is true not only of a national administration but of State and city governments as well.

Of course, there is a limit to the capacity of Government to control or direct every event. Convulsions of nature, floods and droughts, may disturb the progress of our prosperity. No government can stop these, but what it can do and what our Government is endeavoring to do is to take such steps as will mitigate the consequences of such disasters. That is what the soil-erosion projects and the flood-control enterprises and the forest-conservation work of the C. C. C., for instance, really mean. Economic measures should be as clear out of the field of politics as should our international relations. Nobody knows where conditions that exist in Europe and in Asia may lead the world. Nobody knows how the possible eventualities of these situations may hit our own peace and comfort. Nations engaged in desperate wars are seldom scrupulous in their observance of the rights of neutrals. Naturally our Government must avoid involvement in these struggles. Peace in a war-minded world is not something that can be attained automatically. It requires skill and patience and untiring watchfulness. It implies preparedness, for in the fury of war it is only the nation that the combatants know is capable of resisting that is immune from aggression.

What I am trying to convey is that there is an appalling responsibility in government beyond the mere levying of taxes and maintaining law and order among ourselves. And the only means I know of keeping a government on its toes so that it will exercise all its functions for the benefit of all our people is the existence of a minority party of such strength as will provide an alternative if the party in power falls down. Therefore it is with real regret that I view the present course of our opposition. If it objects to the Democratic policy it ought to have a policy of its own to offer as an alternative. It ought to have leadership in which its members have confidence. It ought to have a program; and it ought to have courage to announce that program. It can get nowhere by fuming at flyspecks on the fabric of the administration of public affairs. Intelligent criticism must be the province of a minority party if that minority party is to amount to anything. Whenever it points to a flaw it is incumbent upon it to propose at the same time a remedy. In that way alone can a minority party be of service to the country. Mere calling of names or explosive generalities conveying merely the thought that it could do better with the job of government than the fellow who has the responsibility can help neither the Republican Party nor the United States at large.

Perhaps I am not technically accurate in referring to my own political group as the dominant party. No party has a dictatorship over our country. The actual power that makes and unmakes administrations resides in that great army that is independent in politics, that votes for those things it deems best for our people regardless of the label on the ticket. The regular organizations, however strong and efficient, are not large enough numerically to win an election by themselves. What they do is to give expression to certain principles. After that, it is up to them to convince a sufficient number of the people outside of the organization to vote with them to effect those policies—which means to elect the candidates pledged to those policies.

The present administration came into power, and remains in power, because it offered a program that millions of Republicans, independents, people of every party and of no party, endorsed and therefore joined the rank and file of the Democrats on election day. So it is this aggregation of political and nonpolitical elements that is behind Franklin D. Roosevelt.

No government that ever existed, no government that could even be imagined, can please everybody. No President of the United States from Washington down has failed to incur criticism, having his motives impugned, his sincerity assailed, and his ability doubted. The greatest of these Presidents have generally come in for the most vicious and extravagant of these barrages of hostility. I suppose it will always be so. Strong men provoke resistance and hostility. It is only the weaklings that even partly escape.

But our good old country rolls on, ever greater, ever advancing, and the bitter controversies of today become only a casual footnote in the history books of tomorrow.

How much attention do any of us pay to the charge that George Washington aspired to a crown; that Thomas Jefferson ignored the Constitution and flouted the Supreme Court; that Andrew Jackson was a fire-eating duelist who consulted nothing but his own roughneck desires in making his decisions; or that Lincoln plunged the country into a terrible war because he would not heed the counsel of the conservatives of his day? Yet, who can say that in their time the bitter minorities that assailed and lampooned these great Presidents were not of use?

One political campaign parallels the history of another. We have the same violent convulsions of feeling, the same intemperate attacks, and out of it all we get a pretty fair average of efficiency in public office and a contribution to the general happiness of our people.

Democracy is not a perfect form of government, but it is the best that humanity has so far been able to devise. One demonstration of the comparative excellence of our system is the enviable position of the United States among the great nations of the world. We are almost the only people who can go to bed at night without dread that the specter of war, or revolution, or tyranny will confront us in the morning.

We are a country without fear—except the fear entertained by a comparatively few prosperous people that they may not make as much money as they would like to make and that somehow politics is to blame for that.

And, my friends, even those of you who have entertained the thought that politics is something evil, something unfashionable, and something to be avoided, permit me to tell you, as I say good-night to the Star Forum audience, that it is this same politics that has given you the blessings to which I have referred.

The Federal Budget and the National Welfare

EXTENSION OF REMARKS
OF
HON. SHERMAN MINTON
OF INDIANA
IN THE SENATE OF THE UNITED STATES

Wednesday, December 15 (legislative day of Tuesday, November 16), 1937

ADDRESS BY WAYNE C. TAYLOR, ASSISTANT SECRETARY OF THE TREASURY, NEW YORK CITY, DECEMBER 7, 1937

Mr. MINTON. Mr. President, I ask unanimous consent to have published in the Appendix of the RECORD an address delivered by Wayne C. Taylor, Fiscal Assistant Secretary of the Treasury, before the Economic Club, at the Hotel Astor, New York City, on Tuesday, December 7, 1937, on the subject of "The Federal Budget and the National Welfare."

There being no objection, the address was ordered to be printed in the RECORD, as follows:

The subject which the Economic Club has asked me to discuss tonight is the Federal Budget and the national welfare. The position of words as well as their fundamental meaning is of tremendous importance. Those of you who may have struggled with advertising copy know that merely changing the order of words may entirely change the emphasis and significance of a message. Therefore, I am going to transpose the words of the subject so that it now reads, "The National Welfare and the Federal Budget." I am making this transposition largely because I have listened to so many discussions about budgets and figures which never got beyond the mechanics of how a budget should be presented or how accurate a particular figure is. Most of you have been exposed to similar hardships in your homes, your business meetings, and in your welfare and civic activities. Almost equally trying experiences mar similar meetings when the combatants are unable to decide what they want to budget. On the whole I think that the arguments on mechanics and figures are the most painful and the least productive, so I am transposing the words of the subject as I have indicated in order, first, to discuss our national welfare. If we can agree on national welfare we won't have much trouble with how to present the Federal Budget, or how to work out a reasonable plan to pay for the amount of national welfare which we agree we need and can afford in any particular period.

We can make several convenient divisions of national welfare, but I think that if we can first break it down into two major groups, all further subdivisions will present few difficulties. The two divisions which I suggest are the present and future welfare of the natural resources which are contained within our borders and the present and future welfare of the men, women, and children who now compose our citizenry and that of their descendants. It must be obvious that unless we do a reasonably good job of developing, utilizing, and conserving our national resources, any steps that we may take toward improving the physical and mental well-being of our citizens will eventually be fruitless and will serve only to delay the inevitable day of reckoning. In fact, we already have strong evidence that urgent demands for payment for damages which we incurred during our exuberant earlier years are being presented to us now. It must be devoutly hoped that the size of the bill combined with our advancing years as a nation will have the necessary sobering effect.

In retrospect our treatment of our national resources is easy to understand but difficult to justify. Our ancestors were doubly blessed, first, by the extent of the resources themselves, and second, by the fact that the people who controlled them were few in number and ill equipped to defend their possessions against our aggressive and resourceful forbears, particularly after said forbears outnumbered them. Once in control our ancestors lost little time in developing these resources; in fact, they did an amazing job, but when we talk of the American system and the self-reliant, rugged individualist pioneers who carved an empire out of the wilderness, we should remember that they had some pretty good material to work on, that nobody was bothering them very much while they worked, and that practically every boat brought eager helpers who had heard about the land of honey and opportunity. When the helpers didn't come fast enough they turned to forcible recruiting methods which left trails of disaster in their wake which are even now far from obliterated. We can be proud of the speed with which the pioneers answered the knock of opportunity, but when we thank them for the heritage which they have passed on to our generation we might ask them why they left so much for us to clean up.

Various attempts have been made to estimate the damages, to check the practices which create these problems, and to establish a coordinated plan under which intelligent national and regional action can be carried out. We know much more about the problems than we have ever known before, but we still lack the authority and the means to establish a coordinated effort. If we had realized the full extent of these problems even as late as 25 years ago, and if we had drawn adequate plans for dealing with them, much of the deterioration which faces us now could have been avoided and we would have been in a position to budget the required expenditures on a reasonably intelligent flexible basis. If we had been in a position more fully to concentrate on national maintenance when we entered the depression, we would have much more for our money today. Expenditures of this character are necessities; they correspond to the maintenance account of a railroad or of an industrial plant; they can be deferred for short periods, but they cannot be evaded permanently.

There must be general agreement that proper maintenance of our national resources should be included in any program of national welfare.

Assuming that we can insure our supply of raw materials by adequate and intelligent national maintenance expenditures, we can carry the industrial analogy a step further and discuss plant improvements. It seems almost unnecessary to say that no well-managed industrial concern would go in for extensive plant additions and improvements if its management were not satisfied that its sources of raw material and its markets were reasonably assured.

Proper plant improvements must be designed with utility uppermost in our minds. If we can add beauty to utility, so much the better, but we must be constantly on guard against men with what you might describe as a monument complex. Our great cities are already sufficiently decorated with tributes of this character to the vision of some of our master builders. Incidentally somewhat unpleasant reminders of their visions decorate the portfolios of our closed banks.

While national or government plant improvement programs should adhere to the same rules, the character and purpose of many government plant additions present special circumstances which make a transition from necessity to utility, to beauty, to extravagant luxury almost imperceptible. Largely because we did not have a properly prepared plan for national maintenance we supplemented our scattered efforts in that field with a program of public construction which created employment in practically every industry. The work was well and honestly done, and our country can well afford occasional efforts of this type, but we cannot include anything beyond necessity construction in any fundamental program of national welfare.

It is the second major division of national welfare which presents the greatest challenge: The present and future welfare of the men, women, and children who live within our borders. What do we as a nation want for them? What do they as individuals want from their Government? Where do you start? Where do you stop?

History indicates no stopping places, nor should we search for them, but we can designate and strive to attain nearby objectives, goals which our own generation can hope to reach. It really doesn't make much difference where we start, as long as we start from the realities of today.

Just as our natural resources and the machines which we have created to make them serve us are proper subjects for national pride, so is the population itself. It is fine human material. These men and women and their ancestors came here because they didn't like things where they were or because they heard about the opportunities here. They brought with them their restlessness, but they also carried with them their desire for something better, their courage, their strength, their ingenuity, and their adaptability. They have transmitted these qualities to their descendants and we shall hand them on to our successors.

Each of these men and women has individual capabilities, tastes and talents; most of them can rise to great heights in emergencies—all that many of them need is the opportunity to be productive, they furnish their own incentives. Some unfortunates are so handicapped that they are unable to become truly productive, and others are later forced to curtail their productive efforts when they are stricken by physical or mental illness. We do not know how many of our fellow citizens are thus handicapped; we may find that a high percentage of the stranded sections of our population consists of these unfortunates who, for one reason or another, cannot take part in the productive efforts of their generation. But we do know that we have sufficient natural resources and more than enough fully equipped productive individuals to give these unfortunates the simple care and protection which they require during their comparatively short stay within our borders. We can unhesitatingly include their care and protection in any minimum program of national welfare.

For the capable, able-bodied, intelligent citizens we must be sure that they are given physical and mental preparation adequate for them to take full part in the productive activities of their contemporaries. When they enter the productive period of their lives they must be given every opportunity and incentive to be truly productive in the fields in which their individual capabilities and talents will be most effective. We cannot tell what individual incentives may hold the greatest appeals; for example, red ribbons, high sounding titles, the affection and respect of fellow citizens or of an individual, the warm feeling of satisfaction which a job well done instills, the desire to possess something which is considered to be particularly useful or especially beautiful, have all offered

effective incentives in various periods of world history. We can tell, however, when incentives and opportunities are lacking or appear to be lacking, and when we find such conditions we must hasten to correct them, for, in the last analysis, the efforts of the productive group must provide protection for the period of preparation, care for the unfortunates, and minimum comfort and security for those who have passed on into gentle twilight which should pervade the last hours of the lives of American citizens.

In making these adjustments we shall make mistakes; the factors are so complex and the balance is so delicate that no single adjustment can be counted on, but it is my strong conviction that we should err on the side of maximum opportunity rather than on the side of maximum individual incentive, particularly in the case of the incentives which we express in terms of dollars and cents.

Maximum opportunities and adequate incentives must certainly be added to our program of minimum national welfare.

It is impossible to think of our national welfare without thinking of government, whether local, State, or National, the powers and responsibilities which we have entrusted to its many subdivisions, its organization, and the men and women who attempt to make these subdivisions function. It is easy to describe an ideal democracy; it is easier still to say that the only thing wrong with our Government at any particular period is the selection, which we and our fellow citizens have helped to make, of the men and women who hold our elective or appointive offices. But it is not easy to make the effort, which we must make if we are to correct structural faults which become glaringly apparent to anyone who takes the trouble to examine our governmental organizations.

When you choose to undertake this essential and urgent examination you will find, as I have found, that most of the men and women who have chosen the Federal Government service as a career do an amazingly good job, but that despairing of any action which will remove their primary organization handicaps, they have worked out individual extralegal methods which permit them to carry on your business. I have less first-hand knowledge of State and local government personnel, but I believe that you will also find many willing and capable public servants in these smaller government organizations who are similarly handicapped.

One of your guests of honor this evening has recently completed an economic survey of American shipping and our important Government activities in this field. In his public report he has stated that not less than 50 separate Federal bureaus exercise some measure of jurisdiction over shipping. His problem is a comparatively simple one because he has only to deal with other Federal agencies, and he need not take into consideration the overlapping and indeterminate State and local jurisdictions and responsibilities, which complicate many other fields of Government activity. I can assure you that no private enterprise could survive if it were so handicapped unless it happened to completely control some essential raw material, and even then it would survive only until some one devised a substitute. In our search for monopolies which gouge the consumer, we can ill afford to pass by the Government monopoly which we and our fellow citizens have taken the trouble to create and apparently tolerate. By its very nature it is our own creation and only by our own positive decisions, expressed through our chosen representatives in our local, State, and National legislative assemblies can we correct its structural faults.

In reaching our decisions, we must clearly recognize that modern transportation and communication have broken down the lines, which now attempt to subdivide responsibilities, to such an extent that they have lost whatever economic significance they may have once possessed. We are citizens of a unified nation where sectional economic interests are strong, but not overpoweringly so, and as a unified nation we must reorganize our laws and our governmental machinery to enable our own Federal Government to deal intelligently with truly national problems and to assure that truly local problems are handled efficiently and willingly by local governments. It is my strong feeling that we must add to our list of urgent minimum national welfare requirements efficient simplified Government organization for our local communities, our States, and our National Government.

Practically all past and present actions of governments are reflected in governmental budgets, governmental tax structures, and the indebtedness of governments. They record the old and new activities and responsibilities which have been entrusted to governments; they show wars which have been waged, floods, droughts, and other visitations of Nature, and past depressions; they register the current policies of nations, whether they fear attack or are preparing to be aggressors, whether they are developing, conserving, or wasting their national resources; the current productive efforts of their population; the current condition of private and public credit and those intangible but all-important items, confidence or lack of confidence of their own citizens and of the citizens of other countries, in the future of a nation or in the current policies of those entrusted with the conduct of its affairs; all these and many more factors of importance eventually appear in these records of the past and present. They can only disappear if the records themselves are destroyed. History teaches us that this action only occurs when a nation loses its identity or when its people rise in revolt, overthrow its government, and completely repudiate its past.

Our own Federal records show vividly the remarkable development of our rich resources, the industry of our people, and the tragic mistakes which have marred our short history. The disgraceful Civil War which interrupted our internal development, our abortive experiment in conquest, our crusade to make the world safe for democracy, the new era, the depression which it helped to create, and the great progress which we have made in our efforts to emerge from it, and to guard against similar occurences are all clearly portrayed in the voluminous reports which our Government presents to its citizens.

The number of these reports and the manner in which they tabulate daily, monthly, and annual changes in the financial condition of our Federal Government offer us complete up-to-date information as soon as these changes can be recorded, but we must look to public statements of policy by responsible administration executives, to current discussions and actions of our representatives in Congress and to expressions of opinion by private citizens if we wish to understand or anticipate what these reports will show in the near or distant future.

The President, the Secretary of the Treasury, and other administration spokesmen have vigorously and repeatedly stated their convictions that untimely, uneconomic expenditures in the form of public works or excessive subsidies to areas, industries, and economic groups must stop. Many of our representatives in both houses of Congress have endorsed these statements, and polls of public sentiment have clearly indicated that the country realizes the necessity for a balanced Budget.

We can look at the future with renewed confidence as we see this evidence accumulate, but we can be a little discouraged when, in the face of these urgent demands in the national interest, we observe the reluctance of special areas, industries, and economic groups to remove as much as one foot from the trough or even to move over to make room for a really hungry fellow citizen and the expressions of those who apparently represent these special interests in Congress.

We must reluctantly agree that any representative in either House of Congress who is incapable of thinking and acting in the national interest when the national interest is so clear is not qualified to represent a section of this country in the House of Representatives, or one of our States in the United States Senate.

Without fear of contradiction, I add the elimination of untimely, uneconomic Federal expenditures and a balanced Federal Budget to our list of minimum national-welfare requirements.

I offer no further suggestions for immediate objectives. In our own thinking and in our approach to our national problems we must realize that this is a transition period in the world, and that peoples and thoughts are on the march. When this transition period started doesn't make much difference, nor is it important for us to know when the individual movements came into being. But we must recognize the fact that if we include constitutional monarchies under the general heading of democracies, all the recruits which the two major movements have been able to attract have come from the ranks of democracies, and that the movement in the Far East, though it is different in character, also represents the march of a state whose policies embody most of the totalitarian principles into the territory of a state which was working night and day toward an oriental adaptation of a strong democracy.

It is not necessary for us to envisage an ultimate conflict of these two marching columns, nor is it necessary for us to wonder if one of these columns might at some future time march actively against us. But we would be foolish indeed if we did not examine every aspect of our national life to satisfy ourselves that it still offers the vital appeal which brought our democratic form of government into being. If we do this seriously, and if we consciously devote to our national problems the effort and the intelligence which they deserve, we need have no fear of other political faiths or of new "isms" as yet unborn. But if we hesitate, looking first at one marching column and then at the other, we may find that we have neither a destination nor followers.

In striving for our solutions, it matters not where we come from or what we think; if we make the effort, we can find the solution. We must approach our problems with confidence in ourselves, with respect for our fellow citizens and their opinions, and without fear, distrust, or hate in our hearts. If we cannot meet these simple requirements, there will be no place for us at the council table, and we will have to abide by decisions in which we have taken no part.

The Equal Rights Amendment

EXTENSION OF REMARKS

OF

HON. LEWIS B. SCHWELLENBACH

OF WASHINGTON

IN THE SENATE OF THE UNITED STATES

Wednesday, December 15 (legislative day of Tuesday, November 16), 1937

RADIO ADDRESS BY HON. EDWARD R. BURKE, OF NEBRASKA, DECEMBER 14, 1937

Mr. SCHWELLENBACH. Mr. President, last evening the junior Senator from Nebraska [Mr. BURKE] delivered a very

interesting address before the annual meeting of the National Woman's Party at Washington, D. C. The address was broadcast by the Columbia Broadcasting Co. The subject of the address was "The Equal Rights Amendment." I ask unanimous consent that it may be printed in the Appendix of the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

On the 3d day of next January the second regular session of the Seventy-fifth Congress will be called to order. It is now assured that one of the early matters to receive consideration will be the resolution submitting to the States the equal-rights amendment to the Constitution. What is that amendment? It is short. Its meaning cannot be misunderstood. It reads:

"Men and women shall have equal rights throughout the United States and every place subject to its jurisdiction."

That resolution is now pending before the Committee on the Judiciary of the Senate and of the House. More than that: In each case it has behind it the unanimous favorable report of a subcommittee. Anyone familiar with legislative procedure will realize how important a consideration is the favorable report of a subcommittee. If a majority of the 18 members of the Senate committee and of the 25 members of the House group can be convinced of the wisdom and fairness of the proposal, the resolution will move out and take its place on the calendar of each House. In due course it will be reached for consideration. There will then rest on the proponents the very heavy burden of securing approval by a two-thirds majority in the Senate and in the House. There is at least reasonable ground to hope that such a number may be persuaded that this is a question of so great importance that the voters of the 48 States should have the right to pass judgment thereon. Favorable action must then be obtained, and within 7 years from the date of submission, in 36 States. This, in short, is the legislative status of the proposed amendment. Ways and means of securing, first, favorable committee action, then approval by Congress, and finally ratification by the country are engaging, I have no doubt, the serious attention of the host of forceful and intelligent women who have for so long, and with such marked ability and persistence, been directing this movement.

May we at this time briefly enumerate and weigh some of the considerations that will move certain people to vigorously oppose, others to heartily support, this proposed amendment? I cannot do better, it seems to me, than to recite my own experience with the problem.

Upon the first suggestion of an amendment of any kind to the Constitution I remind myself that in that document the deliberate will of the people is expressed. So imbued with wisdom and vision were the able men who drafted it that for 150 years it has well served its purpose with but very few changes. Amending the Constitution is a serious matter, not to be lightly undertaken. My first reaction to this proposal was that there would be extreme difficulty in demonstrating the necessity of now writing into our fundamental law a provision that men and women shall have equal rights. I venture the assertion that this will be the immediate response of most citizens who have not had occasion to examine the question with care. So far as rights are concerned, they will ask, is there not already equality between men and women? The average citizen will go on to say that in the matter of duties and obligations the law may indeed somewhat favor women, and he sees no objection to that. But that there really exist any discriminations against women, so far as their rights are concerned, will be questioned, if not flatly denied. It becomes necessary, therefore, at the outset to convince the doubting ones that men and women do not have equal rights. Furthermore, proof should be offered that the best interests of women, and of society as a whole, will be advanced if there be an end to attempted discriminations and exemptions in favor of women.

Now, it does not seem to me a matter of particular difficulty to maintain the burden of proof on both of these propositions. Do men and women have equal rights under the law? It is only necessary to suggest to the open-minded person that he take the time to examine the laws of the 48 States. As to be expected, he will find a great diversity. In some States there has been reached an approach to equality. In others very serious inequality exists. I shall merely suggest a few instances of unequal treatment that such an examination will disclose.

(a) The right to hold public office: There are still some States in which women are declared by law to be ineligible to hold certain offices. Now there may well be certain public offices which women ought not to fill. If such be the case, those who are charged with the duty of electing or appointing the officeholder can very well be trusted to place a man in the position. So far as the law is concerned, equality requires that the opportunity shall be open to women to demonstrate that they have the necessary qualifications.

(b) The right of jury service: In more than a score of States, either by constitutional or statutory provision, women are barred from rendering the important service of sitting in the jury box. In a number of other States, the permission is grudgingly granted, but not made mandatory as in the case of man. The effect is much the same as if the lawmakers were to say to women: "We don't want you to serve on juries in this State. But if you insist, we will have to bear with you as well as we can."

(c) The right to work: In more than half of the States women are prohibited by law from engaging in certain occupations. Again I say, there may be jobs that women ought not to try to fill. But the same is true of many men. This is a matter for individual agreement, and not a proper subject for legal prohibition.

(d) Wages, hours, and conditions of work: The wages and hours of work of women in certain occupations, are regulated, and work of women under specified conditions is prohibited, even though men engaged in the same calling are free from restrictions.

(e) There are numerous other examples where, by law, men and women are not placed on an equality—in the establishment of a legal domicile, in the management and disposition of property, in the right to contract, in the rights and obligations of mothers respecting their children, etc.

May we now consider the second point? Is it for the ultimate good of womankind, and of organized society, that discrimination, supposedly for the protection of women, should be written into the law? Take the question of jury service. Why should there be objection that in some jurisdictions women are relieved altogether of jury service, and in others are subject to call only at their own pleasure? I would answer, that as long as this inequality exists there will be pinned upon womanhood the badge of inferiority. It will not do to claim that the sole basis for this exemption is that the household and motherhood duties of women entitle them to special treatment. Back of that is the feeling of those who oppose removal of this type of inequality that women do not have the intelligence to render satisfactory jury service, that they are too subject to be carried away by emotional pleas, too apt to be influenced by superficial impressions rather than by the material evidence. Experience in Great Britain and elsewhere abroad, as well as in a number of States, completely refutes this contention.

It may be said further that it is not fair, either to women or to society, to make available only to men the value of jury service as a training school for citizenship. With the duty of suffrage resting on women, they need the experience in the solution of problems to be obtained in no other way so well as requiring them to sit as triers of the facts in courts of law.

Consider next the protective legislation enacted for women only, who engage in industrial work. A persuasive argument can be presented in support of this type of legislation on the grounds of humanitarianism and in recognition of the inexperience of women in bargaining for their own rights as workers. Close study of the question has convinced me that in the end it will be better for all workers if protection is thrown, not around any special group or class or sex, but around the job itself. Labor should be encouraged in its insistence, and society should demand, that all work, no matter by whom performed, shall be under decent conditions, at a fair wage, and for reasonable hours.

We may be further assured of the correctness of this conclusion when we consider that many of those who most vehemently support restrictions on women workers at heart do not want women in industry at all. They believe that each woman who is permitted to hold down a job means the displacement of a man. Make the restrictions strong enough, they think, and fewer women will be employed. In a period of widespread unemployment there is force to this argument. Yet it is essentially short-sighted. There ought to be, if we but had the sense to so arrange it, worthwhile work under proper conditions for all, women and men alike. We do but obstruct and delay a real solution of the problem of employment, if we give heed to those who would restrict women workers in order to make more jobs for men.

If, then, inequality does exist between men and women, if this unequal treatment, however worthy the motives that occasioned it, has outlived its usefulness and deprives society of the full measure of the contribution that might be made by womankind, why should it be longer tolerated? There is only one answer. It has been so; therefore it must be right and should continue. Practically the same arguments that were used against the grant of full suffrage to women are now directed against this amendment, the purpose of which is to fully liberate women from man-made restrictions.

It is worth while to repeat the wise words of Abigail Adams to her husband, John Adams, while he was serving as a Member of the Continental Congress. She wrote to her distinguished husband:

"I long to hear that you have declared an independency, and, by the way, in the new code of laws, which I suppose it will be necessary for you to make, I desire you would remember the ladies and be more generous and favorable to them than were your ancestors. Do not put such unlimited power into the hands of husbands. Remember all men would be tyrants if they could."

Women have progressed a long way since those words were penned. In the face of the most stringent opposition they have demanded and received some degree of recognition of their right to be educated, to participate in government, to enter the professions, to work—in a word, to live their lives in their own way as free human beings. There remains only the adoption of this simple amendment to the Constitution and women will stand upon an equal footing with men. You ask no special privileges. You crave no favors because you are women. You are willing to match your strength and your intelligence with your brothers. Write into the Constitution this amendment and women will be free to make their fullest possible contribution to the building of a better America.

Lakes-to-the-Gulf Waterway

EXTENSION OF REMARKS

OF

HON. CLAUDE V. PARSONS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 15, 1937

ADDRESS BY HON. WILLIAM H. DIETERICH, SENATOR FROM ILLINOIS, DECEMBER 3, 1937

Mr. PARSONS. Mr. Speaker, under permission granted me to extend my remarks in the RECORD, I include the following address delivered by Hon. WILLIAM H. DIETERICH, United States Senator from Illinois, at a banquet held in the gold room of the Congress Hotel, Chicago, Ill., December 3, 1937, in the interest of the Lakes-to-the-Gulf waterway:

I am appreciative of the privilege of discussing for a brief time the bill introduced in the House of Representatives by Congressman PARSONS, authorizing the flow of a sufficient quantity of water from Lake Michigan for the purpose of making possible a commercially useful waterway from the Lakes to the Gulf.

I am in full sympathy with the object sought to be accomplished by this measure, and I am conscious of its importance not only to the city of Chicago and the State of Illinois but, also, to the States lying within the Mississippi Valley, as well as the Nation as a whole.

The movement to construct a commercially useful waterway connecting the Great Lakes with the Gulf of Mexico dates back far beyond the memory of any living man. The conception of this project is older than the Republic itself. The fight to accomplish it is an important part of the history of the development of the great Central West.

The interference and obstructions which now threaten to strangle and destroy its usefulness are not only shameful and selfish but constitute the most unjust denial of the legal rights of a people ever recorded in an opinion of a court.

The natural advantages which the people of any locality have a right to enjoy in the matter of transportation and communication are too sacred to be bartered away or surrendered. In the present instance, Illinois and the States of the valley do not purpose to surrender their right to construct and maintain this waterway from the Lakes to the Gulf.

This waterway is essential to our prosperity in times of peace and indispensable for the national defense in times of war.

Let me ask your indulgence while I recall to your minds the history of the development of this great artery of our national commerce.

The science of geology, with every precision with which man can read the physical changes of the earth's surface, points with unmistakable accuracy to the fact that, at no remote time, the Mississippi Valley and the Great Lakes were within the same watershed, and that the waters of Lake Michigan found their outlet through the Des Plaines, the Illinois, and the Mississippi Rivers to the Gulf of Mexico.

At the time when the first explorers visited this region these waters were separated by only a shallow portage, if separated at all.

When the early explorers, Marquette and Joliet, penetrated the wilderness in 1673, the geography of the country was not known other than that there was a chain of inland lakes lying in the north central part of the continent and a great river finding its source in the Lakes region which flowed into the Gulf of Mexico.

It must be remembered that during this early period of our country's history—reaching into the early years of our Republic—water was the only method of transportation that could be looked forward to for the development of commerce.

After the Revolutionary War, when our people began to settle the States of the Northwest and the Mississippi Valley, the problem of transportation was the important problem of the age.

It was necessary that some means be found to carry the products of the Lakes region to the ocean.

Our ocean commerce at that time was with the nations of Europe, and the St. Lawrence was the natural waterway leading from the Lakes region to the sea.

Efforts were made to effect some agreement with Great Britain for the joint use of the St. Lawrence by the two Nations, but to this Great Britain would not give consent.

The rule of public law which at that time obtained in reference to the use of navigable rivers flowing across national boundaries was that the right of navigation belonged to all nations touching their banks. This rule was recognized by all the civilized nations of the world.

However, disregarding the rule of public law in the case of the St. Lawrence, England boldly announced the doctrine that, inasmuch as she was the sole owner of both banks of the river, she, and she alone, had the right to the use and control of the river for the purpose of navigation and refused to enter into any negotiations concerning the same.

This attitude on the part of Great Britain made it imperative for the proper development of our agricultural and commercial interests in the Great Lakes region, that we find another outlet for our ocean-going commerce.

Let me give you some citations from recorded history pertaining to this waterway.

As early as 1808, Albert Gallatin, Secretary of the Treasury, urged upon the Senate that a canal be built which had for its purpose the reopening of the Great Lakes outlet to the sea by way of the waters of the Chicago, Des Plaines, Illinois, and Mississippi Rivers.

In 1810 Congress adopted a resolution offered by Peter B. Porter, Congressman from New York, having the same purpose in view.

In 1817 Congress adopted a resolution offered by John Holmes, of Massachusetts, requiring the Committee on Roads and Canals to investigate the expediency of this canal.

Illinois was admitted to the Union in 1818 with a population of less than 60,000.

In 1819 John Calhoun, Secretary of War, recommended that this canal be constructed on account of its importance for commerce and for military operations, following a report made in 1818 by Maj. Stephen H. Long, of the United States Army.

In 1821 a resolution was adopted by Congress directing the Committee on Public Lands to determine what was necessary to construct this canal through the public lands of the United States.

The correspondence between John Adams, Secretary of State, and the British Minister Plenipotentiary discloses that the British Government's attention was again called to the fact that upon the sound principles of public law, American citizens were legally entitled to navigate the St. Lawrence River, but the British Government persisted in its refusal to recede from its position of claiming the exclusive right of navigation of the St. Lawrence, and persisted in its refusal to enter into negotiations regarding the same.

In 1822 the Congress passed an act authorizing the State of Illinois to open this canal through the public lands, but, by reason of lack of funds, the State did not undertake its construction.

In 1827 Congress again passed an act authorizing the State of Illinois to open this canal and provided therein that there should be granted to the State of Illinois lands to the amount of 284,000 acres for the purpose of aiding the State in constructing the canal.

In 1836 the act providing for the construction of the Illinois and Michigan Canal was passed by the State.

The original design was for a deep-cut canal fed by gravity flow from Lake Michigan, but it was built on the shallow-cut plan and finally completed in 1848 at a cost of over six and one-half millions of dollars. The canal was built to a width of 40 feet and a depth of 6 feet.

It might be noted that the population of Chicago in 1848 was approximately 20,000.

In 1866, pursuant to an act of Congress, the War Department recommended the enlargement of this canal. General Wilson, in presenting a survey for the improvement, called attention to the fact that, "The Illinois River seems to have been especially designed by nature as the line by which the waters of Lake Michigan are to be connected with the Mississippi." He also stated, "A moment's consideration will show that at no remote period the waters of the lake must have been carried off by these streams, as well as by the St. Lawrence."

Reports of the Chief of Engineers made in 1868, 1880, 1884, and 1887 show an entire accord on the part of the Federal Government and the State of Illinois to increase the capacity of this canal. In the report of the Chief of Engineers of 1887, he stated that, "The United States and the State of Illinois have long been committed to the project of opening a water communication between the Mississippi River and the northern lakes of capacity sufficient for the wants of commerce and for the exigencies of our national defense, should these ever arise." The report further states that, "The problem of connecting Lake Michigan with the Mississippi River by a commodious waterway that could be used for commercial, military, and naval purposes has received attention from our most thoughtful statesmen from the day of Albert Gallatin to the present."

In 1889 the Legislature of the State of Illinois passed an act, pursuant to which the present canal was constructed providing for an ultimate flow of 10,000 cubic second-feet.

This canal was completed in 1901, and has been in operation ever since.

The legal right to withdraw water from Lake Michigan for sanitary and navigation purposes had never been questioned by our own Government, or by any of the governments of the British possessions to the north bordering on such lakes.

That the Chicago Drainage Canal was to become a link in the waterway from the Lakes to the Gulf was recognized by the Federal Government as early as 1896, when the Secretary of War authorized the enlargement of the Chicago River in anticipation of the completion of the canal.

The canal was again recognized as a part of this waterway when the Secretary of War authorized it to be opened on May 8, 1899, and again when the Secretary authorized the withdrawal of 3,333

cubic feet per second on April 9, 1901, and again when the Secretary of War authorized an increase of the flow of 4,167 cubic feet per second on December 5, 1901, and again when the Secretary of War authorized the construction of the Calumet Sag Canal, with a discharge capacity of not to exceed 2,000 cubic feet per second.

In the meantime, the withdrawal of water through this canal had entered into negotiations and treaty between the United States and Great Britain, which Governments had created an International Waterways Commission composed of three members from Canada and three representing the United States to investigate and report upon the condition of the boundary waters between the United States and Canada and make such recommendations for improvements and regulations as to best serve the interests of navigation in said waters.

The United States representatives on this Commission were appointed October 16, 1903, and the Canadian representatives were appointed January 7, 1905. The Commission began negotiations which finally resulted in the Boundary Waters Treaty of 1909.

The question of the diversion of the waters for sanitary and other purposes by either of the high contracting parties was given careful consideration.

On March 19, 1906, the American members of the International Waterways Commission submitted to Congress their report, in which they advised at that time that the Chicago Drainage Canal constructed under the authority of the State of Illinois was designed to divert 10,000 cubic feet per second, which water would naturally flow over Niagara Falls. That on the date of said report it had a capacity of 5,000 cubic feet per second, and that the flow had been limited by the Secretary of War to about 4,200 cubic feet per second.

The American members of the Commission found that the total amount of water authorized to be taken from Niagara River above the Falls to be 60,900 second-feet.

They recommended that the Secretary of War be authorized to grant permits for the diversion on the American side to the amount of 28,500 cubic feet, to be allocated as follows: Niagara Falls Hydraulic Power & Manufacturing Co., 9,500; Niagara Falls Power Co., 8,600; Erie Canal, 400; and the Chicago Drainage Canal, 10,000.

They recommended that the amount to be diverted on the Canadian side be 36,000 cubic feet per second, to be allocated as follows: Canadian Niagara Power Co., 9,500; Ontario Power Co., 12,000; Electrical Development Co., 11,200; Niagara Falls Park Railway Co., 1,500; and Welland Canal, 1,800.

On April 25, 1906, the Canadian members of the International Waterways Commission submitted their report, in which they recommended that there be a permitted diversion on the Canadian side of 36,000 cubic feet per second.

They further recommended that on account of the construction of the drainage canal, which, when in full operation, would use about 10,000 cubic feet per second, the American side of the Niagara River should be limited to 18,500 cubic feet per second, making a total diversion as estimated by them of 28,500 on the American side as against 36,000 on the Canadian side.

Afterward both the Canadian and the American Commissioners entered into a joint report to their respective Governments, in which they recommended as follows (I quote from sec. 3): "The Commission therefore recommend that such diversions, exlusive of water required for domestic use or the service of locks in navigation canals, be limited on the Canadian side to 36,000 cubic feet per second, and on the United States side to 18,500 cubic feet per second (and, in addition thereto, a diversion for sanitary purposes not to exceed 10,000 cubic feet per second be authorized for the Chicago Drainage Canal), and that a treaty or legislation be had limiting these diversions to the quantities mentioned."

Further in their report they found as follows (I quote from sec. 43): "A careful consideration of all the circumstances leads us to the conclusion that the diversion of 10,000 cubic feet per second through the Chicago River will provide for the largest navigable waterway from Lake Michigan to the Mississippi River which has ever been considered by Congress."

Pursuant to this report the Boundary Waters Treaty between this Government and Canada was signed by the President of the United States, the British authorities, and consent and approval were given by the Senate.

The treaty recognizes the right of both the United States and Canada to use boundary waters and leaves the control of such use in the respective Governments except insofar as they agreed upon the division for power purposes at Niagara Falls.

As to the provisions for which boundary waters may be used, the treaty provides: First, uses for domestic and sanitary purposes; second, uses for navigation; third, uses for power and irrigation purposes.

It fixes the diversion for power purposes at Niagara Falls at 20,000 cubic feet per second to be used on the American side, and 36,000 cubic feet per second on the Canadian side, substantially as recommended by the Commissioners.

That there was no disposition to interfere with the diversion of waters through the sanitary canal at Lake Michigan was evidenced by the following language in the treaty: "The foregoing provisions shall not apply to or disturb any existing use of boundary waters on either side of the boundary."

The Illinois Canal was, at that time, by authorization of Congress, acting through the Secretary of War, withdrawing 4,167 cubic feet per second from Lake Michigan for sanitary and navigation purposes.

As usual, our Canadian friends got the better of the negotiations. They were permitted to withdraw 36,000 cubic feet per second as against our 20,000 cubic feet, plus the amount to be diverted through the drainage canal estimated in the treaty at 10,000 cubic feet per second.

There was no reason why Canada should be given the advantage of a greater volume of water for the purpose of generating power except usual British nerve.

The water-surface area lying within the United States was 60,951 square miles, or 64 percent, as against 34,210 square miles, or 36 percent, in Canada.

Not only this but the drainage-basin area of the Great Lakes, lying within the United States, is 176,050 square miles, as against 122,030 square miles in Canada. The proportion being that 59 percent of the drainage-basin area is in the United States and 41 percent in Canada. With this must be considered the fact that the rainfall is much heavier in the United States in the tributary area than in the Canadian area.

Elihu Root was Secretary of State when this treaty was negotiated and appeared before the Committee on Foreign Relations of the Senate in the matter of the ratification of the treaty.

When asked why no specific mention of the diversion of Lake Michigan through the Illinois & Michigan Canal was made, Mr. Root explained that he purposely refused to let them make mention of Lake Michigan, as he did not consider Lake Michigan as boundary waters.

Mr. Root, when asked why he did not object to the unequal diversion for power purposes at Niagara, replied that "We are now taking 10,000 cubic feet a second out of Lake Michigan at Chicago, and I refused to let them say anything in the treaty about it. I would not permit them to say anything about Lake Michigan. I would not have anything in the treaty about it, and under the circumstances I thought I better not kick about this 36,000 cubic feet."

At and prior to the time that the boundary water treaty was entered into by the United States and Great Britain, water was flowing from Lake Michigan through the canal and thence on down through the Des Plaines, Illinois, and Mississippi Rivers in the amount of 4,167 cubic feet per second.

This amount was being withdrawn by authority of permits issued by the Secretary of War under authorization of an act of the United States Congress.

In fact we were withdrawing more than that amount, and it was recognized that this amount would ultimately be increased to the amount of 10,000 cubic feet per second.

Up to this time no protest had been made by any State or any department of our Government challenging our right to withdraw this water.

In 1920 plans for the improvement of the Illinois waterway from Utica to Lockport by and at the expense of the State of Illinois were approved by the Chief of Engineers and the Secretary of War.

On July 14, 1922, 34 years after the sanitary canal was authorized and 21 years after it had been in actual operation, the State of Wisconsin filed suit in the United States Supreme Court against the State of Illinois to enjoin the State and its agencies from diverting any waters from Lake Michigan into the Mississippi Valley.

In the meantime the United States had filed suit to enjoin the flow of more than 4,167 cubic feet per second as authorized by Congress. In January 1925, a decree was granted enjoining the flow of more than such amount with the provision in the decree that the same should go into effect in 60 days without prejudice to any permit that might be issued by the Secretary of War according to law.

Recognizing the necessity for a larger flow of water than had previously been permitted, the Secretary of War on March 3, 1925, and before said decree for injunction went into effect, issued a permit authorizing an annual average flow of 8,500 cubic feet per second from Lake Michigan for a period of 5 years.

Following this permit the opposition to the Lakes-to-the-Gulf waterway organized. Financed largely by Canadian power and other interests, they published propaganda to the effect that the withdrawal of water through this canal was lowering the lake levels, which would cause an injury to the commerce carried on from the lake ports.

On October 5, 1925, the State of Wisconsin filed an amended bill for an injunction restraining the State of Illinois from withdrawing water through the canal for any purpose.

On June 7, 1926, the Honorable Charles Evans Hughes was appointed special master by the United States Supreme Court to take evidence and submit recommendations in the Lake Level case.

At the October term, 1928, following the report and finding of the master in chancery, the Supreme Court of the United States handed down a most startling opinion, in which it announced that this flow of water through a canal encouraged to be built by the Congress and authorized by our Government and recognized by treaty was without legal basis and was being flowed for an inadmissible purpose.

The Court in its decree found that the withdrawal of water reduced the level of Lake Michigan 6 inches, and after indulging in the most visionary reasoning, found that in the year 1923 this lowering of lake levels had caused a loss of shipping of 3,340,000 ton-miles, as against a total of 81,466,902,000 ton-miles of that year's commerce.

The case was rereferred to the master for the purpose of advising with what speed the rights of the injured complainants could be restored, and the master found that after 1930 the withdrawal

should be reduced to 6,500 cubic second-feet, and that after December 31, 1935, to 5,000 second-feet, and after December 31, 1938, to 1,500 second-feet in order to restore the lake levels.

Attention was called to the Court that at the very time they were handing down their decree the lake levels were higher than they had been in over 40 years. That there had been a rise in the Lake levels of Lake Michigan of approximately 4 feet since 1923, the year that they estimated the damage and that this rise had taken place without any lessening of the flow through the canal. But the Court held that the actual rise of 3 feet as compared with the theoretical fall of 6 inches was unimportant, that the fictitious injury must be repaired, and the Illinois waterways strangled.

This was the opinion of the Supreme Court of the United States acting in its legislative capacity, denying to the Congress the right of regulating the flow by the authority given to the Secretary of War and taking upon itself the right to prescribe and legislate what that flow should be.

The record shows that when it became apparent that the waterway connecting the Lakes with the Gulf was going to be constructed our Canadian friends and their sympathizers on our side of the border became extremely busy in promoting the St. Lawrence seaway.

When the War Department approved the plans of the Illinois waterway from Utica to Lockport, a Commission was immediately appointed to investigate and report on the improvement of the St. Lawrence River between Lake Ontario and Montreal for navigation and power.

This report was submitted to Charles Evans Hughes, then Secretary of State, by the joint secretaries of the Commission on January 6, 1922, and was in turn submitted by Mr. Hughes, the Secretary of State, to President Harding on January 14, 1922.

The report contained estimates and surveys with reference to the construction of a seaway from Lake Ontario past the International Rapids of the St. Lawrence. This report was submitted for the information of the Congress by President Harding on January 16, 1922. It made no mention of the Illinois Canal.

On November 16, 1926, another joint commission, appointed to advise on the development of a shipway from the Great Lakes to the sea, made its report, which report was made by Herbert Hoover, then Chairman of the United States St. Lawrence Commission, and was transmitted to President Coolidge, who in turn transmitted it with his usual brevity for the information of the Congress.

This report had something to say about existing diversions and their effect upon the lake levels.

Without wanting my remarks construed as showing any disrespect for the illustrious gentleman connected with the above-mentioned transaction, I want it to be noted that Charles Evans Hughes and Herbert Hoover were not strangers to the problem of the St. Lawrence seaway.

After the final decree in the Lake Level case was entered on April 14, 1930, when Charles Evans Hughes had become Chief Justice of the Supreme Court, friends of the St. Lawrence seaway began to press for a treaty between the United States and Canada.

There was transmitted on January 18, 1933, by the Secretary of State to President Hoover the draft of a treaty containing various reports of the Joint Board of Engineers, the last report being dated April 9, 1932; and President Hoover, on the 19th day of January 1933, transmitted the treaty to the Senate with the reports for the purpose of receiving the Senate's advice and consent to its ratification.

Mr. Hoover and His Majesty, after providing in the treaty that the United States pay substantially the entire expense of the new construction provided for in the treaty, permitted His Majesty's Government to take credit for all previous expenditures on account of the construction of the Welland Canal. They then concluded that they would make certain of the destruction of the waterway constructed by authority of our Government from the Lakes to the Gulf.

Mr. Hoover and His Majesty were quite familiar with the opinion of our Supreme Court; and so impressed were they with its justness that, in order to foreclose our people from remedying the wrong by congressional act, they had the opinion inserted into and made a part of the treaty in the following language: "That the diversion of water from the Great Lakes system through the Chicago Drainage Canal shall be reduced by December 31, 1938, to the quantity permitted as of that date by the decree of the Supreme Court of the United States of April 21, 1930."

Let it be said to the eternal credit of the United States Senate that it refused to advise and consent to the ratification of a treaty which sought to take away the vested rights of the States of the Central West, and, more than that, it sought to turn over to the British Government the right to meddle in and regulate our own domestic affairs.

The bill presented by the Congressman from Illinois is important to undo this injustice perpetrated upon our people.

I admire British statesmanship. They are true to their country and its interests. No inducement can be offered that will persuade them to give away the public rights. They will not sit at the conference tables unless they stand to win by that conference.

After Congress has given the authority under this act to flow 5,000 cubic feet per second, Canadian power interests will still have the advantage of 11,000 cubic second-feet of the division at the Falls of the Niagara.

In justice to our people, we should insist on an equitable division of the diversion of the waters of Niagara and the International Rapids for power purposes based on the contribution of the two watersheds to the flow of those rivers.

If Canadian power interests are permitted to use 36,000 cubic second-feet, we should be permitted to use, apportioned according to drainage area, 52,000 cubic second-feet, or, if apportioned according to water area, we should be permitted to the use of 65,000 cubic second-feet of the Niagara, with the same proportion in the developments at the International Rapids.

It is about time that we explode the flimsy explanation of our negotiators that this unjust division at Niagara was made for the purpose of preserving the beauty of the Falls.

Federal Taxation

EXTENSION OF REMARKS

OF

HON. FRED M. VINSON

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 15, 1937

RADIO ADDRESS BY HON. R. L. DOUGHTON, OF NORTH CAROLINA, FRIDAY, DECEMBER 10, 1937

Mr. FRED M. VINSON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech delivered recently by the gentleman from North Carolina [Mr. DOUGHTON]:

I am pleased to have the opportunity of speaking to this radio audience on the important and timely question of Federal taxation. Much has been said and much written in recent months concerning our tax laws and their influence upon our economic system. This subject is of great concern to me, as the Committee on Ways and Means, of which I have the honor of being chairman, is charged with the duty of originating and proposing Federal tax legislation.

In the short time at my disposal I am anxious to outline briefly the problems which now face our committee and my impressions as to the general policy which should be adhered to in the enactment of tax laws.

Since the close of the last session of the Congress the Committee on Ways and Means, through its subcommittee under the able leadership of the Honorable FRED M. VINSON, of Kentucky, has been engaged in a thorough and comprehensive study of Federal taxation. We are attempting, and I trust we will be successful in working out, a satisfactory revision of our tax laws, including the much-discussed tax on the undistributed net income of corporations and the present method of treating capital gains and losses.

In connection with this revision, there are several factors that must be kept in mind. The first of these is the necessity for assurance that no substantial loss of revenue will occur. If we are to achieve a balanced budget—which many citizens, including large taxpayers, have been demanding as necessary to a sound recovery—and begin a program of retirement of our public debt, it is apparent to every thinking person that governmental revenues must be maintained at or near the present level, even if substantial savings are made by the reasonable curtailment of expenditures, which I emphatically favor. Regardless of the causes of our revenue needs, and whatever opinions may be held with regard to them, the fact stands that the funds necessary to meet these needs must be raised by taxation.

However, the knowledge that no substantial reduction in the total general tax burden can be expected does not mean that a generally beneficial reform and revision of our tax structure cannot and should not be made. In fact, we hope and expect to bring out a tax bill that will so far eliminate the defects and correct the inequities contained in existing law as to leave little reasonable grounds for complaint by those taxpayers, either corporate or individual, who are willing to bear their proportionate share of the necessary costs of their Government.

Another factor which should be borne in mind is that of the time element involved in a tax revision. Persons clamoring for instant repeal of the undistributed-profits tax apparently are taking no thought of the necessity for a tax to take its place. To repeal any law is but the work of a day. However, to thoroughly work out and fully consider a fair and workable substitute measure requires time and thought, and too great haste at this crucial time might result in inequities equal to or greater than those we are now striving to correct.

Also those who are vigorously advocating the repeal or modification of this tax to be retroactive, so as to apply to the current year now rapidly drawing to a close, evidently have not stopped to consider the hardships that such a course would produce. No matter what action is eventually taken on the undistributed-profits tax, the measure which replaces it must contain rates sufficiently high to secure a substantial tax revenue from corporate

income. Thus, those many companies that have arranged their fiscal affairs and dividend policies for the current year to conform to the effect of the existing law, by distributing their income to their stockholders in dividends, would be unfairly penalized if we were to now change the basis upon which these arrangements were made.

While rates along the lines of those tentatively agreed to by our subcommittee would work an injustice in many cases if applied retroactively, I feel confident that they would be acceptable if it were known early in a taxable year that such rates would be applicable. But if they were imposed retroactively, so that a company would have no notice of them until its policies had been fixed irrevocably for the year, it would seem distinctly unfair and in contravention of the good faith owed by a government to its taxpayers. I believe that such a course would meet justified and widespread resentment.

I have pledged and now renew that pledge to exert my very best efforts toward the revision and modification of this tax to as great a degree as our revenue needs will allow and justice to other taxpayers will permit. We are working overtime to carry out that pledge and are directing our efforts mainly toward two chief objectives. The first of these is the elimination of as many of the defects and hardships in unusual cases as we may be able to remove; and the second is the correction, to as great an extent as possible, of the harmful effects that may be caused by existing taxes on our general business conditions.

If fear, or doubt that this will not be done, has any deterring effects upon business, or is in any way responsible for the existing recession of business activity, those doubts may be removed. For I am sure that I speak the sentiment of the tax committees of both Houses, and of the Congress itself, when I say that we are determined to do everything within our power to see that the revision will be as fair and equitable as we are able to accomplish in the light of existing facts and conditions.

This is our responsibility and we gladly face it. Recognizing that some mistakes have been made, we are making every effort to correct them by utilizing the facts and experience gained in administering the law. I have yet to see a tax system, no matter how carefully considered and expertly set up, that would in every case secure the required amount of revenue without causing some injustice, some hardship, and some economic maladjustment. However, these evils can be kept to a minimum if care is used in the formation of tax policy and the drafting and administration of tax laws, and if vigilant scrutiny is made into the effects of various taxes, and if a fair and open mind is maintained toward the question of changes and reform where they are needed or likely to prove beneficial.

Constructive, intelligent, and unselfish criticism of the tax laws is invaluable both to the Congress and to the Treasury officials as it is mainly from the taxpayers themselves that we can find out whether or not the shoe is pinching too much.

Much of the recent criticism has been directed at the surtax on the undistributed net income of corporations which is imposed by the Revenue Act of 1936. This tax is based upon the percentage of the corporation's net income that is withheld by the company, and thus does not go into individual hands where it would be subjected to the surtax on individuals. The reasons for its adoption may be briefly stated. First, the pressing necessity for revenue made it doubly important that corporate profits pay a fair and substantial tax whether they were withheld by the company or paid out in dividends to the shareholders. Second, it was hoped and expected that this tax would do much toward relieving the disparity that has existed between the tax paid by business in the corporate form, and that paid by business carried on by individuals and partnerships.

In many corporations there were stockholders of great wealth in position to control the dividend policies of such companies. Purely for reasons of tax avoidance such persons frequently so arranged the company's policies as to allow the earnings to accumulate in the company to an extent far in excess of any legitimate needs. Thus by paying the flat corporate tax and avoiding the graduated individual surtax, substantial tax savings were accomplished by these persons, and, consequently, the Government suffered an equally substantial loss of revenue. If any class or group is allowed to escape its fair share of the tax load, it must inevitably result in the overburdening of other taxpayers.

This practice had grown until it was reaching alarming proportions and it was resulting in a patent injustice to many minority stockholders in addition to its adverse effect on our tax revenues. The undistributed-profits tax was designed to remedy this evil and to place on corporate profits an equal tax burden, whether they were distributed or withheld. Whatever changes the Congress may finally make in this tax in the interests of the general welfare, they should not be regarded as placing the stamp of congressional approval upon such unjustified corporate practices.

At the same time it was realized that in many cases the desire to avoid taxes was not the compelling motive behind the withholding of corporate profits. Some companies were heavily in debt, and by reason of contractual or other legal reasons, or factors involving the exercise of good business judgment, were put in such position as to make it impossible or highly inadvisable to pay out their earnings to their stockholders.

In attempting to obtain the beneficial effects of this tax, but at the same time avoid or at least minimize its harsh effects, the Committee on Ways and Means placed in the original measure certain "cushions" and relief provisions designed to ease or prevent these foreseen hardships. The Senate, however, saw fit to disagree to these provisions, and they were, with reluctance on the part of the House conferees, stricken out.

Since this tax was first imposed it has been continually under our scrutiny and its effects have been watched and carefully noted. In addition, the complaints of various taxpayers have been heard and carefully considered. We feel that the principle of this tax is well worth retention and that with modification in rates and certain needed relief provisions it should prove satisfactory to the Government and those taxpayers alike who are willing to bear their fair share of the tax load.

The subcommittee has also given extended consideration to needed revisions of the tax treatment given by the existing laws to capital gains and losses. It has tentatively agreed upon certain changes which it is believed will reduce to a minimum the untoward economic effects upon the free flow of capital commonly attributed to the capital-gains tax, without abandonment of the sound principles of taxation that the tax burden should so far as practicable, be levied according to the principle of ability to pay. The problems presented are difficult, for the question of the proper method of taxation of capital gains has been a bone of contention from the beginning of the income-tax system. There is lacking any general agreement throughout the country as to which of several alternative methods will raise the necessary revenue without undue interference with freedom of capital transactions and without undesirable stimulation of purely speculative activities. However, it is my belief that substantial progress toward a more satisfactory solution of this old problem is being made.

We are convinced that the work of our committee can be satisfactorily concluded early in the regular session of the Congress. Thus, I bespeak the patience of those who have been urging hasty action and request sufficient time for our committee to work out a thorough revision of our tax laws in as scientific and equitable manner as possible. I fully believe that we will be able to effectuate a solution of this most difficult problem in such a way as to leave little reasonable ground for criticism by fair-minded taxpayers.

Federal Business Subsidy—A Theory Compatible With an Economy of Abundance

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EXTENSION OF REMARKS

OF

HON. JOHN M. COFFEE

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 15, 1937

STATEMENT OF HON. SCOTT Z. HENDERSON, OF WASHINGTON, AND FORMER PRESIDENT OF THE WASHINGTON STATE BAR ASSOCIATION

Mr. COFFEE of Washington. Mr. Speaker, under leave to extend my remarks I am incorporating a program which represents protracted mediation and thought, the ideas of which were transmitted to me by the Honorable Scott Z. Henderson, former president of the Washington State Bar Association and one of the foremost lawyers of the State of Washington. Mr. Henderson serves as counsel for many of our State's leading corporations, is a man of tremendous popularity, versatile attainments, engaging personality, yet who possesses that breadth of viewpoint, that tolerance for his fellow man, that understanding of human problems, which makes his presence in a room an inspiration to all of those lucky enough to come into contact with him.

It would appear that in this day of subsidy for agriculture, for merchant marine, and for various and select groups in our national economy, that the ideas herein set forth have logical justification. If we are to retain the capitalist system, and if we are to be obedient to the laws of true economics and work under a program of an economy of abundance rather than an economy of scarcity, why should not the Government encourage business to expand rather than to contract, to work to the full limit of its capacity rather than to curtail?

PRELIMINARY STATEMENT

There cannot be wide distribution of wealth without production of wealth.

The first step in distribution is production.

The next step is to prevent concentration of that which is produced. This may be accomplished by a system, the object of which is equitably to reward those who are engaged in production.

Thus an exchange of that which is produced takes place with sufficient rapidity to distribute the wealth.

WE SHOULD STIMULATE PRODUCTION

To stop production until a perfect system of distribution is worked out is constructing a highway to destruction. Stimulated production will force distribution. Usable goods cannot remain piled up when there is continued production any more than a dam can hold back a continuously flowing stream. Either the dam will break or the water will eventually flow over the dam in accustomed quantities. The more creeks, rivulets, and run-offs directed into the main stream the sooner the dam will break or the sooner the overflow and the more overflow the better. This is just plain common sense, regardless of superrefined economic theories.

To stop production and attempt to distribute by forced draft the results of accumulated production to those not producing is to eat into existing wealth without replenishing. Further, such a policy has through the years demonstrated its terrific destruction of the morale and the morals of the people.

LET US PROVIDE AN ECONOMY OF ABUNDANCE

Superabundance is "a consummation devoutly to be wished." No one is injured by superabundance but all suffer by scarcity. Those who take advantage of the situation of scarcity are made more brutal and those who are suffering are driven to the desperation of revolt and forcible destruction. The history of all ages demonstrates that human intelligence is not sufficient to cope with such conditions. The public mind just goes berserk.

We have:

1. Manufacturing establishments of every description, advantageously located throughout the Nation, adequately equipped and ready to run, with sufficient capacity to supply every need of the Nation;
2. Available raw material for use in such factories;
3. Executives and managers organized and ready to function in the industries;
4. Skilled and unskilled labor ready and anxious to supply the manpower;
5. Millions of consumers in need and in distress, ready and anxious to use and consume;
6. Transportation facilities second to none in the world;
7. An abundance of idle capital;
8. Banking facilities organized, competent, and ready to supervise financial operations.

In short, we have every requisite for operation of industry and distribution of its products. We are idle, starving, and in distress, in the presence of abundance.

What we need:

Pay rolls to supply the lifeblood of industry. We do not have pay rolls because industry, under present conditions, cannot realize from sales of manufactured articles a sufficient sum to maintain pay rolls. Industries do not operate because these industries cannot finance the difference between cost of production and present sales prices. There is a demand for everything at a price. That price, under present conditions, does not provide adequate pay rolls. That price will provide a part of the pay roll, but the comparatively small difference between the required pay roll and the pay roll supplied by sales cannot be absorbed by industry. Our banking facilities cannot supply that difference because loans from banks must be liquid and banks do not loan to create losses. The amount of money required to make up the difference between the necessary pay rolls and the amount that can be realized from sales must be gathered from some source that is able to delay recoupment over a term of years of sufficient length to enable industry to eventually absorb, if possible, through sales, this apparent present loss.

The Nation, as a whole, faces indescribable distress because of the lack of pay rolls. The resources within the Nation are sufficient to provide the necessary cushion between the cost of production and sale price in order that industry may operate. There is no other organization than the Federal Government with ability to marshal the assets necessary to provide this cushion.

The plan:

It is estimated that a far less amount than that now expended for relief, made available exclusively for such pay-roll purposes, to be distributed in accordance with working or producing population, would be sufficient to cushion the difference between requisite pay rolls and an earned pay roll from sales, for a minimum of 5,000,000 workmen. This money would supply this cushion for a period of 12 months.

The manufactured articles would be consumed at some price. That money could be handled through the R. F. C. and through that corporation distributed to Federal Reserve banks in the industrial centers. These Federal Reserve banks are now in a position to know the condition of every industry. The banks could monthly supply, for pay-roll purposes only, just the difference between cost of production and sales. If the receipts from sales equal the cost of production, no advances would be made. Little or no additional administrative machinery is required. The Government is now so organized that this plan could properly be administered through regular established channels.

The proposal is immediately, now, to return men to work in the places where they have been accustomed to work. Everything is in readiness to accomplish this purpose. What these men would be manufacturing would not be liabilities. No time is necessary in the making of plans.

Railroad companies would then be provided with tonnage. They would not be required to borrow money which they could never pay back.

The principal cushioning necessary would be at one point, namely, at the factory.

The relief given at the factory would extend to raw materials, to transportation, and on throughout the Nation. The pay rolls thus provided would be immediately turned back into industry through expenditures. The wheels would again start. Those engaged in providing raw materials would be supplied with a pay roll, the white-collar class would be supplied with a pay roll, the mercantile establishments would have a demand for goods. It requires no stretch of the imagination to see what would happen. Our export trade is not such a large percentage as to prevent the Nation from living decently. Nature provides abundantly; the ingenuity of man has provided every mechanical appliance to make our people happy. We cannot admit that the American Nation is impotent and unable to take care of itself because other nations are not in a position to buy our surplus. To make such an admission is to concede everlasting failure.

Tariffs are essentially intended as subsidies to the laboring man, to enable the maintenance of American standards of living. If the plan suggested partakes of a subsidy, it is no more of a subsidy than tariffs and other expedients. The money provided would be provided by the Nation for its own health and to maintain its industrial existence. It should be emphasized that this money is not a subsidy to industry but a subsidy to the laboring man. Such is what it is and such it must be.

Without question, every man admits that the only thing necessary to make us prosperous is pay roll. That being true, the Nation must supply that which is necessary. It can be supplied through the existing and accustomed agencies. The American way. The self-respecting way.

Such questions as taking care of surpluses must be handled when they present themselves. The poverty of inventories will, for a time, delay the problem of surplus. Federal, State, county, and municipal incomes from taxes will cease unless pay rolls are provided. As the physical body will die when the heart can no longer beat, so will the industrial life of the Nation expire when the lifeblood in the form of pay rolls ceases to flow.

If this is designated as a species of communism, the answer is that it is only a small dose, compared to what the Nation will be otherwise given. Doles, pensions, concentration camps for feeding, charity, gifts, political pork barrels, etc., are worse forms of communism than the plan suggested. Such nostrums are not remedies; they produce festering sores and cancerous growths.

Pay rolls will stimulate agriculture; will maintain merchandising; will preserve the integrity of the greatest American asset, namely, the laboring man. The plan does not require the creation of political machines. The Government has all the statistics needed. This will cost far less than experimental work relief which does not relieve but which piles up a burden to be eventually carried by succeeding generations.

It is not intended that the money supplied for pay-roll purposes through R. F. C. and distributed by the banks is to be altogether a gift. The money would, to a large extent, be returned by industry from receipts of sales made of goods produced. Except for taxes and other governmental requirements, the money thus advanced for labor must not be used for retirement of any existing obligations. Industries will not be inclined to take on an overload, since the money advanced by the Government must, eventually, be repaid from business sources. The banks associated with industries will be inclined to advise against overloading and the realization that the eventual retirement of the money advanced by Government must come from some kind of taxes will be a protection against extravagance.

Furthermore, the agreement for handling the money should be in such form as will prevent unlawful use of the funds, and such unlawful use should be penalized in a way that will assure correct administration. Blow the whistles, start the factories going, and let's see what will happen. You will hear a glorious shout of victory that will silence the rumblings of discontent.

Wage and Hour Bill

EXTENSION OF REMARKS

OF

HON. ALFRED F. BEITER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 15, 1937

Mr. BEITER. Mr. Speaker, we are considering the question of governmental fixation of hours and wages. General Johnson speaks of "putting a floor under wages and a roof over hours" of labor. This is not a new idea by any means. The Constitution itself speaks of the right of every citizen to enjoy the rights to "life, liberty, and the pursuit of happiness."

Decent living conditions are necessary to the enjoyment of these inherent rights, and decent living conditions, in an industrial civilization like ours, must rest largely upon decent wages paid for reasonable times of service.

I am going to quote here the words of Abraham Lincoln while serving as President of the United States in his message to Congress December 3, 1861:

> There is one point to which I ask brief attention. It is the effort that is being made to place capital (money) on an equal footing with, if not above, labor, in the structure of government. It is assumed that labor is available only in connection with capital—that nobody labors unless somebody else owning capital, somehow by use of it, induces him to labor. Now, there is no such relation between capital and labor. Labor is prior to and independent of capital. Capital is only the fruit of labor, and could never have existed if labor had not first existed. Labor is superior to capital and deserves much higher consideration.
>
> Let the worthy men and women who toil up from poverty beware of the surrounding of political power which they already possess, and which, if surrounded, will surely be used to close the door of advancement against such as them, and fix new disabilities and burdens upon them until all of liberty shall be lost.

At that time Lincoln was moving rapidly to put upon the statutes of the United States such legislation as would prevent the "disabilities and burdens," which he foresaw, from being heaped on the backs of labor. It seems to me that we can well abide by his school of thought.

Seventy-five years have elapsed since Lincoln issued these words of counsel, and another President of the United States has spoken along the same lines. President Roosevelt said a few months back:

> The millions who are in want will not stand by silently forever while the things to satisfy their need are within easy reach. I see millions of families trying to live on incomes so meager that the pall of family disaster hangs over them day by day. I see millions whose daily lives in city and on farm continue under conditions labeled indecent half a century ago. I see millions denied education, recreation, and the opportunity to better their lot and the lot of their children. I see millions lacking the means to buy the products of factory and farm and by their poverty denying work and productiveness to many other millions. I see one-third of a nation ill-housed, ill-clad, ill-nourished.

Several weeks ago, across the ocean, George Bernard Shaw told the people of his country that they should put their houses in order while there is yet time, saying:

> What is it that is wrong with our present way of doing things? It is not that we cannot produce enough goods. Our machines turn out as much work in an hour as 10,000 hard workers used to. But it is not enough for a country to produce goods. It must distribute them as well, and this is where our system breaks down hopelessly. Everybody ought to be living quite comfortably by working 4 or 5 hours a day, with two Sundays in the week. Yet millions of laborers die in the workhouse or on the dole, after 60 years of hard toil, so that a few babies may have hundreds of thousands of dollars before they are born. It is stupid and wicked on the face of it, and it will smash us and our civilization if we do not resolutely reform it. No civilization, however splendid, illustrious, and like our own, can stand up against the social resentments and class conflicts which follow a silly misdistribution of wealth, labor, and leisure. But that is the one history lesson that is never taught in our schools.

I quote from addresses of Presidents Lincoln and Roosevelt, and George Bernard Shaw, to illustrate that the problem of hours and wages in labor is not new nor confined to our country alone.

There are a number of items in the bill under discussion which could be changed and probably will be before final enactment. However, I should like to discuss one or two which I believe to be of vital importance.

I am inclined to believe that any minimum wage should be variable or flexible, so as to permit prompt response to the factors which should be taken into account in fixing the minimum wage. Among these factors, perhaps, none other is so important as the cost of living, but there are other factors of consequence. It seems to me that such a variation is a natural economic condition.

I am also of the belief that no formula should preclude the employment of handicapped men or women and apprentices. Any such proposal is contrary to every sense of decency and fairness. There must be apprentices if trades are to be carried on and if skills are to be passed from generation to generation.

There has been some discussion as to whether the bill is constitutional. It seems to me that lawyers are given, perhaps unduly, to the habit of assertion that some particular proposal does not square with some particular provision of the Constitution. The Constitution itself contemplated that it would or might be amended, and prescribes the mechanics of amendment. It even contemplated that it might be wholly rewritten by a constitutional convention. If the people of the country feel strongly enough that the objectives of the bill warrant an attempt to achieve them by legislative action, and if such legislative action is not permitted by the Constitution as it is, then they will change the Constitution, because they have the power to do so, and the will to exercise that power. The Constitution may be locked up, but there are keys which will turn the lock.

We are a country pledged to promote the general welfare of its citizens. We must realize that our greatest resource is found in our workers. We depend upon our laboring men for all productivity, and, therefore, it is to our interest to provide working conditions for them which will result in the preservation of their health and vigor. Legislation to establish fair labor standards is a step in the right direction of conserving the human resources of our Nation. We have had legislation to conserve the natural resources of the country—what more natural than that a policy of conservation of the human resources should follow?

I would say further that if it is conceded that a national policy of human conservation is advisable, let us proceed with the machinery of government to deal with it, even though we realize that it must be surrounded by safeguards.

I have sought to indicate in this statement the broad considerations of public policy which are involved in this attempt to set up fair labor standards for the workers, as well as the moral obligations assumed by the Government in promoting the general welfare. I hold the belief that what happens to us as individuals is not important, but that what happens to us collectively is of supreme importance. Whether or not this plan to help the wage earners of America will work or not, no one can say, but I think even its enemies will concede that its purpose is of the highest.

The real question is whether the achievement of the social objectives can best be reached by governmental fixation of hours and wages. In the more than 40 centuries of recorded history there are many instances of similar attempts by government. If, in the beginnings, the establishment of fair labor standards in employment does not try to cover too much ground, it may give to society some help in the task, which is incumbent upon society, both by the law of God and by the very nature of its own being, of going forward toward that goal where every person will fully and freely enjoy those rights outlined in the Constitution.

The Farm Bill

EXTENSION OF REMARKS

OF

HON. LESLIE C. ARENDS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, December 10, 1937

Mr. ARENDS. Mr. Speaker, Congress for many years has been talking agricultural relief, but, like the weather, nothing but talk is ever done about it, with the result that futile efforts to solve the problem have only been attempted. Most of our statesmen from Washington and Jefferson to present Members of Congress realize that agriculture is the backbone of American life, and without a prosperous and thriving agricultural outlook the food supply of the Nation, as well as the

economic well-being of our commercial enterprises, will be seriously jeopardized.

In the State of Illinois alone there are 231,312 farms the value of which—including land and buildings—exceeds $2,200,000,000. What a tremendous buying power these 231,312 farm families should have for the products of our factories. Far-seeing statesmen from urban areas, whose immediate concern is the prosperity of their own immediate community, would do well to give consideration to the potential consumer ability of the man who tills the soil and whose labor provides the food that he eats.

There is one thing that everyone is in accord with, and that is, there exists today a serious unemployment problem with thousands and thousands of our people unable to purchase the necessities of life, and we must face the fact that there is something radically wrong with our economic system when we have our farmers producing more than they can sell at a profit and being asked to curtail production, when thousands of our people are on the verge of starving.

The counterpurpose proposals to date with crop-reduction programs, on the one hand, and the bringing into production of thousands of acres of land through reclamation projects is synonymous to the principle of a man trying to lift himself by his own boot straps.

If we are to have our Federal Government lay down a permanent plan with the view of making it possible for the farmer to have a market for his crops, at a price in excess of the mere cost of production, that plan must be one that is fair and equitable to all our people and must be one that has a definite objective, and not one that works at cross purposes, with one class or section of our people given a preference. I defy anyone to successfully challenge this statement. In my opinion the so-called crop-control bill, as introduced in the House, while it attempts to fix prices, will not solve permanently the situation, neither is it a bill for the relief of agriculture in the true sense of the word.

The consensus of opinion seems to be that some means must be devised to ascertain the cost of production of agricultural commodities. Just how this will be done no one seems to know, for the vagaries of Dame Nature in particular sections of our country make the raising of certain crops extremely hazardous. These crop failures must be reckoned with, if we are to accurately determine the average cost of production in that particular community, section, or State. The type of land, value of the land, and labor costs, to say nothing of unforeseen circumstances, such as floods, droughts, insect pests, extreme cold, tornadoes, and so forth, are also factors which must be considered. If Congress in its wisdom can ascertain the cost of production, it should say to the farmer, "Uncle Sam will do everything possible to see to it that you receive a fair price for your products, and if the market price of your crops is less than it cost you to produce them, your Government will lend you a certain amount of money on that crop." If this were done, the farmer would be assured that he would not have to sell his products at a loss.

However, the present bill makes no mention of mandatory loans to the farmer, leaving the question of loans on crops at the discretion of the Secretary of Agriculture. He may or he may not make a loan, and should he see fit to make a loan, the amount is to be at his discretion. Furthermore, he can make the loan whenever he so desires, which may preclude the maximum benefits to be derived from such loan, due to the time the loan may be consummated. We had a good example of such a type loan this fall, when the loans were made available after the deserving and needy farmer had been forced to sell at least a part of his crop at a loss. This is surely not conducive to confidence on the part of the farmer. He is just about in the same position as before, if not worse off, in that he has been led to believe he would be given a definite program.

The question of agricultural surpluses is an all-important one, and in times past this surplus was pretty generally absorbed by our export trade. The working out of a plan whereby we can regain at least a part of our foreign market for our agricultural products will do much to restore prosperity to the American farmer. Under present policies we are now importing more agricultural products than we export. Can a continuation of such a policy make for a more abundant life for our farmer? If we learned a lesson through the activities of the Farm Board, we should go easy in advocating the accumulation of large stores of agricultural commodities in the hands of the Government or any agency thereof. We might consider using a part, if not all, of the $630,000,000 now being paid to farmers for soil conservation and for not raising crops to make up the difference between the world price and the domestic cost of production.

If this could be done, the constant threat of a large surplus of any commodity on future prices of that commodity might be removed. Last year we sold abroad $733,000,000 worth of agricultural products; so if we can maintain this figure and use another $630,000,000 by way of an export bonus, we might go a long way toward at least partially solving our difficulties. The lack of an adequate export policy has resulted in what many believe to be a permanent loss in the world market for the American farmer. Since the World War millions of acres of land in Russia, Africa, and South America have been brought into agricultural production, which acres not only compete with the American farmer in the world markets but are competing with him in his home market. Italy plans extensive cotton operations in Ethiopia. England has developed vast cotton interests in many of her colonial possessions in direct competition with American cotton. Any measure designed to establish a permanent agricultural policy that does not make some provision for the exportation of our agricultural surplus will fall far short of the desired goal.

Not every phase of American agriculture is provided for in this so-called permanent agricultural policy of the United States. Frankly, my primary interest is in the corn farmer, coming, as I do, from the heart of the Corn Belt. Yet, in the interest of fairness, I realize that the dairy farmer, the truck farmer, the grower of oats, rye, barley, fruit, and cattle, all directly products of the soil, have not even been mentioned in the pending bill. An attempt to provide for corn, wheat, rice, tobacco, and cotton is all the bill contains. Insofar as corn is concerned, little, if any, hope need be entertained by my farmers for relief under this measure. As has been stated on the floor of this House, it will be necessary for us to have a total production and carryover of 2,928,500,000 bushels of corn in order for the corn farmer to reasonably expect any benefits under this bill, outside of soil-conservation benefits. Our bumper crop of this year was only 2,651,000,000 bushels. The yearly average, including the normal carryover for a 10-year period, has been 2,380,000,000 bushels. Are we to repeat the Farm Board episode by maintaining, through an ever-normal granary, a half billion or more bushels of corn as an ever-constant threat against the future price of this commodity. The plight of the cotton farmer should be an object lesson to us. Millions of dollars have been spent in an attempt to fix the price of cotton by purchases of huge quantities by the Federal Surplus Commodities Corporation and by the Department of Agriculture, with a result that the price of cotton reached a new low in 1937.

It appears to me that, through legislation such as the House bill, we are once more putting off the real and fundamental objective of good farm legislation. That objective should be a system of cooperative effort between the Government and agriculture in establishing a flexible, permanent, and workable policy, which, if a good policy, will work not only today and tomorrow but also next year and the years that follow. This farm bill in its present form holds no promise to the corn farmer, and I cannot support it. Our schooling in agricultural legislative matters may have been good, but I feel that the tuition was perhaps a little high.

The Wage and Hour Bill

EXTENSION OF REMARKS
OF
HON. J. PARNELL THOMAS
OF NEW JERSEY
IN THE HOUSE OF REPRESENTATIVES
Wednesday, December 15, 1937

CORRESPONDENCE REGARDING THE WAGE AND HOUR BILL

Mr. THOMAS of New Jersey. Mr. Speaker, the following letter from the National Grange, the National Cooperative Council, the National Cooperative Milk Producers' Federation, and the following resolution from the United Office and Professional Workers Union, Local No. 7, and the following telegram from the Manufacturers Association of New Jersey, all relative to the pending wage and hour bill, were received by me today, and in a way, express the opinion of some of the farmers, some of the laborers, and some of the employers on the wage and hour legislation which we are now debating:

THE NATIONAL GRANGE, THE NATIONAL COOPERATIVE COUNCIL,
THE NATIONAL COOPERATIVE MILK PRODUCERS' FEDERATION,
December 13, 1937.

To Members of the House of Representatives:

The House of Representatives will today begin consideration of the so-called wage and hour legislation. The proposed legislation is of tremendous interest to farmers of the United States. It will increase the cost of things that farmers buy. It will decrease the price which farmers receive for the products which they sell.

Notwithstanding this fact, farmers and farm organizations have had no opportunity whatsoever to express their position with respect to this proposed legislation before any committee of either House of Congress.

This bill which will so widely affect the agricultural interests of the United States was introduced at the last session of Congress. The authors of the legislation are unknown. Labor organizations claim that they were not consulted in drafting the proposed legislation. Certainly, farm organizations were never consulted nor was their advice or opinion asked as to the possible effect of such legislation upon the 25 percent of our population who live on the farms of this country.

It is true that hearings were held on the bill immediately after it was introduced. At the time of the hearings, however, the National Grange, the National Cooperative Council, the American Farm Bureau Federation, the National Farmers Union, and the National Cooperative Milk Producers' Federation had not held their annual meetings. The farmer members of such associations had no knowledge of any proposed wage and hour legislation when their last conventions were held. They were, therefore, in no position to consider the effects of such legislation upon themselves and their families.

During the interval between the last session and the present time farmers have had an opportunity to consider the effects of this proposed legislation upon their business. They are ready, willing, and anxious to express themselves before the various committees of Congress upon the possible effect of this legislation on agriculture. They feel that they are entitled to a hearing and to an opportunity to present to Congress reasons why this legislation should not be enacted, or if enacted, should be so modified as to protect the farmers of this country.

Farmers already are seeing the results of destructive competition caused by imports from abroad. Imports of agricultural commodities already prevent the attainment of any parity price structure in the United States. Our difficulties will be made greater by the enactment of this legislation, which will impose higher standards of wages and hours on our domestic industries while permitting unfair competition with such industries, both agricultural and industrial, on the part of nations having substandard wage and hour conditions far below those which prevail in the United States today.

We are at a loss to understand the speed with which it is proposed to enact this legislation. We wonder as to the forces which are behind the movement for immediate enactment. Certainly it is not the forces of industry. It is equally obvious that it is not the forces of well-established organized labor. We know that it is not the forces of agriculture. According to our information, the Committee on Labor has practically rewritten the bill in executive session. In consequence, the people are ignorant of its present contents. Under the circumstances, it is natural to assume that the Members of the House are likewise ignorant of its contents, particularly since the rewritten bill has not been on the Union Calendar and the Members have had no opportunity to study it. It is obvious, therefore, that it should be sent back to the committee for further hearings.

On behalf of the farmers of this country, we, therefore, urge that Congress send this legislation back to the Committee on Labor. Hearings should then be held, so that farmers may have an opportunity to present to the committee their position on this legislation.

THE NATIONAL GRANGE,
By FRED BRENCKMAN,
Washington Representative.
THE NATIONAL COOPERATIVE COUNCIL,
By ROBIN HOOD, *Secretary-Treasurer.*
THE NATIONAL COOPERATIVE
MILK PRODUCERS' FEDERATION,
By CHAS. W. HOLMAN, *Secretary.*

UNITED OFFICE AND PROFESSIONAL WORKERS
UNION, LOCAL NO. 7, AFFILIATED WITH COMMITTEE FOR INDUSTRIAL ORGANIZATION,
17–19 William Street, Newark, N. J., December 13, 1937.

DEAR CONGRESSMAN: At a regular meeting of the United Office and Professional Workers Union, Local No. 7, the following resolution was unanimously adopted:

Whereas one of the main reasons for the calling of the special session of the United States Congress was to obtain passage of a minimum-wages and maximum-hours bill, and

Whereas such legislation is urgently needed to supplement the efforts of trade-unions in maintaining a decent American standard of living among industrial workers, and

Whereas New Jersey is notorious as a sweatshop State and all workers are affected by the presence of such substandard establishments: Therefore be it

Resolved, That this union go on record urgently pressing for the passage of the pending wage and hour bill, and that copies of this resolution be forwarded to all New Jersey Congressmen.

Respectfully yours,

(Signed) ROSE I. DIAMOND,
Organizer.
F. OPPERMAN,
Secretary.

[Telegram]

TRENTON, N. J., *December 13, 1937.*

J. PARNELL THOMAS,
House Office Building, Washington, D. C.:

We respectfully urge you to vote and use your best influence against passage of Black-Connery hour and wage bill. What industry needs today more than ever before is fullest possible freedom to maintain present and, quickly as possible, provide more employment. It needs Government encouragement, not restrictions or bureaucratic control. We urge you to cause it to be indefinitely postponed.

MANUFACTURERS' ASSOCIATION OF NEW JERSEY,
WM. C. BILLMAN, *Secretary.*

The Civil Service Commission and Its Attitude Toward Negro Applicants

EXTENSION OF REMARKS
OF
HON. ARTHUR W. MITCHELL
OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES
Wednesday, December 15, 1937

Mr. MITCHELL of Illinois. Mr. Speaker, nothing has given me more concern since I have been a Member of Congress than the unfair attitude of the Civil Service Commission toward Negroes. Recently I received certain communications from the National Civil Service Reform League in New York urging me to use my influence against H. R. 8037—a bill providing for the appointment of first-, second-, and third-class postmasters for 4-year terms by the President, with confirmation by the Senate, to which I replied and stated my attitude toward the Civil Service Commission because of its well-known unfairness toward Negroes throughout the United States.

In my letter to the Civil Service Reform League, I took occasion to refer to certain bills which I have introduced in the Seventy-fifth Congress, namely, H. R. 3691, a bill to provide for appointments in the classified civil service of the United States of persons making the highest grade in competitive examinations and denying to appointing officers power or discretion to pass over the name of the person highest on the eligible list established as result of such competitive examinations; and H. R. 2249, a bill to prohibit the President of the United States and the United States Civil Service Commission, or any branch thereof, from re-

quiring, as a condition precedent to the taking of an examination for a position in the classified civil service or as a condition precedent to an appointment in such service, a photograph of applicants for such examinations; and H. R. 3692, a bill to provide for the manner in which appointing officers shall designate the sex of the person about to be appointed in the classified civil service, all of which bills were introduced first in the Seventy-fourth Congress and introduced again in the Seventy-fifth Congress, and are before the Civil Service Committee of the House.

I referred to the fact that I had not been granted a hearing on these bills, notwithstanding I have sought it diligently, and requests have been made by many organizations in various parts of the country for a hearing and a favorable report on these bills. I cited that as an instance to show that the civil service of the United States, not only through the Civil Service Commission but through the legislative Civil Service Committee in the House, makes no effort to be fair to Negroes. The purpose of these three bills above referred to is to wipe out injustices which are known by everyone in the country who knows anything about the operation of the civil service in the country, to exist against Negroes.

In my letter to the Civil Service Reform League I did not make any referenec to the Civil Service Commission as having denied me or anyone else a hearing, but I do say now that the Civil Service Commission has denied thousands of eligible Negroes, who had qualified under the civil-service regulations, appointment o places in the Government for no reason other than that they were Negroes. The Chairman of the Civil Service Commission is alleged to have given out a statement that I have sought no hearing before his Commission. Let him come forward and tell why his Commission has from time to time notified colored civil-service eligibles from various parts of the country to come to Washington and to report for appointment, and upon discovering that these applicants were colored has found some frivolous excuse to keep from appointing them.

I regard this department of the Government the rottenest and the most unfair department of the Government toward Negroes of any that is now in existence. It should be investigated from top to bottom and those persons who are responsible for the conditions about which I am complaining should be turned out of office if the Civil Service Commission is to continue.

NATIONAL CIVIL SERVICE REFORM LEAGUE,
521 Fifth Avenue, New York, December 9, 1937.

Hon. ARTHUR W. MITCHELL,
Committee on Post Offices and Post Roads,
House of Representatives, Washington, D. C.

DEAR SIR: On behalf of the National Civil Service Reform League, I respectfully urge you to vote to disapprove H. R. 8037, introduced by Mr. FADDIS. This bill provides that first-, second-, and third-class postmasters shall be appointed for 4-year terms by the President, with confirmation by the Senate; and that the Postmaster General may recommend for any vacancy in such an office either the reappointment of the incumbent, the promotion of a subordinate in the postoffice, or the appointment of one of the three highest persons on an eligible list prepared after examination by the Civil Service Commission.

The passage of this bill would perpetuate what has been for many years a system condemned by all Presidents and most Postmasters General, whereby postmasters are selected, not on the basis of business capacity, but on that of political value to the dominant party. It would make impossible a real career service in postal work for persons without political sponsorship, and would require incumbent postmasters to devote their main attention to political activities rather than to their proper duties, since reappointment at the end of a 4-year term would depend upon political services.

Last January the House of Representatives approved the bill sponsored by Mr. RAMSPECK which would place postmasters in the classified civil service. I hope that you may vote to disapprove the Faddis bill (H. R. 8037) which would rescind the forward step taken by the House in passing the Ramspeck bill.

Very truly yours,

(Signed) ROBERT L. JOHNSON,
President.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., December 10, 1937.

Mr. ROBERT L. JOHNSON,
President, National Civil Service Reform League,
521 Fifth Avenue, New York, N. Y.

DEAR SIR: I am in receipt of your letter of December 9 with reference to H. R. 8037, introduced by Mr. FADDIS, of Pennsylvania. I write to say that I have already signed the petition to which you refer and I expect to vote for the measure if we are able to bring it before the House. I am sick and tired of the hypocrisy and absolute unfairness practiced by the so-called Civil Service Commission.

If your organization should devote itself to reforming the Civil Service Commission, so that it would in some way conform to what the founders of civil service had in mind, I should be very glad to follow you in that effort. But as the Civil Service Commission is functioning today it is my opinion that it is the greatest curse we have connected with any Department of the Government.

I shall be glad to vote for a bill to wipe the Commission out if it is to continue to function as it is functioning today. There is no intent on the part of anyone connected with the Civil Service Commission in Washington to show any degree of fairness to the Negroes of the United States. We cannot even get a hearing before the Civil Service Committee on any bill that seeks to eliminate the injustices now practiced by the Civil Service Commission against the Negroes of this country. I hope you understand my position. I expect to do everything in my power to expose the iniquity of the so-called civil-service system as it is administered today.

With heartiest thanks for your letter, I am,
Very cordially and sincerely yours,

ARTHUR W. MITCHELL.

The Death of Hideyo Noguchi

EXTENSION OF REMARKS
OF
HON. WILLIAM I. SIROVICH
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Wednesday, December 15, 1937

SPEECH OF HON. WILLIAM I. SIROVICH, OF NEW YORK, IN THE HOUSE OF REPRESENTATIVES, MAY 24, 1928

Mr. SIROVICH. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech made by myself in the House of Representatives, Thursday, May 24, 1928:

Mr. SIROVICH. Mr. Speaker, ladies, and gentlemen, yesterday there died on the golden coast of Africa one of the most eminent and distinguished scientists of the twentieth century, Dr. Hideyo Noguchi, born in Japan, yet belonging to the citizenship of the world.

America, the land of liberty and of his adoption, gave him the laboratory of opportunity to demonstrate his profound and scientific knowledge, so that his genius could explore those mysterious realms which harbor virulent organisms that have been responsible for the causation of the terrible plagues, scourges, and diseases that have afflicted and ravaged humanity the world over for thousands and thousands of years.

If life is but a dream and death be its awakening, then in the world of dreams the work, the fame, the name of Hideyo Noguchi will forever endure.

His contributions to the service and knowledge of humanity will immortalize his name and bequeath a heritage of scientific and useful service to a grateful posterity for having been able to force from the unyielding bosom of Nature those mysterious secrets that for centuries Nature has held inviolate and unbroken, until the fertile imagination and persistent efforts of the genius of Noguchi forced Nature to surrender its secrets to the microscope of science. [Applause.]

The Supreme Architect of the Universe reveals Himself to humble and lowly man in three mystical and inexplicable ways. First, through the life of the universe, which we term Nature. Second, through the thoughts of man, which we term art. And third, through the precision and exactness of the mind, through correct observation and thinking, which we term science.

In this great arena of life intellectual man worships at the shrine of Nature, science, and art. Here in this temple of culture are seated side by side to each other Nature, science, and art, presided over by God Almighty Himself, to whom we graciously bow our heads in humble submission as the Great All Powerful from whom all life and goodness flows. [Applause.]

The disciples of Nature, art, and science recognize no distinction in race, creed, and color. The world is their country. The brotherhood of mankind is their shibboleth and watchword, and love and service to humanity everywhere is the cement that binds them together until the curtain of life falls upon them. [Applause.]

Who are the men who have immortalized their names on the altar of medical service? Hippocrates the Great was the father of medicine. He lived 300 years before Christ was born. The oath that every physician subscribes to, ere he is permitted to embark upon his medical career, is named after him and is known the world over as the "Hippocratic oath."

Four hundred years after the death of Hippocrates there flourished in Rome the greatest commentator on the 60 books written by Hippocrates, a physician whose name was Galen. For 15 centuries Galen was worshiped by the medical fraternity as the foremost figure on the medical firmament, whose skill and ingenuity in the field of medicine was revered and honored by the countless legions who were his devoted followers.

In the year 1132 there was born in Cordova, Spain, the most eminent physician of his time, Moses Maimonides. He was educated in Tripoli, Morocco, and Algiers. He was physician to Saladin the Great, of Cairo, Egypt, who sent him out to treat Richard the Lionhearted when he led the second crusade to redeem the Holy Lands from the infidels. Maimonides was the outstanding figure in medicine, in science, in art, and in philosophy during the Dark Ages of our world.

During the period of the Renaissance, the years 1500 to 1600, Italy gave to the world five of the greatest anatomists the world has ever known—Jacobus Sylvius, the uncanny genius whose work on the human brain is immortalized by the great Sylvian fissure of the brain that is named after him—Andreas Vesalius, the distinguished and learned pupil of Sylvius, who discovered the fact that veins have valves, and whose anatomical clinics were crowded and packed with students from all over Europe who came to pay tribute to his phenomenal knowledge of human anatomy—Fallopius, the adroit and expert scholar after whom the Fallopian tubes of the female generative organs are named—Bartelemo Eustachius, who was the first to describe the Eustachian tube, that runs from the back of the nose to the middle ear, whom posterity has honored in naming the Eustachian tube after him, and last, but not the least, François Rabelais, one of the greatest anatomists of the world who lectured on every phase of human anatomy, demonstrating his lectures on the dissected body to crowded, enthusiastic, and overawed audiences.

Paracelsus, who was contemporaneous with these brilliant anatomists, was born in Switzerland in 1493 and was the pioneer in anticipating the field of infection and contagion and the first doctor to introduce mineral substances in the treatment of disease as professor of medicine in the University of Basel. Associated with him in his investigations was Ambrose Pare, professor in the University of Paris, who through his indefatigable zeal, skill, and technique laid the foundation of modern surgery and was the greatest surgeon of his time.

From the years 1600 to 1700 three mighty characters held the center of the stage in the field of scientific medical endeavor—Jean Baptiste van Helmont, born in Brussels, Belgium, considered the father of biological chemistry, and the first physician to ever examine chemically the blood and urine of human beings to definitely determine the causative factor of disease. Helmont was considered one of the greatest masters of his day.

The year 1628 commemorates forever the outstanding contribution of England to the science of medicine. That period will forever remain famous as the year that William Harvey discovered the circulation of the blood, that revolutionized the concept and the function of the heart and blood vessels, because Hippocrates and his ancient disciples thought that the air was transported throughout the blood vessels of the body in order to feed the innate heat.

Dr. Thomas Sydenham was worshiped by his contemporaries and by the public at large as one of the greatest clinicians and diagnosticians of his time.

From the year 1700 to 1800 England contributed the greatest public benefactor to humanity in the person of Emil Jenner, who in 1796 discovered the principle of vaccination, a discovery of the highest importance to civilization, that has made it possible through vaccination to drive that malignant and pestilent scourge of smallpox from the face of the world.

The years 1800 to 1900 finds every nation of continental Europe, including our own beloved country, America, all vying with each other to subjugate sickness and disease, so that longevity might be prolonged and the health of humanity bettered.

In America the versatile, talented, and gifted author and doctor Oliver Wendell Holmes, the father of our distinguished Judge Holmes, of the United States Supreme Court, was first to write upon the subject of puerperal sepsis. He felt that motherhood was paying too great a penalty upon the altar of childbirth. He proved that puerperal sepsis was caused by dirt infection. He was laughed at and jeered at for his views. But 50 years later Doctor Semmelweiss, an obstetrician of the University of Budapest, confirmed his views. The medical fraternity treated Semmelweiss as the American doctors treated Oliver Wendell Holmes. Semmelweiss, keenly sensitive to this terrible criticism, became insane and died in a madhouse. Today a monument stands in his memory in the principal square of Budapest, a statue that rightfully belongs to our own beloved scholar and scientist Dr. Oliver Wendell Holmes. [Applause.]

The Battle of Bunker Hill and Lexington did not bring as much amazement to the citizens of Boston as did the newspaper announcement in the spring of 1846 that Dr. William Morton had discovered a gaseous substance called ether that could anesthetize any human being and make him unconscious to the knife and scalpel. This drug revolutionized surgery, for prior to its discovery victims of surgical intervention had to be subjected to the deadening effects of opiates and saturated with liquor to deaden their anguish and pain.

Millions of human beings were literally dying every year from infection following operations, until in 1866 Guerin invented absorbent-cotton dressings, which formed a barrier to the spreading of this condition.

Two years later, in 1868, the world was electrified by the announcement that the great Lord Lister had solved the cause of infection by practicing the methods of antisepsis before, during, and after operations, which reduced the frightful morbidity and mortality following operations, and made surgery safe and sound when applied to any condition in which the knife had to be used in order to save life or limb.

It was just about this time that the greatest scientific genius of the nineteenth century, Pasteur, came upon the horizon of science. Within a short time he demonstrated to a skeptical and amazed world that infection was due to a bacterial invasion. To a dazed and dumbfounded world he revealed these new organisms—coci, bacilli, spirillae, fungi, yeasts. A new world. A conquest of chemical culture and the microscope. These discoveries of Pasteur completely resurrected surgery and chiefly transformed the treatment of modern diseases.

Thus far Egypt, Greece, Italy, Spain, France, England, and America had blazed the trail of medical and surgical pioneering. Teuton culture and civilization became inspired by these intrepid soldiers of the microscope, the agar culture, and chemistry, and finally Germany gave to the world the peer and master of all bacteriologists of all time in the person of Doctor Koch, who thrilled and bewildered an amazed world when he announced the discovery of the tubercle bacillus that was responsible for the causation of tuberculosis and led the mortality tables of the world in the causation of death from consumption.

Ehrlich, the wizard of biochemistry, is Germany's and the world's greatest contributor to the successful treatment of modern disease. His "606," known as salvarsan, is an absolute specific in the treatment of syphilis, that had ravaged the world for centuries and made syphilitic treatment the curse of the possessor and the bane of the physician.

From time immemorial the organism that caused syphilis was unknown. Only a decade ago a great German savant and scholar isolated this frightful assassin of human life under the field of the dark microscope and to perpetuate his memory the scientific world named this reaction after the founder in the examination of human blood and calls it in his honor "the Wassermann test."

In this, the twentieth century of civilization, America ranks in the forefront as the proud possessor of the greatest scientists of the world. Behold its roster in Public Health Service—men who have distinguished themselves in arduous and dangerous research to promote the interests and happiness of mankind.

Where is there a patriotic man or woman who will forget the courageous heroism of Dr. Lazear, who, under the supervision of Dr. Walter Reed, gave up his life upon the altar of science in order to have himself infected with the mosquito to prove to the world that the mosquito is the cause of malaria and yellow fever?

It was this wonderful experiment in which Lazear gave up his life that gave the knowledge to Dr. Gorgas to eradicate yellow fever and malaria from the Panama Canal, which made it possible for American engineers to build the canal.

DR. HENRY R. CARTER

World-recognized authority on yellow fever and malaria. In 1900–1901, by purely epidemiological studies, demonstrated that yellow fever must be conveyed by an intermediate host, and measured with accuracy the periods of incubation in that host and in man, thus laying a solid scientific basis for the subsequent experimental verification.

DR. CHARLES WARDELL STILES

Discovered the American species of hookworm, demonstrated its great prevalence, worked out its epidemiology, devised methods for the control of the disease, and inaugurated the successful campaign against it.

DRS. MILTON J. ROSENAU AND JOHN F. ANDERSON

Pioneers in the study of anaphylaxis, concerning which they contributed many of the fundamental facts. This phenomenon is of great importance in the modern conception of disease processes.

DRS. GEORGE W. M'COY AND C. W. CHAPIN

Discovered and cultivated the bacillus tularense, making methods available for its further study. They did their work in 1910 on California ground squirrels.

DR. EDWARD FRANCIS

Contributed nearly all that is known concerning the disease tularemia in man. Showed its methods of transmission and what to do in order to avoid it.

DR. R. R. SPENCER

Worked out a vaccine against Rocky Mountain spotted fever. Demonstrated its efficacy in experimental animals and its harmlessness by injecting himself first. Showed by use in hundreds of persons who are exposed by occupation that it confers a large measure of protection. The preparation of this vaccine involves a new principle of immunology. Vaccine used on humans 1925.

DR. JOSEPH GOLDBERGER

Showed the dietary origin and cure of pellagra. This is a most notable achievement since this disease has baffled the best European talent for centuries. At times it has threatened to

become seriously prevalent in the United States, but with this new knowledge the threat has been permanently removed. Study of pellagra begun in 1912 and is going on at the present time.

DR. WADE H. FROST

Planned and conducted the first thoroughgoing and fundamental investigation of the problems offered by the pollution of streams in this country. In view of the increase of population and manufactures along our streams this has been a most valuable activity. Investigation of the pollution of the Ohio River began under his direction July 1913.

DR. JOHN M'MULLEN

Demonstrated the practicability of virtually eradicating trachoma and preventing blindness therefrom in mountainous areas of Kentucky and other States by the establishment of small hospitals and the employment of skillful treatment.

BACTERIOLOGIST ALICE EVANS

In 1918 she showed similarity of causes of Malta fever and contagious abortion and occurrence of latter infection in people. Now increasingly recognized as a cause of human illness.

DR. VICTOR HEISER, CHIEF QUARANTINE OFFICER, PHILIPPINES, 1903–15

Demonstrated the possibility of establishing effective health service in a large tropical country with diverse aboriginal population.

DR. M. A. BARBER

Originated single-cell-culture method which he first used in 1902. This opened up a prolific field of investigation. The use of Paris green control of mosquitoes in 1921. This cheap method has made malaria control feasible in many areas where it was formerly impossible because of the expense.

In the science, skill, and technique of surgery, America leads the world. Where are the surgeons that are comparable to the Mayo brothers, of Rochester, Minn.; Crile, of Cleveland; Ochsner, of Chicago; Cushing, of Boston; Deaver, of Philadelphia; Kelly and Wilmer, of Baltimore; Blake, Brewer, Albert A. Berg, John Erdman, John J. McGrath, Howard C. Taylor, George Schwartz, John Pollack, and John Prescott Grant, of New York City—men of the highest caliber and ability, whose very names are household words in the cities from whence they come, where thousands of their benefactors are praying for their health and happiness? [Applause.]

Within a radius of a mile from the Fourteenth Congressional District, which I have the honor to represent, is the greatest medical research center in the world. It is called the Rockefeller Institute. It is a monument to two of the greatest philanthropists that the world has ever known, John D. Rockefeller and his wonderful and gracious son, who is emulating his father in devoting his fortune to the best service of his fellow man. This brilliant Institute has become famous through three of nature's noblemen—a triumvirate whose name and fame will persist as long as time endures.

These distinguished scholars thus far represent the three greatest scientists of the twentieth century—Alexis Carrell, Simon Flexner, and Hideyo Noguchi.

Alexis Carrell won the Nobel prize a few years ago for his brilliant discoveries in the realm of physiology, biology, and collateral subjects. He is the outstanding genius of our present time.

Simon Flexner, a great name to conjure with, internationally famous. He will live in the memory of generations that are to come for having isolated the infantile-paralysis virus, for his cure of snake venom, and, above all, for the serum that he has perfected that helps to cure and save the lives of thousands of sufferers from epidemic meningitis. As long as anywhere the tradition of science survives, Flexner's work will always endure. What conqueror has ever had such victories attached to his name as Flexner has in his service to mankind? [Applause.]

Hideyo Noguchi—the great son of Nippon—came to this country in 1900 and subsequently became associated with Professor Flexner and Dr. Carrell. He devoted his supreme and brilliant talent to ferret out the causes of terrible diseases which baffled medical skill, and whose treatment made no impress upon the nature of the disease. Seldom did he fail in his accomplishment; success usually crowned his efforts.

Through his genius the organism that caused paresis was isolated. Paresis was filling the insane institutions of the world with the victims of this unfortunate malady. He localized the organism in the brain and through the microscope forced it to reveal itself to the amazed scientific world. Noguchi proved that paresis was caused by the spirochita pallida, the organism that caused syphilis.

The versatility and genius of Noguchi further manifested itself in his brilliant discovery of the organism that was responsible for the causation of trachoma—an eye affliction and disease that caused more blindness in the world than any other condition known to mankind.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. SIROVICH. Mr. Speaker, I ask unanimous consent of the House to proceed for 2 more minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SIROVICH. Mr. Speaker, ladies, and gentlemen. Hideyo Noguchi was not content with his extraordinary and brilliant conquests in this his adopted land; he was looking for new fields of endeavor, new lands for conquest. In the name of science he set sail for South America to determine the cause of yellow fever in that land. In a short time the world was again thrilled by his announcement—he had again triumphed. He isolated the yellow-fever organism in South America. To determine whether the yellow fever of Africa was caused by the same species as South America he set sail for that pesthole in Africa.

In a short while Noguchi had himself infected with the dreaded organism that caused African yellow fever. Chills and fever racked his body fore and aft. His militant and brilliant mind refused to surrender to the hosts of yellow fever's organism. The battle waged on. At last Noguchi isolated the organism and gave to the world the knowledge that the yellow fever of South America and Africa were caused by two different hosts. Science triumphed, but Noguchi fell a victim to this dreadful disease. He died a martyr to duty. He will live in the memory of humanity and mankind. Greater love hath no man than to give up his life for another. God bless his soul!

Mr. Speaker, ladies, and gentlemen, if the grave is the end of all life, then Hideyo Noguchi's name will forever remain immortal through the great contribution he has given to mankind; but if the grave be the gateway to some future state of existence then Hideyo Noguchi in conjunction with the great illustrious immortals that have gone beyond the Great Divide to sleep in eternal rest, will forever be revered, honored, and remembered by grateful mankind for having given of his today that others may have their tomorrow. [Loud applause.]

The Proposed Utility Compromise

EXTENSION OF REMARKS

OF

HON. JOHN E. RANKIN

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 16, 1937

Mr. RANKIN. Mr. Speaker, we are witnessing one of the most terrific drives ever made by a combination of selfish interests to thwart the will of the American people or destroy the effects of beneficial legislation.

Powerful financial interests of the country seem to have aligned themselves with certain public utilities in an effort to force the country into another depression in order to wreck the administration or force President Roosevelt to recede from his position on the power question and other issues in which their interests are involved.

They know that if they could compel or induce the President to repudiate his power program they will have delivered a vital blow to his prestige, as well as that of his administration. That is exactly what they are after. They want to discredit everything that his administration has accomplished.

Having wrung untold millions of dollars from the unprotected consumers of electricity in exorbitant overcharges, flooded the country with worthless watered stocks, through which they have defrauded thousands of unsuspecting investors, having abused the functions of the courts by tying up of cities, towns, and communities with injunctions in order to carry out their schemes, having been defeated in every case where these suits have been permitted to come to trial, they now come and fawn at the feet of the Chief Executive, begging for clemency, and for permission to continue the ruthless exploitation of the unprotected consumers of electric energy for which they have been so universally condemned.

They are not only asking for pardon and protection for themselves, but they are asking President Roosevelt to turn his back on his power program and repudiate the greatest achievement of his entire administration.

The shock troops of this drive seem to be Wendell L. Wilkie, president of the Commonwealth & Southern, and Floyd L. Carlisle, president of the Consolidated Edison. The recent visit of these two gentlemen to the White House has been widely heralded by utility-inspired propaganda as indicating that President Roosevelt has changed his position and that the administration had altered its policies on the power issue.

Nothing could be further from the truth.

From the standpoint of benefits to the American people, the power program of this administration constitutes one of the greatest economic accomplishments of all time. If President Roosevelt never did anything else, this one achievement alone would be sufficient to carry his name down the centuries as one of the greatest benefactors of mankind.

To ask him to repudiate that program now, in the very heyday of its success, sounds as ridiculous as it would for the British to have come and appealed to George Washington to repudiate the Declaration of Independence and turn the Colonies back to the English at the very height of his successful administration as the first President of the United States.

What do these utility magnates propose? What do they want? Here is their proposition in a nutshell, as outlined by Wendell L. Wilkie, president of the Commonwealth & Southern, stripped of its camouflage:

First. They want the Holding Company Act modified or repealed so as to permit the large useless holding companies to continue their present parasitic existence and practices. For that concession they would agree to abolish the little holding companies under them as nuisances. In other words, they are asking that they, as the ringleaders, be given a Presidential pardon, but that the less prominent offenders be executed for the sins of these higher-ups.

Then they want the T. V. A. yardstick abandoned, all competition squelched, and the power generated by the T. V. A. turned over to private power companies at a nominal price so that they can resell it to the helpless consumers at enormous profits, just as they did before the T. V. A. was created and its yardstick rates put into effect.

In return for such capitulation on the part of the administration they propose to squeeze a billion and a half of the six and a half billion dollars of water out of their capital structure and spend it restoring prosperity, instead of squeezing out the six and a half billion dollars of water and reducing their rates to about half their present charges. That would give relief to more than 20,000,000 consumers of electric energy in every State in the Union and would do more to aid the return of prosperity than anything else these utilities could do or ever have done. But Messrs. Wilkie and Carlisle made no such proposition. They did not propose reducing their rates. That is not in their plans.

These pinch-hitters for the Power Trust must have been greatly surprised to find that President Roosevelt knew more about the power business than they did and that he was not only familiar with their present practices but with their past records as well. He evidently made them look ridiculous. He probably recalled that these same utilities tried this same stunt on President Hoover in the early days of the depression—and got away with it. They were going to help bring back prosperity then, and here is the way they did it:

Instead of spending more money and putting more men to work, they merely slowed down construction, raised rates, and, as President Roosevelt said at the time, "Raised their own high salaries higher."

The record shows that in 1929 the president of the Commonwealth & Southern, Mr. Wendell Wilkie's predecessor, received a salary of $43,790 a year. That salary was raised to $75,000 a year in 1930, and to $130,140 in 1932. Now that ought to have stopped the depression.

At that time consumers were having their lights cut off because they could not pay the bills. The common stock of the Commonwealth & Southern had dropped from 32 in 1929 to 1⅝ in 1932, and the 6-percent preferred stock had dropped from 104 in 1929 to 27⅜ in 1932. But that did not prevent the president and other high officials of this holding company from raising "their own high salaries higher," as I have indicated. Therefore, it will be seen that while prosperity came rapidly to the highly paid useless officials of this useless holding company, it went into reverse before it got down to the stockholders or the consumers.

At that time, the Commonwealth & Southern was buying power at Muscle Shoals, under a contract it had made with the Hoover administration, as a part of the program to restore prosperity, for which it was paying on an average of 1.56 mills a kilowatt-hour. It was selling it to the domestic consumers in sight of the dam and throughout that area at 10 cents a kilowatt-hour—a spread of a little more than 5,000 percent. One thousand kilowatt-hours which cost the Commonwealth & Southern $1.56 at the dam, was sold to the small consumers in Florence, Ala.—within sight of the dam—for a total of $100. No wonder the Commonwealth & Southern wants to get rid of the T. V. A. yardstick as well as the Holding Company Act. No wonder they are frantically pleading to the White House to relieve them of these responsibilities before the Supreme Court passes final judgment. They want to return to those "good old days."

The T. V. A. yardstick will never be abandoned. The power policies of this administration are here to stay. The Holding Company Act is here to stay.

What is the T. V. A. yardstick? It is a yardstick for the proper measurement of electric light and power rates to the ultimate consumers. It is 36 inches long, and by comparison the utilities' yardstick is 95 inches long, 59 inches of which is overcharges, which all of you are helping to pay, unless you are getting your power at the yardstick rates.

The T. V. A. is the most profitable investment this country has ever made. It is saving the consumers of electricity in the United States more money every single year than the entire expenditure on both the Tennessee and Columbia Rivers have amounted to up to this time.

So far as the millions of consumers of electricity are concerned, the yardstick is a golden wand. It is the most powerful weapon ever devised for their protection against exorbitant overcharges. It has already been instrumental in forcing reductions in light and power rates amounting to $556,000,000 a year. And the end is not yet. Further reductions are yet to come.

The Edison Electric Institute Bulletin shows that during the year ending February 28, 1932, the people of the United States consumed 62,653,000,000 kilowatt-hours of electricity, for which they paid $1,803,000,000. The next year the T. V. A. yardstick was created and its example began to force rate reductions in every State in the Union. The Edison Electric Institute Bulletin also shows that during the year ending February 28, 1937, the American people consumed 91,555,000,000 kilowatt-hours, for which they paid $2,086,080,300. If they had paid the same rate for that 91,555,000,000 kilowatt-hours that they paid in 1932, the cost to them would have been $2,642,000,000, or $556,000,000 more than they actually paid.

Thus the T. V. A. yardstick, along with the other phases of the administration's power program, is already yielding the consumers of electricity a dividend of $556,000,000 a year in rate reductions.

Every person who turns an electric switch gets a portion of that dividend. It will be more next year, and will increase from year to year as time goes on.

I have these overcharges broken down by States. You will find them inserted at the end of these remarks.

Since Mr. Carlisle, president of the Consolidated Edison, is making his appeals to President Roosevelt to withdraw his protection from the consumers of electric energy and return to the "good old days," let us turn to the State of New York, where Mr. Carlisle's companies operate, and see what the yardstick would mean to the consumers in that area. Of course, what Mr. Carlisle is afraid of is the development of the St. Lawrence waterway, with its great wealth of hydroelectric power to be divided between the United States and the Dominion of Canada, or the Province of Ontario.

Last year the domestic consumers of the State of New York used 1,915,442,000 kilowatt-hours of electricity, for which they paid $99,767,979. Under the Ontario rates, just across the boundary line from the State of New York, the cost to these consumers would have been $25,489,178, which shows that, according to the Ontario rates, the domestic consumers alone in the State of New York were overcharged $74,279,801 for electric lights and power in their homes in 1936.

No wonder Mr. Carlisle and his associates do not want a yardstick on the St. Lawrence River. No wonder the power

interests in New England do not want a yardstick on the Connecticut River. No wonder the Power Trust does not want any yardstick on the Tennessee River, the Columbia River, the Ohio, the Colorado, or anywhere else.

Now let us see what happened to the commercial consumers in the State of New York—the merchants, the businessmen, the professional men, the filling-station operators, the hotel and restaurant people, and others who have to pay commercial rates for electricity in that State. The record shows that in 1936 these commercial consumers throughout the State of New York used 2,242,546,000 kilowatt-hours, for which they paid $99,338,554. Under the Ontario rates it would have cost them $39,171,554, or $60,217,000 less than they actually paid. No wonder Mr. Carlisle grows desperate in his efforts to prevent the development of a yardstick to protect the power consumers of New York and the adjoining States.

Taken as a whole, the people of that State, including domestic, commercial, and industrial consumers, were overcharged for electricity last year $160,905,115, according to the T. V. A. yardstick rates, and $190,237,801, according to the Ontario rates, as will be seen from the tables I am inserting.

Although we have reduced light and power rates $556,000,000 a year, giving the American people a dividend of $556,000,000 annually in reduced overcharges, these overcharges still aggregate more than $1,000,000,000 a year. The utilities want to wreck this program and prevent further reductions lest we should extend these benefits to all the consumers of electricity in every nook and corner of the United States.

I have been asked what plan I would suggest as a substitute for that proposed by these utility magnates. My solution would be to let the administration continue its present power policies, construct dams on our navigable streams and their tributaries to control floods, promote navigation, conserve the soil, and generate power. Then build transmission lines necessary to carry this power, and sell it to municipalities, cooperative associations, and their distribution agencies, with a provision in the contract that it is to be sold to the ultimate consumers at the T. V. A. yardstick rates. Continue this program until we compel reduction in light and power rates to their proper levels in every community in every State, and extend the rural electrification program until we electrify every farm home in America.

If private power interests want to survive, let them get rid of their useless holding companies, squeeze the water out of their capital structures, get rid of their unnecessary and highly paid officials, stop spending enormous sums of money on misleading propaganda, and reduce their charges to rates based upon the cost of production, transmission, and distribution, with a reasonable return on the money actually and necessarily invested.

By that time they will have their rates down to the T. V. A. yardstick levels and the American people will be saving an additional billion dollars a year on electric-light and power rates, in addition to the $556,000,000 a year reduction that has already been brought about by the T. V. A., its yardstick, and the kindred power policies of this administration.

Then we will have reached our goal and electrified America at the yardstick rates.

I insert at this point four tables showing the cost to the ultimate consumers and the overcharges for electric energy in the various States during the year 1936.

The first table is for the residential or domestic consumers. It shows the number of domestic consumers in each State, the number of kilowatt-hours used by them during the year 1936, the total cost to the ultimate consumers, the average number of kilowatt-hours consumed, the average cost to the consumer per kilowatt-hour, and also the total overcharges to the domestic consumers in each State according to the T. V. A. rates, the Tacoma rates, and the Ontario rates.

The second table shows the same thing with reference to the commercial consumers. The third table gives the same information with reference to industrial consumers, and the fourth covers all consumers of electricity in each State.

These tables are compiled from the very best data that can be obtained, and, while they are extremely conservative, they give a fair picture of the situation in the various States and sustain my contention that the American people are overcharged a billion dollars a year for electric lights and power. While the tabulation indicates an overcharge of only $960,602,403 according to the Tacoma rates, it fails to give Tacoma credit for a profit of $785,480.62 out of a gross revenue of $2,359,964.91. This profit goes to the consumers, and, if properly credited, it would show this overcharge to be above $1,320,000,000. It increases my estimate of the overcharges according to the T. V. A. rates and shows the overcharges according to the Ontario rates to be well over a billion dollars a year, after allowing for taxes amounting to 1 mill a kilowatt-hour for the power consumed.

I hope every Member of the House and everyone who reads this RECORD will study these tables carefully. They tell a most astounding story.

TABLE NO. 1—OVERCHARGES TO DOMESTIC CONSUMERS, BY STATES

This table gives the residential sales data for electric light and power for every State in the Union, showing the overcharges in each State when compared with the T. V. A., the Tacoma, or the Ontario rates.

Take, for instance, the State of Maine. Last year the domestic consumers of electricity in Maine used 89,138,000 kilowatt-hours of electricity, for which they paid $4,865,238, or an overcharge according to the T. V. A. rates of $3,644,184, or an overcharge of about 300 percent. It is about the same compared with the Tacoma or the Ontario rates.

Take the State of New York, whose domestic consumers used 1,915,422,000 kilowatt-hours last year, for which they paid $99,767,979. According to the T. V. A. rates, they were overcharged $66,746,115, or about 200 percent. The overcharges according to the Tacoma rates were a little less than 200 percent, while compared with the Ontario rates they were approximately 300 percent.

Go over this table carefully and you will see what an enormous burden of overcharges the domestic consumers of your own State are paying.

TABLE 1.—*Residential sales data*

State	Estimated sales for 1936							Estimated overcharges according to rate schedules in 1936		
	Number of customers	Total kilowatt-hours (thousands)	Total revenue	Annual kilowatt-hours per customer	Annual bill per customer	Monthly bill per customer	Average revenue per kilowatt-hour (cents)	Tennessee Valley Authority	Tacoma	Ontario
Maine	152,372	89,138	$4,865,238	585	$31.93	$2.66	5.46	$3,644,184	$3,393,075	$3,962,764
New Hampshire	102,337	55,364	3,475,365	541	33.96	2.83	6.28	2,608,469	2,454,565	2,817,965
Vermont and Rhode Island	230,032	133,649	7,853,292	581	34.14	2.85	5.88	5,715,616	5,342,288	6,208,329
Massachusetts	1,048,535	636,461	32,934,484	607	31.41	2.62	5.17	20,637,592	18,950,684	23,116,121
Connecticut	413,612	314,758	15,100,974	761	36.51	3.04	4.80	9,014,561	9,060,232	10,479,308
New York	3,074,514	1,915,422	99,767,979	623	32.45	2.70	5.21	66,746,115	62,555,304	74,279,801
New Jersey	983,027	603,579	35,890,316	614	36.51	3.04	5.95	23,054,261	21,441,345	25,053,472
Pennsylvania	1,849,243	1,290,772	62,966,724	698	34.05	2.84	4.88	35,367,769	33,894,651	40,904,526
Ohio	1,398,505	967,765	42,584,447	692	30.45	2.54	4.40	18,259,282	16,387,829	21,707,138
Indiana	584,882	345,080	17,277,414	590	29.54	2.46	5.01	9,052,922	7,832,949	10,127,062
Illinois	1,595,525	1,156,756	51,950,294	725	32.56	2.71	4.49	26,314,847	24,870,516	31,217,771
Michigan	931,190	718,879	26,725,153	772	28.70	2.39	3.72	12,198,428	12,020,148	15,630,901
Wisconsin	531,923	353,729	16,090,671	665	30.25	2.52	4.55	8,976,202	8,121,722	10,215,124

TABLE 1.—*Residential sales data*—Continued

State	Estimated sales for 1936							Estimated overcharges according to rate schedules in 1936		
	Number of customers	Total kilowatt-hours (thousands)	Total revenue	Annual kilowatt-hours per customer	Annual bill per customer	Monthly bill per customer	Average revenue per kilowatt-hour (cents)	Tennessee Valley Authority	Tacoma	Ontario
Minnesota	411,769	288,650	$13,938,381	701	$33.85	$2.82	4.83	$7,134,929	$6,605,667	$8,189,711
Iowa	374,775	213,997	11,835,395	571	31.58	2.63	5.53	7,033,607	7,002,729	8,453,896
Missouri	570,270	427,132	17,495,884	749	30.68	2.56	4.10	8,324,084	7,899,791	9,730,786
North Dakota	54,084	35,533	2,023,823	657	37.42	3.12	5.70	1,457,674	1,479,958	1,673,167
South Dakota	66,079	39,449	2,345,805	597	35.50	2.96	5.95	1,649,473	1,588,248	1,805,259
Nebraska	193,529	132,180	6,309,045	683	32.60	2.72	4.77	3,951,063	3,790,137	4,535,163
Kansas	272,496	168,675	8,044,082	619	29.52	2.46	4.77	5,255,298	4,945,226	6,032,207
Maryland and West Virginia	670,231	547,579	22,506,357	817	33.58	2.80	4.11	10,472,236	10,251,418	12,680,844
Virginia	232,181	192,246	9,029,519	828	38.89	3.24	4.70	4,986,779	4,873,033	5,679,961
North Carolina	253,441	184,505	8,994,621	728	35.49	2.96	4.87	4,488,101	4,295,488	5,019,500
South Carolina	100,771	74,974	3,686,203	744	36.58	3.05	4.92	1,496,034	1,479,958	1,761,228
Georgia	197,202	173,538	7,917,660	880	40.15	3.35	4.56	2,992,067	2,996,013	3,654,549
Florida	215,785	178,023	10,062,055	825	46.63	3.89	5.65	6,367,733	6,352,991	7,044,913
Kentucky	238,187	142,198	7,607,693	597	31.94	2.66	5.35	3,989,423	3,645,751	4,491,132
Tennessee	216,557	149,424	7,607,647	690	35.13	2.93	5.09	3,107,147	2,743,337	3,566,487
Alabama	154,150	115,613	5,045,330	750	32.73	2.73	4.36	2,224,870	2,093,599	2,641,842
Mississippi	75,893	49,710	2,826,255	655	37.24	3.10	5.69	1,611,113	1,552,151	1,805,259
Arkansas	92,712	52,382	3,340,413	565	36.03	3.00	6.38	2,493,389	2,418,468	2,773,934
Louisiana	183,947	104,114	7,107,712	566	38.64	3.22	6.83	4,449,741	4,259,392	4,843,378
Oklahoma	224,812	139,383	7,715,548	620	34.32	2.86	5.54	4,948,419	4,620,357	5,415,777
Texas	607,087	398,856	20,920,218	657	34.46	2.87	5.25	12,888,905	12,489,403	14,574,164
Montana and Utah	163,585	133,483	5,471,918	816	33.45	2.79	4.10	3,759,264	3,754,040	4,359,040
Idaho	63,330	82,392	2,458,471	1,301	38.82	3.24	2.98	1,150,795	1,118,993	1,320,921
Wyoming	29,483	17,601	1,074,655	597	36.45	3.04	6.10	690,477	685,834	748,522
Colorado	165,756	97,796	5,030,695	590	30.35	2.53	5.14	3,375,666	3,032,109	3,698,579
Arizona and New Mexico	78,991	54,978	3,176,228	696	40.21	3.35	5.78	2,085,189	2,071,144	2,906,027
Nevada	18,217	15,284	763,474	839	41.91	3.49	5.00	345,239	360,965	396,276
Washington	352,691	468,021	10,982,798	1,327	31.14	2.60	2.35	4,334,661	4,223,295	5,635,930
Oregon	108,240	249,386	6,468,571	1,358	32.63	2.72	2.59	3,107,147	3,176,496	3,918,733
California	1,598,045	1,296,014	47,749,585	811	29.88	2.49	3.68	20,637,592	18,734,104	25,229,595
Total	20,969,993	14,804,470	685,118,422	706	32.71	2.73	4.63	383,598,363	360,965,403	440,307,092

TABLE NO. 2.—OVERCHARGES TO DOMESTIC CONSUMERS BY STATES

This table shows the amount of electricity used by commercial consumers in each State, the amount paid for it, the average annual consumption, the average rate per kilowatt-hour, and the amount overcharged according to the T. V. A., the Tacoma, or the Ontario rates.

I wish every merchant in America, every hotel or restaurant operator, every filling-station operator, every proprietor of a garage, and everyone else who pays commercial rates for electric energy could examine a copy of this table and see the enormous burdens of overcharges which they are required to pay.

TABLE 2.—*Commercial sales data*

State	Estimated sales for 1936							Estimated overcharges according to rate schedules in 1936		
	Number of customers	Total kilowatt-hours (thousands)	Total revenue	Annual kilowatt-hours per customer	Annual bill per customer	Monthly bill per customer	Average revenue per kilowatt-hour (cents)	Tennessee Valley Authority	Tacoma	Ontario
Maine	29,921	81,824	$3,257,114	2,735	$108.86	$9.07	3.98	$1,760,000	$1,522,000	$2,025,000
New Hampshire	17,921	33,878	1,987,929	1,890	110.93	9.24	5.87	1,392,000	1,235,000	1,331,000
Vermont and Rhode Island	37,845	104,802	5,207,938	2,769	137.61	11.47	4.97	2,959,000	2,558,000	3,404,000
Massachusetts	180,850	497,672	25,297,359	2,752	139.88	11.66	5.08	14,552,000	12,658,000	16,065,000
Connecticut	60,261	220,833	10,241,855	3,665	169.95	14.16	4.64	4,582,000	3,968,000	5,158,000
New York	631,115	2,242,546	99,388,554	3,553	157.48	13.12	4.43	53,827,000	46,234,000	60,217,000
New Jersey	202,784	664,696	33,445,703	3,278	164.93	13.74	5.03	16,408,000	14,501,000	17,127,000
Pennsylvania	304,871	933,559	41,321,411	3,062	135.54	11.30	4.43	22,466,000	19,421,000	25,843,000
Ohio	196,311	828,252	29,229,731	4,219	148.90	12.41	3.53	17,787,000	15,376,000	20,461,000
Indiana	93,665	334,630	12,394,989	3,573	132.33	11.03	3.70	7,842,000	6,779,000	9,021,000
Illinois	202,946	1,007,797	40,774,698	3,333	155.07	12.92	4.05	23,153,000	20,015,000	26,633,000
Michigan	160,173	791,004	27,588,193	4,938	172.21	14.35	3.49	16,367,000	14,147,000	18,827,000
Wisconsin	103,669	340,736	13,500,968	3,287	130.23	10.85	3.96	7,572,000	6,545,000	8,711,000
Minnesota	88,788	275,065	11,713,464	3,098	131.93	10.99	4.26	5,792,000	5,007,000	6,662,000
Iowa	70,355	168,318	7,828,641	2,392	111.27	9.27	4.66	4,424,000	4,689,000	6,240,000
Missouri	112,603	481,979	18,631,977	4,280	165.47	13.79	3.87	11,127,000	9,619,000	12,800,000
North Dakota	20,515	37,558	2,204,952	1,831	107.48	8.96	5.87	1,129,000	773,000	1,298,000
South Dakota	18,280	37,426	1,971,505	2,047	107.85	8.99	5.27	1,165,000	1,008,000	1,343,000
Nebraska	38,943	131,019	5,315,187	3,364	136.49	11.37	4.06	3,636,000	3,192,000	3,779,000
Kansas	55,515	150,966	6,427,488	2,719	115.78	9.65	4.26	3,881,000	3,356,000	4,465,000
Delaware and District of Columbia, Maryland, and West Virginia	99,538	887,264	18,243,622	8,900	183.28	15.27	3.11	9,243,000	7,991,000	10,632,000
Virginia	44,220	197,312	7,038,770	4,462	159.18	13.27	3.57	3,848,000	3,326,000	4,427,000
North Carolina	46,598	209,747	7,111,565	4,501	152.62	12.72	3.39	2,510,000	2,170,000	2,889,000
South Carolina	23,544	74,318	2,911,326	3,157	123.65	10.30	3.92	1,470,000	1,271,000	1,692,000
Georgia	46,840	203,670	7,710,047	4,348	164.60	13.72	3.79	4,434,000	3,834,000	5,102,000
Florida	39,753	120,400	7,074,430	3,029	177.96	14.83	5.88	4,607,000	3,982,000	5,300,000
Kentucky	44,438	108,624	5,262,070	2,444	119.68	9.97	4.84	3,090,000	2,671,000	3,554,000
Tennessee	44,527	141,875	6,516,974	3,186	146.36	12.20	4.59	4,124,000	3,564,000	4,744,000
Alabama	34,088	124,893	4,535,161	3,664	133.05	11.09	3.63	2,468,000	2,134,000	2,840,000
Mississippi	21,723	55,054	2,724,913	2,534	125.44	10.45	4.95	1,656,000	1,432,000	1,904,000
Arkansas	24,939	56,017	3,029,596	2,246	121.48	10.12	5.41	1,790,000	1,430,000	2,059,000
Louisiana	34,868	96,953	5,106,231	2,781	146.44	12.20	5.27	2,944,000	2,545,000	3,387,000
Oklahoma	49,601	112,405	5,534,777	2,266	111.59	9.30	4.92	3,133,000	2,708,000	3,604,000
Texas	133,019	538,203	20,370,304	4,046	153.14	12.76	3.78	11,960,000	10,341,000	13,757,000
Montana and Utah	27,121	151,848	5,367,534	5,599	197.91	16.49	3.53	2,724,000	2,354,000	3,134,000
Idaho	11,904	36,499	1,590,252	3,066	133.59	11.13	4.36	1,188,000	1,026,000	1,366,000
Wyoming	5,849	17,861	898,738	3,054	153.66	12.81	5.03	533,000	461,000	614,000
Colorado	32,596	90,127	4,523,761	2,765	138.78	11.57	5.02	2,711,000	2,344,000	3,119,000
Arizona and New Mexico	18,324	59,368	3,066,006	3,240	167.32	13.94	5.16	1,887,000	1,631,000	2,170,000
Nevada	4,084	24,017	911,809	5,881	223.26	18.61	3.80	450,000	389,000	518,000
Washington	54,897	416,040	9,004,419	7,579	164.02	13.67	2.16	6,129,000	5,297,000	7,050,000
Oregon	31,711	152,286	4,648,469	4,802	146.59	12.22	3.05	3,747,000	3,240,000	4,310,000
California	248,308	1,095,627	33,760,933	4,412	135.96	11.33	3.08	28,012,000	24,214,000	32,224,000
Total	3,809,819	14,034,968	564,636,103	3,684	148.21	12.35	4.02	327,479,000	282,958,000	371,806,000

TABLE NO. 3.—OVERCHARGES TO INDUSTRIAL CONSUMERS, BY STATES

This table shows the overcharges to industrial consumers, by States, according to the T. V. A. rates, the Tacoma rates, or the Ontario rates:

TABLE 3.—*Industrial sales data*

State	Estimated sales for 1936							Estimated overcharges according to rate schedules in 1936		
	Number of customers	Total kilowatt-hours (thousands)	Total revenue	Annual kilowatt-hours per customer	Annual bill per customer	Monthly bill per customer	Average revenue per kilowatt-hour (cents)	Tennessee Valley Authority	Tacoma	Ontario
Maine	2,750	692,000	$4,580,000	252,000	$1,666	$139	0.66	$1,692,000	$2,366,000	$2,340,000
New Hampshire	2,800	145,000	2,280,000	52,000	814	68	1.57	897,000	1,280,000	1,246,000
Vermont and Rhode Island	4,560	457,000	6,970,000	100,000	1,532	128	1.53	2,535,000	3,545,000	3,506,000
Massachusetts	12,200	1,480,000	23,600,000	121,000	1,934	161	1.59	10,753,000	15,042,000	14,885,000
Connecticut	6,590	662,000	10,500,000	100,000	1,593	133	1.59	3,780,000	5,293,000	5,234,000
New York	16,900	7,000,000	90,500,000	414,000	5,355	446	1.29	40,332,000	55,867,000	55,741,000
New Jersey	3,930	1,306,000	18,080,000	332,000	4,601	383	1.38	11,026,000	15,423,000	15,262,000
Pennsylvania	16,000	5,830,000	71,000,000	364,000	4,438	370	1.22	27,577,000	38,576,000	38,152,000
Ohio	9,080	3,260,000	41,000,000	361,000	4,515	376	1.25	14,212,000	19,881,000	19,615,000
Indiana	8,450	1,065,000	14,810,000	126,000	1,753	146	1.39	5,214,000	7,293,000	7,214,000
Illinois	8,700	3,130,000	42,600,000	360,000	4,897	408	1.36	16,993,000	23,770,000	23,509,000
Michigan	3,230	1,880,000	22,350,000	582,000	6,920	577	1.19	8,770,000	12,268,000	12,133,000
Wisconsin	7,020	892,000	11,020,000	127,000	1,570	131	1.24	4,624,000	6,468,000	6,397,000
Minnesota	1,060	584,000	7,300,000	551,000	6,887	574	1.25	3,477,000	4,864,000	4,810,000
Iowa	5,920	542,000	6,720,800	92,000	1,135	95	1.24	1,851,000	2,588,000	2,560,000
Missouri	1,400	1,001,000	10,720,000	715,000	7,657	638	1.07	3,957,000	5,536,000	5,475,000
North Dakota	720	14,200	414,000	20,000	575	48	2.92	259,000	362,000	358,000
South Dakota	1,530	29,350	697,000	19,000	456	38	2.37	368,000	514,000	508,000
Nebraska	2,460	228,000	2,835,000	93,000	1,152	96	1.24	992,000	1,387,000	1,372,000
Kansas	3,620	422,000	5,100,000	117,000	1,409	117	1.21	1,986,000	2,777,000	2,746,000
Delaware, District of Columbia, Maryland and West Virginia	2,200	2,020,000	20,400,000	918,000	9,273	773	1.01	8,756,000	12,248,000	12,113,000
Virginia	2,760	654,000	7,400,000	237,000	2,681	223	1.13	2,828,000	3,956,000	3,905,000
North Carolina	1,820	1,378,000	14,200,000	757,000	7,802	650	1.03	5,122,000	7,164,000	7,085,000
South Carolina	650	1,044,000	9,640,000	1,606,000	14,831	1,236	.92	3,074,000	4,334,000	4,286,000
Georgia	550	974,000	9,090,000	1,771,000	16,527	1,377	.93	3,190,000	4,462,000	4,414,000
Florida	2,950	273,000	3,760,000	93,000	1,275	106	1.38	965,000	1,350,000	1,335,000
Kentucky	3,570	542,000	7,600,000	152,000	2,129	177	1.40	2,611,000	3,651,000	3,612,000
Tennessee	2,180	587,000	6,800,000	269,000	3,119	260	1.16	3,484,000	4,874,000	4,821,000
Alabama	775	1,198,000	9,360,000	1,546,000	12,077	1,006	0.78	2,088,000	2,919,000	2,886,000
Mississippi	780	134,460	1,760,060	172,000	2,256	188	1.31	1,400,000	1,956,000	1,935,000
Arkansas	1,700	232,000	3,020,000	136,000	1,776	148	1.30	1,257,000	1,760,000	1,740,000
Louisiana	1,355	486,000	5,650,000	359,000	4,170	348	1.16	2,178,000	3,046,000	3,012,000
Oklahoma	16,200	529,000	7,820,000	52,000	767	64	1.48	3,030,000	4,238,000	4,192,000
Texas	6,980	1,306,000	16,800,000	187,000	2,407	206	1.29	6,878,000	9,621,000	9,514,000
Montana and Utah	1,178	1,111,000	6,540,000	943,000	5,552	463	.59	1,879,000	2,628,000	2,600,000
Idaho	888	262,000	1,895,000	295,000	2,134	178	.72	819,000	1,146,000	1,133,000
Wyoming	252	226,000	516,000	90,000	2,048	171	2.28	368,000	515,000	509,000
Colorado	6,590	229,500	4,460,000	35,000	677	56	1.93	1,871,000	2,617,000	2,588,000
Arizona and New Mexico	985	156,800	1,990,000	159,000	1,990	166	1.25	1,302,000	1,820,000	1,799,000
Nevada	75	18,100	291,500	241,000	3,887	324	1.61	311,000	434,000	430,000
Washington	3,860	1,005,000	5,850,000	260,000	1,516	126	.58	2,152,000	3,010,000	2,977,000
Oregon	4,050	390,000	3,730,000	96,000	921	77	.96	959,000	1,342,000	1,326,000
California	57,000	3,270,000	37,400,000	57,000	656	55	1.15	8,942,000	12,508,000	12,371,000
Total	232,258	48,461,950	579,018,500	209,000	2,473	206	1.19	226,757,000	316,679,000	313,646,000

TABLE NO. 4.—TOTAL OVERCHARGES TO ALL CONSUMERS, BY STATES

This table shows the number of kilowatt-hours of electricity consumed by the people in each State for all purposes in 1936, the amount paid for it, the average rates charged, and the overcharges by States, according to the T. V. A., the Tacoma, or the Ontario rates.

Please study this table carefully and tell me how the people of your State can continue to stagger under such burdens.

TABLE 4.—*All electric services*

State	Estimated total sales to ultimate consumers, 1936							Combined overcharges according to rate schedules in 1936 for residential, commercial, and industrial services		
	Number of customers	Total kilowatt-hours	Total revenue	Annual kilowatt-hours per customer	Annual bill per customer	Monthly bill per customer	Average revenue per kilowatt-hour (cents)	Tennessee Valley Authority	Tacoma	Ontario
Maine	204,469	870,629,000	$14,047,020	4,258	$68.70	$5.72	1.61	$7,096,184	$7,281,075	$8,327,764
New Hampshire	137,365	274,043,000	9,366,643	1,995	67.46	5.62	3.38	4,897,469	4,949,565	5,394,965
Vermont and Rhode Island	282,585	750,263,000	21,606,449	2,655	76.46	6.37	2.88	11,209,616	11,445,288	13,118,329
Massachusetts	1,254,347	2,734,476,000	87,565,964	2,180	69.81	5.82	3.20	45,942,592	46,650,684	54,066,121
Connecticut	497,301	1,371,556,000	40,012,838	2,758	80.46	6.70	2.92	17,376,561	18,321,252	20,871,308
New York	3,773,160	12,172,214,000	313,775,986	3,225	83.16	6.93	2.58	160,905,115	164,656,304	190,237,801
New Jersey	1,198,219	2,815,815,000	95,342,286	2,350	79.57	6.63	3.39	50,498,261	51,365,345	57,442,472
Pennsylvania	2,232,905	9,413,997,000	192,722,631	4,216	86.31	7.19	2.05	85,410,769	91,891,651	104,899,526
Ohio	1,690,045	5,962,373,000	126,311,721	3,528	74.74	6.23	2.12	50,258,282	51,644,829	61,783,138
Indiana	728,118	2,040,915,000	50,778,949	2,803	69.74	5.81	2.49	22,108,922	21,904,949	26,362,062
Illinois	1,906,945	6,969,884,000	151,010,975	3,655	79.19	6.60	2.17	66,460,847	68,655,516	81,359,771
Michigan	1,155,852	3,921,806,000	84,007,323	3,393	72.68	6.06	2.14	37,335,428	38,435,148	46,590,901
Wisconsin	685,690	1,733,424,000	45,852,080	2,528	66.87	5.57	2.65	21,172,202	21,134,722	25,323,124
Minnesota	515,083	1,308,826,000	36,457,575	2,541	70.78	5.90	2.79	16,463,929	16,476,667	19,661,711
Iowa	482,059	1,018,501,000	30,061,199	2,113	62.36	5.20	2.95	14,908,607	14,279,729	17,253,898
Missouri	705,465	2,335,795,000	51,745,858	3,311	73.35	6.11	2.22	23,408,084	22,554,791	28,005,786
North Dakota	76,675	99,984,000	5,006,878	1,304	65.30	5.44	5.01	2,845,674	2,614,958	3,329,167
South Dakota	91,727	134,288,000	5,984,269	1,464	65.24	5.44	4.46	3,182,473	3,110,248	3,656,259
Nebraska	247,322	614,595,000	16,587,887	2,485	67.07	5.59	2.70	8,579,063	8,369,137	9,686,163
Kansas	252,284	848,652,000	22,063,547	2,409	62.63	5.22	2.60	11,122,298	11,078,226	13,243,207
Delaware, District of Columbia, Maryland and West Virginia	794,908	3,652,602,000	69,999,598	4,595	88.06	7.34	1.92	28,471,236	30,490,418	35,425,844
Virginia	298,420	1,119,075,000	25,532,815	3,750	85.56	7.13	2.28	11,662,779	12,155,033	14,011,961

TABLE 4.—*All electric services*—Continued

State	Estimated total sales to ultimate consumers, 1936							Combined overcharges according to rate schedules in 1936 for residential, commercial, and industrial services		
	Number of customers	Total kilowatt-hours	Total revenue	Annual kilowatt-hours per customer	Annual bill per customer	Monthly bill per customer	Average revenue per kilowatt-hour (cents)	Tennessee Valley Authority	Tacoma	Ontario
North Carolina	304,054	2,031,993,000	$34,315,534	6,683	$112.86	$9.40	1.69	$12,120,101	$13,629,488	$14,993,500
South Carolina	125,976	1,330,810,000	17,902,449	10,564	142.11	11.84	1.35	6,040,034	7,084,958	7,739,228
Georgia	251,994	1,515,492,000	27,515,225	6,014	109.19	9.10	1.82	10,616,067	11,292,013	13,170,549
Florida	270,570	673,449,000	24,540,699	2,489	90.70	7.56	3.64	11,939,733	11,684,991	13,679,913
Kentucky	297,179	942,057,000	23,423,649	3,170	78.82	6.57	2.49	9,690,423	9,967,751	11,657,132
Tennessee	276,511	1,006,224,000	23,323,703	3,639	84.35	7.03	2.32	10,715,147	11,181,337	13,131,487
Alabama	204,821	1,529,194,000	20,906,201	7,466	102.51	8.54	1.37	6,778,870	7,146,599	8,367,842
Mississippi	105,168	301,727,000	8,820,440	2,869	83.87	6.99	2.92	4,667,113	4,940,151	5,644,259
Arkansas	127,249	369,531,000	10,200,280	2,904	80.16	6.68	2.76	5,540,389	5,608,468	6,572,934
Louisiana	228,860	862,344,000	20,672,924	3,768	90.33	7.52	2.40	9,571,741	9,850,392	11,242,378
Oklahoma	297,197	888,916,000	23,166,506	2,991	77.95	6.50	2.61	11,111,419	11,566,357	13,211,777
Texas	779,227	2,773,269,000	65,610,913	3,559	84.20	7.02	2.37	31,726,905	32,451,403	37,845,164
Montana and Utah	216,405	1,562,444,000	20,223,047	7,220	93.45	7.79	1.29	8,362,364	8,736,040	10,093,040
Idaho	94,052	548,323,000	7,727,312	5,830	82.16	6.85	1.41	3,157,795	3,290,993	3,819,921
Wyoming	36,481	72,780,000	2,984,511	1,995	81.81	6.82	4.10	1,591,477	1,661,834	1,871,522
Colorado	211,504	432,737,000	14,581,086	2,046	68.94	5.74	3.37	7,957,666	7,993,109	9,405,579
Arizona and New Mexico	107,233	389,792,000	9,573,762	3,635	89.28	7.44	2.46	5,874,189	6,122,144	6,875,027
Nevada	23,663	136,677,000	2,851,628	5,776	120.51	10.04	2.09	1,100,239	1,183,965	1,344,276
Washington	454,936	2,224,637,000	30,735,476	4,890	67.56	5.63	1.38	12,615,661	12,530,295	15,662,930
Oregon	258,463	965,359,000	17,622,007	3,735	68.18	5.68	1.83	7,813,147	7,758,496	9,554,733
California	2,025,685	8,216,178,000	150,305,827	4,056	74.20	6.18	1.83	57,591,502	55,456,104	69,824,595

Purchase of Silver

EXTENSION OF REMARKS

OF

HON. J. W. ROBINSON

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 16, 1937

LETTER FROM HON. J. W. ROBINSON, OF UTAH, TO THE PRESIDENT OF THE UNITED STATES

Mr. ROBINSON of Utah. Mr. Speaker, under leave granted to extend my remarks in the RECORD I include the following letter from myself to the President of the United States:

DECEMBER 13, 1937.

THE PRESIDENT,
The White House,
Washington, D. C.

DEAR MR. PRESIDENT: There are a number of reasons possibly more cogent than the one here presented why the present policy of purchasing domestically mined silver should be continued. However, in my opinion, a continuance of this policy would be justified if for no other reason than the one herein presented.

Although not intended as a relief measure, the policy of the Government in regard to the purchase of silver as established by the Presidential proclamation of December 21, 1933, and subsequent amendments thereto, has proved to be one of the most effective and most economical methods of reducing unemployment and relieving want and suffering yet adopted.

At the time the present administration assumed office the metal-mining industry in the United States was paralyzed. Prices of metals were so low that a few mines were able to operate. Market reports of that time quoted lead at 3 cents, zinc at 2¼ cents, copper at 5¼ cents, and silver at 28 cents. Only those mines whose production costs were at a minimum were able to maintain their operation. Thousands of men who would normally have been employed in these mines and allied industries swelled the ranks of the unemployed.

The establishment of the purchase price of domestic silver at the mints at 64½ cents, and the subsequent increase of that price to 77.57 cents proved to be the measure necessary to the rejuvenation of the entire nonferrous metal-mining industry. Silver seldom appears in ore alone, usually it is associated with copper, lead, or zinc, and is produced as a byproduct of these others. Therefore a good price on one of the metals would make possible the mining of the other metals which were contained in the same ore. A price of 77.57 cents on the few ounces of silver contained in a ton of copper, lead, or zinc ore made possible the mining of this ore, where it would have been impossible had the silver brought only 28 cents.

From 1933 to 1936 the production of silver in the United States increased from 22,917,198 ounces to 60,665,628 ounces; the production of lead increased 37 percent, the production of zinc increased 40 percent, and the production of copper 170 percent. It is true that the rise in prices of the other metals has been in a large measure responsible for this increased production, but the early impetus, and much of the sustaining influence of this production was furnished by the increased price of silver.

These figures for production are reflected in employment statistics. In 1929 there were employed in the metal mines of the United States 110,000 men. In 1933 the number was reduced to 38,100. Seventy-two thousand men who had formerly been employed in metal mines were, because of the low price of metals, without work.

As production in the mines began to increase, employment increased in proportion until by September of 1937 the employment figure was 92,500. Fifty-four thousand men had returned to work as a result of the recovery of the mining industry. If we add to this number the people reemployed in allied industries and the small producers for whom no figures are available, the number would be greatly increased. Accurate estimates place the total number of workers so reemployed in excess of 100,000, which would mean that, if we include their dependents, 400,000 people have been removed from the relief rolls by the recovery of the mining industry.

But to confine ourselves to the actual replacements in the mines as shown by the Bureau of Labor Statistics report, what would have been the cost to the Government had these men remained on relief? The average cost to both State and Federal Governments to keep a worker on relief projects in the Western States, where are located most of the mines, is shown by the records of the W. P. A. to be $1,008 per year. The cost of maintaining the 54,000 workers reemployed in the mines on relief projects for 1 year would have been $54,432,000.

As compared with this figure, the so-called subsidy paid to domestic silver producers is small. The total amount of domestic silver purchased under authority of the proclamation of December 21, 1933, amounted on September 30, 1937, to 172,672,400 ounces. The excess of the price paid to the domestic producer over the price on the world market amounted to $50,852,021, or slightly in excess of $12,000,000 per year. The cost of the silver subsidy as compared with what it would have cost to keep the workers reemployed in metal mines on relief is less than 1 to 4, if we accept the figures of the Bureau of Labor Statistics; and probably less than 1 to 8 if we include the workers in allied industries and those miners for whom figures are not obtainable.

The recent slump in the metal market is threatening to place the mining industry in the position in which it was in 1933. Copper has dropped from 17 cents a pound in March to 10⅜ cents at present, and lead and zinc have dropped proportionately. These prices are very near to the point below which many mines cannot operate. Unless they receive a relatively high price for the silver which they produce in connection with these ores, many mines may be forced to lay off part or all of their employees.

Industry cannot absorb these people who would be dismissed; already there is a large group of unemployed. They cannot go back to the farms. A recent study by the agricultural college in my home State revealed that farms in the State of Utah are already too small and that there is a surplus of farm labor. The men now working in the mines will merely swell the ranks of the unemployed and will become dependent upon direct relief.

There appears to be no immediate way to adequately sustain the price of copper, lead, or zinc. However, merely by continuing in effect the proclamation of December 21, 1933, with its subsequent amendments, the price of silver can be maintained at a level that will enable the mines to continue to produce even though the

other metals may drop in price to a point where they alone could not be produced.

As a Representative of a State in which 47 percent of the people are directly or indirectly dependent upon mining, a State in which a reduction in mine operation can only mean added suffering and an increased relief load on both the State and Federal Government, I wish to urge that you continue at least for another year the present policy of purchasing domestically mined silver.

Very truly yours,

J. W. ROBINSON.

The Ludlow Amendment

EXTENSION OF REMARKS

OF

HON. JOHN O'CONNOR

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 16, 1937

LETTER FROM JAMES E. VAN ZANDT TO HON. JOHN O'CONNOR, OF NEW YORK

Mr. O'CONNOR of New York. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter written to me by Mr. James E. Van Zandt, former commander of the Veterans of Foreign Wars and now chairman of the national legislative committee:

VETERANS OF FOREIGN WARS,
Kansas City, Mo., December 16, 1937.

The Honorable JOHN O'CONNOR,
Chairman, House Committee on Rules,
United States Capitol, Washington, D. C.

MY DEAR JOHN: Confirming our personal conversation today, please be advised that the Veterans of Foreign Wars of the United States has never adopted any resolution at any of its national encampments favoring or endorsing the adoption of any constitutional amendment requiring, except in case of invasion, a vote of the majority of the citizens of this country to confirm a declaration of war against any other nation.

It is true that point 3 in the four-point program of the V. F. W. is to "Keep America out of war." It is also true that the V. F. W. recently instituted a Nation-wide campaign to persuade 25,000,000 American citizens to sign a petition calling upon the Congress and the President to adopt and apply policies designed to keep America out of war, and supported by a national-defense program adequate to preserve and protect our country and its people.

As men who have personally experienced the horrors of war, the V. F. W. has always appreciated the sincere efforts of every advocate of a policy to keep America out of war, and we have been particularly appreciative of the fact that the Honorable LOUIS LUDLOW, author of House Joint Resolution 199, has been responsible for mobilizing public sentiment to keep this Nation out of the wars of other nations, but we have not been convinced as to the practicability of the type of war referendum proposed in his bill.

With best wishes and kindest personal regards, I am,

Cordially yours,

JAMES E. VAN ZANDT,
Chairman, National Legislative Committee.

The Menace of Hagueism

EXTENSION OF REMARKS

OF

HON. JERRY J. O'CONNELL

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 16, 1937

EDITORIALS REGARDING LABOR CONDITIONS IN JERSEY CITY, N. J.

Mr. O'CONNELL of Montana. Mr. Speaker, under leave to extend my remarks, I wish to include editorials from several newspapers concerning the deplorable labor situation existing in Jersey City:

[From the Philadelphia Record, December 14, 1937]

THE MENACE OF HAGUEISM

It is the duty of the La Follette Civil Liberties Committee to begin an investigation into the suppression of fundamental American liberties in Jersey City. The country is indebted to the 26 Congressmen who have brought the situation forcibly to public attention by their open letter to Mayor Frank Hague.

The steady destruction of basic rights in Jersey City is more than an exceptional case, of interest only to its residents. It represents a pattern that reactionary officials in other cities may follow if Hague is successful in his campaign to destroy unionism and gag free expression in Jersey City.

Hague's antilabor activities began in 1932, after he broke with Brandle, then the "czar" of the building trades in New Jersey, because Brandle had refused to call off an ironworkers' strike against nonunion construction of the Pulaski Skyway. Later that year Hague accepted a job as "adviser" to the silk industry—he was reported to be getting $100,000 a year, but denied it—and began talking about labor "racketeering."

Talk of that kind came strangely from one who had worked for years with Brandle. When a legislative investigation called attention to the fact that Hague had spent $400,000 in 10 years on an $8,000-a-year salary, and the Internal Revenue Bureau filed income-tax claims against Hague, it was Brandle who loaned Hague $60,000 with which to settle the case.

Nevertheless, part of organized labor, because of Hague's fair labor record in the past, took him seriously, and 2 days after his statement the ironworkers' local asked him to help them end racketeer control of their union. There is no record that he ever did so.

It was soon clear that Hague's talk of racketeers, like his more recent talk of Communists, was a cover-up for a campaign that has converted Jersey City into an open-shop town. By 1932, after his notorious "The nightstick must prevail" order, Hague felt strong enough to ban picketing.

The ban on picketing broke both a barbers' and a butchers' strike, but met with resistance in a strike against a "runaway" furniture company which had gone from Brooklyn to Jersey City on Hague's invitation after the company had been ordered by the New York State department of labor to pay $2,200 in back wages. The company cut pay from $35 to $19 a week when it moved.

Many prominent people, including Corliss Lamont and Alfred Bingham, were arrested on the picket line. The Central Labor Union, for the first time in its history, came out against Hague, unanimously condemning his stand against picketing. An appeal was made to the President and for a time the right to picket was reestablished.

This year Hague seems to have the reactionary "heebie-jeebies." Since the seamen's strike in January, when Arthur Garfield Hays was forcibly denied the right to picket, Hague's record has been worse than ever and his statements less and less restrained, less and less rational: "I am the law; I decide, I do, me, right here." The latest fight came over his arrest of men distributing C. I. O. circulars.

Hague has been mayor of Jersey City since 1917, and his misuse of power is notorious. He has often been rebuked by the courts, but ignores their rulings. An attack at the ballot box is difficult. There is plenty of evidence of election frauds in Jersey City. That is putting it mildly.

Whether Hague isn't feeling well or whether he figures that because of Jersey City's high taxes he must offer industry low wages (Jersey City's annual tax bill of close to thirty million compares with the five to eight millions a year spent by other American cities of its size) we do not know.

We do know that liberty is rapidly becoming as nonexistent in Jersey City as it is under many European and Latin American dictatorships; that the people who live there have no effective remedy, and that unless the La Follette committee steps in and blows the situation wide open Hagueism might easily spread.

[From the Washington News of December 14, 1937]

A government executive like Mayor Frank Hague, of Jersey City, is a heavy handicap to current efforts to make labor's organizing and picket methods fair to the public without making them unfair to labor.

Mayor Hague's "I am the law," his "I do, me, right here, decide" what constitutes "attempted invasion" of Jersey City by the C. I. O., his wholesale deportation of union organizers, his ban on free speech, free assembly, distribution of union circulars, and anything else he chooses to call unlawful have even challenged the attention of Congress.

There are some employers unwise enough to approve of what Mayor Hague is doing—to rejoice, secretly or openly, that he is one official who is keeping labor under control and to wish that the country had more officials like him.

The fact is, of course, that stupid truculence of the Hague type does incalculable harm. It provokes labor to defiance. It is fortunate for the country, and especially for the employers of labor, that there are not more officials like Mayor Hague. For keeping American citizens under control by depriving them of their legal and constitutional rights is the most certain way to drive them out of control.

[From the Baltimore Sun, December 14, 1937]

STRUCK HOME

In spite of his supposedly humorous reply to the 26 Members of Congress who tried to remind him that Jersey City was in the United States, Mayor Frank Hague seems to be getting touchy. His latest response to protests against his dictatorial policy in denying the right of assembly to labor organizers is an attack on

Morris Ernst, who had injected himself into the situation as a lawyer and friend of civil liberties, as a "red." The mayor cited as his authority Mrs. Elizabeth Dilling's extraordinary work The Red Network; a Handbook of Radicalism. This gave Mr. Ernst the opportunity to note that Mrs. Dilling had also included Mrs. Roosevelt, Mayor LaGuardia, and six bishops, and the argument moved to a lower plane.

Whatever points Mayor Hague and Mr. Ernst are able to score against each other, the fact remains that the Hague machine in Jersey City is attempting to set up a dictatorship over certain aspects of life there. Mayor Hague undertakes to prohibit meetings sponsored by a certain type of labor union and to banish from the city organizers of that union. The right to be protected against arbitrary arrest and search and seizure is not worth much in Jersey City if one is an organizer for a C. I. O. union. To all criticism the mayor has replied, "Leave everything to me." Now, apparently, those who do not care to leave everything, including their civil rights, to Mayor Hague are "reds."

Obviously this is not the sort of thing that long prevails in America. Soon or late the outrage is expunged and ordinary democratic practice is resumed. Mayor Hague will not permanently put off that day by referring to his critics as "reds."

[From the Washington News, December 15, 1937]

IT SEEMS TO ME

(By Heywood Broun)

Jersey City is quite a large town, and its citizens should blush at the conduct of Mayor Frank Hague. In addition to playing the part of a tyrant he is also acting the role of the clown. In one and the same ring you get Mussolini and Marceline. Surely even the supporters of this brazen boss can hardly be edified by their leader when he starts reading fairy tales and talking baby talk. To be sure, it is news that Frank Hague has a book. But he must have been browsing about a second-hand shop when he ran across The Red Network—A Handbook of Radicalism, by Mrs. Elizabeth Dilling. A Jersey City bibliophile describes the writer of that engaging burlesque as "a noted author and lecturer." The lady's fame must be local, for she was laughed away in lavendar a good many years ago.

It was Mrs. Dilling who listed both Jane Addams and Eleanor Roosevelt as dangerous "reds."

No politician in America can do as much with a column of figures as Frank Hague. Still, it must be admitted that all his dazzling exhibitions have been on his home grounds. The most recent attack by the bookworm boss is aimed at Morris Ernst. Mr. Ernst has been my personal counsel ever since the truant officer was around inquiring why I was cutting classes in kindergarten. Hague says that Morris Ernst is a Communist, but I am prepared to testify that he is an old-fashioned romantic liberal.

It is interesting to note that Ernst and Roger Baldwin, who are tagged by the Jersey mayor as "red" leaders, were both refused passports to Russia last summer by Soviet officials. But, of course, Frank Hague cannot possibly be as simple-minded as his statements to the press would indicate. He is fighting C. I. O. organization in Jersey City because he finds it expedient, for one reason or another, to play ball with certain employers in his town. Jersey City has been very candid, advertising its virtues as a haven for runaway factories. It promises cheap and contented labor. Frank Hague is making the pledge that it will remain cheap.

The old firm of Me & God has been dissolved. Jersey City is wholly in the hands of Hague, Inc. Members of Congress who have insisted on asking questions as to the manner in which he has acquired his title to complete dictatorship are well within their rights. This is not a local issue. If democracy can be suspended in one locality, the plague may spread. Hague is running a school for fascism which is far more dangerous than any camp of hothouse goose-steppers. But valuable lessons may be learned from the empire which he has carved for himself across the Hudson. Here is a very specific illustration of the weakness of the case against the child-labor amendment and the wage and hour bill.

The Federal Government is one agency which can cope with such secessionists as Hague. Democracy cannot endure if little imperial islands are to be set up within the structure of the Nation.

Wage and Hour Bill

EXTENSION OF REMARKS

OF

HON. HAMPTON P. FULMER

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 16, 1937

Mr. FULMER. Mr. Speaker, there is no Member of this House who is more interested in the wage earner and the great masses of the people of this country than I am.

I have not forgotten my first job as a wage earner at $10 per month and board. I have operated as a two-horse tenant farmer. I opened a general mercantile business with $1,000, all the money I possessed, with $1,000 borrowed, at the age of 30 years. Later I added a small country national bank and a 1,200-acre farm bought largely on credit. I imagine until I finished paying for this farm the interest amounted to just about as much as the principal paid for the farm. I have had the same heart and headaches as the average wage earner, cotton farmer, and those who are engaged in business. I may have succeeded, but many were the ups and downs and the hard fighting on the part of my wife and myself to overcome the many hard places in life, and the many blows that we were forced to take to finally reach the point at which we have now arrived.

The people in my district and in my State understand that I have not forgotten those ups and downs in life, low wages, high interest rates, fixed prices, short crops, and long crops, going down in the valley into the very shadow of death when blessed with an abundant crop and short of farm products when the prices would average good because of a short crop. I have not forgotten these years of toil and hardship, and for the past 17 years, as a Member of Congress, I have taken a definite stand for these unorganized groups, including farmers, wage earners, and the operators of small industries and business concerns. I have voted for labor legislation in practically every instance, even for the N. R. A., with the hope that it would be so administered that it would do the thing that the President intended when he suggested the passage of such legislation to the Congress.

During all of these years of my service in Congress I have been endorsed by various labor organizations on a 100-percent basis, except I did not vote for the child-labor amendment which the South did not want.

No doubt there are a great many Members who are supporting the wage and hour bill now under consideration, as I did the N. R. A., with the hope that the wage earners of the country, many of whom toil long hours and receive a wage that does not permit them to approach anywhere near the American standard of living, may be benefited.

General Johnson, appointed by the President of the United States to administer the N. R. A., who is now a bitter enemy of the President, permitted the large organized groups, industries, and business to come in and write the codes governing the various lines of industry and business, and these codes were so written that the average small business concerns and the various small industries of the country could not operate in keeping with the provisions of these codes.

Take the code governing the sawmill and lumber industry. This code was so written by 70 of the largest sawmill and lumber dealers in the United States, coming, practically every one of them, from the industrial East, that the small operators could not comply. They wrote this code purposely to put out of business the small sawmill operator and the small lumber dealer, who in the past would not join their association or cooperate with them in monopolistic price fixing. The administration of this code was placed in the hands of the Lumber Association, composed of all of the largest operators, in that the small operators were unable to pay dues. This association went to the last ditch in trying to force the small operators to pay in their dues, pay the expense of this association in administering the sawmill and lumber code, and to force the small operators who could not operate under the code as written to comply, regardless of the results to many thousands of little sawmill operators and lumber dealers.

It was stated in my district by one of these enforcement officers that the association had never been able to get the small operators to join the association and pay dues, and that they had never been able to have them come in and cooperate with them in a monopolistic way, and now they would have to do it, or they would be put out of business completely.

I wrote my small sawmill operators that I was trying to get General Johnson to amend the code so that they would be able to comply, and to continue the operation of their sawmills, paying the very best wages they could to their employees in line with the price received for their lumber

until we could succeed in having the code so amended that they would be able to come in and comply.

Shortly thereafter I was called over the telephone by one of these enforcement officers to ascertain whether or not I would come down to a conference being held at that time in one of the large hotels in the city of Washington. I stated that I was deeply interested, but I would not be able to come down. This party stated to me: "I thought you would want to come down and defend yourself."

I stated, "Defend myself about what?"

He replied, "About the letters you have been writing the small sawmill operators in South Carolina."

This party had secured one of these letters, and I told him that, if, in writing these letters, trying to save thousands of small sawmills in the South from going into bankruptcy, and the discharging of thousands of employees because they were unable to operate under the code, that if I had committed a crime, to please tell General Johnson that I had my suitcase packed and was ready to go to jail.

Soon afterward the United States Supreme Court declared the N. R. A. unconstitutional. Perhaps the N. R. A. was helpful to textile workers in South Carolina, but it played havoc with practically all small business concerns and small merchants, as well as their employees.

I want to state to you frankly that, regardless of the good intention of President Roosevelt, who has always been sympathetic toward the under dog, it was a happy day for the average business concern and the wage earners when the N. R. A. was found unconstitutional.

It is my firm belief that the whole trouble with the N. R. A., and it is largely true with practically all of the major bills passed by the Congress, is the manner in which it was administered.

The bill now pending before the House, which proposes to create a one-man dictatorship, will, if passed, be administered, no doubt, by some man appointed from the large industrial East, who probably will have the same attitude toward the South that many of the Members of Congress who are now urging the passage of this legislation have—that is, absolutely destroying business and industry in the South, where we are growing by leaps and bounds along these lines.

I want to quote from the speech of the gentleman from Massachusetts [Mr. HEALEY], which will clearly indicate just what they have on their minds.

I quote:

> My own State, Massachusetts, a State long preeminent in the manufacture of shoes and textiles, known throughout the world because of the efficiency of its workers and the quality of its products, has seen its commanding position swept away by the corrosive competition of sweated industries.
>
> During the 10-year period between 1923 and 1933 Massachusetts, the largest industrial State in this section, saw its annual pay roll in manufacturing industries decrease from $799,363,111 to $354,523,624.
>
> The decline was most pronounced in the cotton-goods industry, where pay rolls fell off from $115,080,841 in 1923 to $31,110,036 in 1933.
>
> These figures regarding Massachusetts are typical of what has also been going on in New Hampshire, Rhode Island, and other industrial New England States. During this period the New England council and various New England manufacturing associations were organized to stem the exodus of industry. State legislatures tried to solve the problem by interstate compacts. Yet the relentless decline of New England's industrial preeminence continued.
>
> It must be remembered that in the thickly populated cities and towns of New England industrial pay rolls are the lifeblood of the people. The whole economy of this region has for generations depended upon manufactures.
>
> I cite these facts, not to raise any sectional issue or with a desire to foster legislation discriminating against other portions of the country, but to show that migrating industry causes a blight upon the economic life of our whole Nation.

My friends, you can readily see the Negro in the wood pile from the remarks of the gentleman from Massachusetts. Various industries are coming South for various and sundry reasons, and it is going to be impossible for the gentleman from Massachusetts or any of these other industrial centers to change this trend. It is hoped by those who represent the attitude of the gentleman from Massachusetts that they will be able to so hamstring the South that it may be the means of closing down these small industrial groups and the holding up of other industries that are far removed from the various raw materials which they need to run their industries, from, also, coming to the South, where the possibilities, as well as the climate, are "just wonderful."

Now, listen to the Governor of Maine.

The Governor said he recently visited headquarters of the American Woolen Co. in New York "to ascertain what, if any, relief might be possible in order to resume work in Maine's woolen mills."

> I was given to understand by officials of the company—

He said—

> that one of the greatest obstacles was the competition from southern wage schedules. They stated them to be far below the current wage schedule in Maine.

The Governor added that the "southern demand" for a revised rail freight rate from the South into the North was "another potential possibility that will work great harm to industrial New England."

For a number of years I have been working to have the Interstate Commerce Commission wipe out the unfair discrimination in freight rates, in that our freight rates are much higher than they are in Massachusetts and the New England States.

The various Governors of the Southeast have been working recently along this line, but we have not succeeded in getting this relief. Is it true that New England is so deeply interested in the welfare of labor in the South, or is it their attitude concerning the passage of this wage and hour bill is just as selfish as their attitude against wiping out the discriminatory and unfair freight rates in the South?

I am now quoting a strong statement made by the Republican leader, the gentleman from New York [Mr. SNELL]:

> Now, there has been a rather anomalous position in connection with this legislation. Some of the people have been telling the manufacturers of the North, "If we can force a wage and hour bill on the South, it is going to restore you to your previous position in the industrial world." Another group of people are telling the industrialists down South, "If we pass a bill of this kind, we will put a differential in that will take care of you."
>
> As a matter of fact, they are fooling both of them. If there is any industrialist in New England or the northern part of this country who thinks they can force southern industrialists to pay the less efficient colored laborer of the South 40 cents an hour, you are just as much mistaken as you can be, and you ought to know it. There is no more chance of enforcing regulations of this kind on the industrial South than there is of enforcing the fourteenth and fifteenth amendments. That is a fact, and every man who stops and thinks knows you could not enforce such a measure any more than we could enforce prohibition.

I realize in the South that in practically every instance wages paid to those employed in industry and business, especially on the farms in the South, are ridiculously low, and that it would mean everything to the South if they were able to pay much higher wages in every line of endeavor, so as to increase the purchasing power of that great class of citizens who are clearly entitled, every one of them, to be able to live on the highest type of American standard of living.

I want to ask you a serious question. Who is responsible for this situation in the South? We have the highest freight rates of any section of this Republic, and New England and other industrial centers in the North are fighting any reduction in these discriminatory rates. We have navigable streams in the South that, if developed, would put freight rates on a competitive basis, which would mean millions to the South, but we cannot get favorable consideration of these projects. The Congaree-Santee-Cooper River project from Columbia to Charleston would mean a saving in freight rates of 30 percent, but this project was recently disapproved. If this project was in any other section of the country than the South, boats would have been running up and down these rivers years ago.

Our people pay the highest interest rates. We sell our farm products on a tariff-protected market, and practically everything purchased by farmers and the consuming public of the South is sold to them at monopolistic, fixed prices.

We hear from time to time quite a lot on the floor of this House about the wages paid to farm employees, and the type of living on the part of tenants and sharecroppers in the South. If only cotton farmers could be placed on a parity with prices that they receive for their products in line with the monopolistic prices which they have to pay for that which they have to purchase, there would be no trouble about doubling the wages to farm employees, and improving the type of living of tenants and sharecroppers, all of which would increase the purchasing power of our people, and would be a godsend to industry and business, not only of the South, but in every section of this country.

Back in 1860 at least 75 percent of the farmers in my State owned their farms and their homes, which had been handed down to them by their fathers and grandfathers.

Today, because of just what I have been talking about, thousands of these good farmers, through no fault of theirs, have been losing their farms and are being forced into tenant and sharecrop farming.

Look at the record and you will find, instead of 75 or 80 percent of the farmers owning their lands, as stated, only about 35 percent are permitted to live on the farms that they claim to be their own.

If, however, you will count the number of mortgages and the total mortgaged indebtedness on these farms, you would find that the equity belonging to those who still cling to their farms would be very small.

It is my firm belief that selfishness, the thing that is destroying civilization today more than anything else, is largely responsible for the bill that we are now considering.

If there should be any good reason why we should pass this type of bill, God knows at this time, when we are in the midst of what appears to be a real recession of business, and what may end in a real depression, this would not be the proper time. I make this statement especially for the following reasons:

It would mean the closing down of small industries and the turning off of thousands of employees, increasing the millions of unemployed, who are now clamoring for jobs of any kind, or that they may be permitted to be enlisted on the relief rolls of the Government in order to maintain themselves, their wives, and their children.

The great trouble with the country today is, as stated, selfishness and greed. We had just as well be frank about it. There are just too many people, especially in prominent places in the Government and in business, who have no regard for the Written Word or for their fellow countrymen, and it is my firm belief unless those in high places, especially those who are trying to run this country on a selfish basis, without any regard to millions of human beings who are daily being robbed, and who are living in poverty, misery, and ignorance, do something to remedy this situation, we are facing one of the worst catastrophes ever in the history of this country.

Is there a Member of this House who will deny the statements that I have been making about the selfish, monopolistic groups who propose to run this country or ruin and defeat every effort that may be made to give every American citizen a fair and square opportunity to make for himself and his family a reasonable income so that they may enjoy the natural resources placed in the earth purposely for the people, and the many good things that others are so selfishly enjoying, and to which they are clearly entitled?

No doubt you noticed in the press some days ago that the steel industry, one of the biggest trusts in the country, stated that their prices for 1938 would be the same that they were in 1937. The great automobile industry stated some days ago, also, that they expect to increase the prices of trucks and automobiles about $100 each. They can do this very thing, and they have been doing it; that is, fixing the prices of the output of these large industries right down through the local agencies to the consumers, and the consumer has to take it or leave it.

What about the farm machinery manufacturers of this country? Everybody knows that they are well organized, well financed, and that their prices are absolutely fixed, including millions for advertising in the press, in magazines, over the radio, in addition to high-price salesmanship and large salaries to the officials and owners of these businesses.

As previously stated, for many years I was engaged in a general mercantile business, and I contracted with one of the largest of these concerns to handle their farm machinery and farm implements. In that contract, not only did they fix the price to me both cash and credit, but they listed the price that I would have to charge my customers, without any regard to a price I might be able to fix myself which perhaps would have been much cheaper because of the smallness of the overhead expense in doing business where I was located. However, if I failed to demand their monopolistic price, they would take the agency away from me, and give it to some other dealer who would be forced to comply with their contracts. This concern is doing the same thing today, and there is nothing being done about it.

Go to any dealer today and purchase an automobile, a threshing machine, or a mowing machine, and you will find the prices the same in every instance, except any difference in freight rates thereon. We had quite a lobby around Washington last session, and they had the Congress to pass a real price-fixing bill, permitting manufacturers, who have never been able to control the retail dealer as to fixed prices, to actually fix the retail price of their goods through the retailer to the consumer, denying the actual purchaser of these products any bargaining power as to securing a cut in any of these fixed prices. In other words, the retailer will operate as a chewing-gum machine, and the consumer can take it or leave it.

The increased prices under this bill—that actually puts the antitrust laws in a pigeonhole—to the 130,000,000 consumers will cut the purchasing power, the thing that we have been trying to restore under the Roosevelt administration, and which is so badly needed today—millions of dollars annually.

Many of the Members of the House representing large city districts, whose constituents are consumers, are all the time referring to the fact that if we are able to pass a farm bill, for instance, that might tend to increase the price of farm products on a fair basis, that it is simply a move on the part of those of us who are interested in saving agriculture to increase the price to their consumers.

This year cotton farmers of the South were blessed with the largest crop of cotton ever produced in the South—about an eighteen and three-fourth million bale crop. Cotton is selling from 5 to 8 cents per pound. Let me ask those of you who represent consumers' districts:

Are your people today buying cotton goods on a basis of 5- to 8-cent cotton? Oh, no, my friends. Cotton goods are still running along on a high, stabilized line of prices—fixed prices, if you please—and if you will take time to do a little investigating so as to ascertain the widespread difference between the farmers' price and the price that your consumers have to pay for that which they purchase you will find that your consumers' prices are much higher than prices received by farmers. That is what I have been talking about. It is not what farmers receive, but the monopolistic fixed price charged the consumer.

Your efforts should be against these monopolistic, price-fixing groups and toward the wiping out of thousands of middlemen who are today operating between producers and consumers, sapping the very lifeblood out of both of these great classes of people. Many of these middlemen are useful and serve a good purpose, but we have millions of them who are simply parasites, living off the producers and consumers. I would love to join with you in trying to remedy this situation, which is absolutely destroying the purchasing power of millions of helpless consumers.

There is another thing that I want to call to your attention, and there is nothing being done to remedy any of these unfair and destructive problems; that is, we have today at least $10,000,000,000 worth of installment-paying business on the books of those who are doing a real credit business.

I state to you that in this type of credit business there is contained unreasonable profits, cutting the purchasing power

of these consumers who purchase on the installment plan millions annually.

The city of Washington is nothing but a racket along this line, actually making collecting agencies out of the various departments of government.

I talked with a taxi driver one evening this week, and he told me a sad story, which is true in hundreds and thousands of instances; that is, that his wife was taken sick, had to go to the hospital, and, in that he was working for his daily wage, he had to borrow the money to take care of this emergency. He stated that it would take him 16 months to repay the amount he had borrowed, and that he was paying monthly out of his salary at the rate of 43 percent on the dollar.

My friends, all of these things are known to the average Member of Congress, but there is nothing being done about it.

Oh, yes; we have a Federal Trade Commission composed of some of the best men that can be found who are spending millions annually in investigating these monopolistic groups. They have actually put over a splendid piece of work in that they have caught practically every one of them with the actual goods; but have you ever heard tell of one of these criminals, who are daily robbing the innocent consuming public with monopolistic fixed prices, being placed in jail?

I could take considerable space in the RECORD enumerating the many monopolies that have been caught with the actual goods, the charges having been proved against them, but all that the Federal Trade Commission does is to tell these offenders:

> We have caught you, and you must desist or stop doing these things which really are not permitted by the antitrust laws or we will investigate you again.

It reminds me, as stated the other day on the floor of the House, about spending millions of dollars for research work, in that we do not get results, by placing these offenders in jail, where they should be; it is like riding on a merry-go-round—we go around and around and get off eventually right where we started—with a considerable amount of the taxpayers' money wasted.

From time to time we read in the press where those who have a monopoly on electric power, aluminum, gas, and various other natural resources of this country are giving millions to hospitals, colleges, and other institutions, all of which came out of the hard-earned money of millions of consumers, many of whom are living in poverty and misery.

Yet when we would attempt to enter these fields by the assistance of the Federal Government, so as to break up these monopolistic, price-fixing groups and let the people enjoy that which was intended for them, we find that those who have been able to monopolize in these lines of industry are going to the last ditch in the courts for the purpose of holding up any constructive efforts that may be made to reduce prices to the average consumer; and if they are not successful in the courts, as a rule they get the results desired from decisions on the part of the United States Supreme Court.

We hear so much these days about States' rights, liberty and freedom under the Constitution, and the divine United States Supreme Court, the bulwark of democracy. Where is all of this glorious and high-sounding propaganda coming from? It is largely from these selfish groups which are daily destroying the freedom, liberty, and the type of civilization that our forefathers fought and died for. How can there be any States' rights when day by day we are centralizing dictatorial power here in Washington over the States, like you propose to do under the wage and hour bill, in a one-man dictatorship? How can there be any freedom and liberty with millions unemployed living in poverty and misery, with their children growing up in ignorance?

I contend that it is almost useless to try and do these things that would help build up the purchasing power of the people, for instance, as you propose to do for wage earners under this bill, unless something is done to protect the consuming public so that they may be able to get value received out of their purchasing power.

In voting against this bill it is my firm belief that I am rendering a proper service to that great section of this country which I represent, and to that great class of wage earners, who are, as stated by the gentleman from Texas [Mr. DIES] being humbugged, and who will not get the results that are so eloquently displayed here on the floor of the House by those who are supporting this bill.

An Address on the Topic of Peace

EXTENSION OF REMARKS

OF

HON. C. ARTHUR ANDERSON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 16, 1937

Mr. ANDERSON of Missouri. Mr. Speaker, inasmuch as we are about to adjourn this Congress in a few days in order to observe Christmas, I think it is fitting that we give public thanks that our Nation yet enjoys tranquillity and peace; that our children, brothers, sisters, and friends are not enveloped in the carnage of war which prevails elsewhere in the world; and that we are more firm than ever in our intention to resolutely resist every implication or commitment that would tend to endanger our Nation's peace.

The press seems to greatly enjoy its multiple and unmitigated insinuations that Congress is in a state of war, so to speak. It is charged that our House is divided against itself, and that selfish bickerings and sectional interests have overshadowed the legislative program outlined for our attention at the beginning of this session. But be that as it may, I am positive and certain that every man and woman in Congress is united and working in closest harmony on one great issue—peace. While there may be a few honest differences as to what we can do to insure peace, we have no differences as to the ultimate goal.

We are aware that Congress will shoulder the responsibility for preserving peace. If by our vigilance we promote peace, our reward will be ample in the continued confidence and respect of our people. If by our laxity we allow the calamity of war to come upon us, our only reward will be the unrequieted damnation of all future generations. It is impossible to visualize how great would be the catastrophe of our entrance into a war, whether we emerge victorious or not. One of the greatest military leaders of all time, the Duke of Wellington, tersely summed up the idea in these words:

> The next dreadful thing to a battle lost is a battle won.

Not only does war take its toll in human life and property, but it leaves gaping wounds in civilization, in culture, and in the relationships among nations everywhere. It brings about alliances and plots that linger on years after actual hostilities have ended, and the maladjustment of economy is almost as deadly as the war itself. One of America's great statesmen and Presidents—James Madison—spoke thus of war and its effects:

> Of all the evils to public liberty, war is perhaps the most to be dreaded, because it comprises and develops every other. War is the parent of armies; from these proceed debts and taxes. And armies and debts and taxes are the known instruments for bringing the many under the dominion of the few. In war, too, the discretionary power of the Executive is extended; its influence in dealing out offices, honors, and emoluments is greatly multiplied; and all the means of seducing the minds are added to those of subduing the force of the people. No nation can preserve its freedom in the midst of continual warfare.

I have never been able to find a more fitting summation or a more fitting evaluation of war. Those words of James Madison are definitely apropos of this very time. His reference to armies and its relation to debts and taxes is worth pondering now.

Perhaps I am committing party heresy, but the time has come when we should take cognizance of the national debt, and we should take steps to prevent its growth if not to cut it down appreciably. No business—and the Government is a business—can continue to spend more than it takes in and remain solvent. The solvency of our Government must be maintained unimpaired lest we perish in the mire of our own folly. Not only is the national debt a matter of grave concern but the issue of taxes is imminent. The people of this Nation are literally bled to death by taxes now. I say to you there is a limit to their tolerance. The oppression of ever-increasing taxes will eventually be thrown off and it behooves us to act while there is still time to relieve America of this yoke. Taxation has reached a point where initiative and enterprise is being slowly but surely ground out of our people; and when that is lost, America is lost. This Nation was built by initiative and enterprise, thrift and freedom, and it cannot endure when they are gone.

Aside from the tax burden occasioned by the increasing expenditures of the National Government our people are faced with ever-increasing State and local taxes of every kind and description, including the iniquitous and abominable sales taxes in many States.

The tax problem has reached serious proportions. And on top of this already terrific burden the grim specter of war casts its lengthening shadows over the world. Therefore, our task is cut out for us. We must avert war; we must do everything to promote peace.

One step toward that end would be an immediate withdrawal of all American troops from foreign war zones. After we have afforded our nationals every reasonable opportunity to leave the scene of conflict there can be no reason or justification to jeopardize our Nation's peace by maintaining troops in a war zone anywhere in the world. We do not have and cannot have such an interest in any foreign land that will justify the presence of and possible killing of American troops.

A second worth-while step would seem to call for the officials of this Nation to maintain a neutrality not only on the battlefield but also in the spoken word. In foreign disputes in which we can have no legitimate interest it is fitting that we do nothing to alienate the good will of any nation that might be participating in that conflict. Certainly we can take notice of the destruction of civilized values in foreign lands but we cannot ever again leave our shores to fight on foreign soil in a foreign dispute. We did this once not so very long ago and God knows it taught us a lesson we cannot forget.

It has been well put by a prominent journalist that we should not issue statements that contain implied but very evident threats to any foreign nation unless we are prepared to back up such threats implied or otherwise to the fullest extent. Every time this Nation goes on record as taking sides and then does absolutely nothing when its warnings are totally disregarded, we suffer irreparable loss of prestige, or in the vernacular, "We lose face." In this respect we should take example from the League of Nations. It issued threats and warnings of drastic action to several nations at various times. The affected nations chose to pay no heed whatsoever, and the consequence is now evident to everyone who has reached the age of reason. No nation bent on war or aggression of any kind is troubled by what the League may say or do. It is quite thoroughly discredited so far as serving any useful purpose. Therefore, we should avert a similar disrespect, and we can do it by keeping the Nation's mouth shut when we know full well that we have no intention of demanding by force a respect for those implied threats. In other words, it is my contention we should refrain from every act and every word that will alienate the good will of nations with whom we should have every desire to remain at peace. It behooves us to avoid intimidation by word as well as by deed.

A third point in the peace program has to do with the problem of national defense. I should like to preface my remarks by assuring everyone that I am as ardent an exponent of adequate national defense as can be found. I believe in the words of George Washington, "To be prepared for war is one of the most effective ways of preserving peace." However, preparation for war has two possibilities. We can prepare for war of offense or war of defense. We can prepare to carry on war at great distances from our borders, in other words for a foreign war; or we can prepare for a war to defend our shores against invasion or aggression. These two phases of preparation for war are not the same but on the contrary are quite dissimilar. Only the latter is national defense.

Congress is about to be called upon to authorize the largest peacetime appropriation in history for the Army and Navy in 1939. The sinister task of preparing for destruction is one that must be faced by the Congress. Unless we provide adequately for our Army and Navy we shall be unworthy of our post. We shall invite disaster. In this world of mutual suspicions and ever-increasing armaments we must be prepared to face all hazards. It is my contention that we should be so well prepared for war that no nation will dare attack us. However, this can be done and should be done solely on a defensive basis. I say, let us fortify ourselves against all aggressors however powerful. But when we are called upon to appropriate these billions for the Army and Navy let us see that the money goes into a national defense program and not into an international offense program.

I feel that there can be no justification for Congress authorizing these billions to build a navy and army for carrying on operations thousands of miles from our shores. It is a scientific and military fact that we can render this Nation practically impregnable against invasion with far less money and effort than is called for to sustain our present Army and Navy, which is equipped for large-scale operations anywhere in the world rather than a defense of this Nation. We have no far-flung empire beyond the seas for which we must appropriate billions to protect. We have no designs on territorial expansion, and we have no desire for conquest. Certainly we can have no desire to again fight other nations' battles. Every reasonable avenue of consideration in the national-defense program leads to the conclusion that we should arm fully and adequately for defense, but there can be no reason to expend millions for military and naval equipment that can be used only for offensive purposes.

Therefore I say to you, I exhort you, to study this problem of military and naval appropriations, so that we can provide for our Nation's defense and at the same time reduce materially the possibility of being caught in the toils of foreign intrigue or conflict.

Now, as we retire to our homes to celebrate Christmas with our families and to gladden the hearts of our children, let us be mindful that such happiness can be had only when a nation is at peace.

I wish to close this brief address with two appropriate quotations. First, in the words of the immortal Shakepeare:

> Peace is in the nature of a conquest, for both parties nobly are subdued, and neither party loser.

And lastly, as James Thomson says:

> Peace is the happy, natural state of man; war, his corruption and disgrace.

Child-Labor Provisions of the Wage-Hour Bill

EXTENSION OF REMARKS

OF

HON. CAROLINE O'DAY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 16, 1937

Mrs. O'DAY. Mr. Speaker, as a veteran of the child-labor amendment fight I would be proud to be a Member of the Congress responsible for ending once and for all the exploitation of children in interstate commerce in the United States.

The child-labor provisions of the bill before us are basically sound. Certain unwise exemptions, however, have been included, and these the amendments offered by my colleague, Mr. SCHNEIDER of Wisconsin, will correct.

These amendments seek specifically to do three things:

First. To specify that certain general occupational exemptions, such as forestry, should not apply to the child-labor provisions.

Second. To modify the exemption permitting children of any age and in any occupation to be employed by their parents. This exemption, obviously designed to permit children to work around the home or the home farm doing the things that all children do to help their parents, and to which no reasonable person could object, would actually permit the employment of children in such work as tiff mining, where they are not hired or paid directly. The amendment offered by Mr. SCHNEIDER of Wisconsin would in no way interfere with those customary duties around the home or home farm, but would prevent such wholesale exploitation of childhood as revealed in the recent report of conditions in the tiff mines of Missouri published by the National Child Labor Committee.

Third. To limit the power given to the Federal Children's Bureau to exempt a child of any age for work in any occupation. The Children's Bureau itself does not want this power. To insist that it assume such far-reaching responsibility would result in tremendous pressure being brought for it to modify the provisions of the bill for a vast number of individuals and groups. The power would be limited only by the unchecked judgment of the Bureau Chief.

Again let me say that I find the child-labor provisions in the House bill sound in principle. Mr. SCHNEIDER's amendments will close those loopholes through which those seeking to violate the clearly intended purposes of the authors of the bill may and can do so legally.

Those of us who for the past 2 decades have fought to put an end to child labor have been shocked to see it, these past few years, increasing rather than decreasing. Today, the year of 1937, we find that children are being exploited under conditions fully as revolting as those that first aroused us to national protest.

I call your attention to the report of the National Child Labor Committee on the tiff mines of Missouri, the shrimp picking and heading sheds of Texas and Louisiana. In the tiff mines children, many of them under 10 years of age, toil side by side with their parents under full protection of the law. Babies of 6, 7, and 8 drag themselves from their sleep when the whistles of the shrimp boats blow at 4 a. m. With the consent of those of us responsible for the childhood of the country these youngsters are barred from wholesome play and needful schooling to earn a mere pittance.

In the tiff mines the earnings of the 86 children studied averaged $2.87 per week with 20 earning less than $2. I might cite you a few of the examples listed by the Child Labor Committee in its annual report:

The story of the R family illustrates the frightful poverty of the tiff miners, especially where the families are large and the children young. Although the mother is only 26 and the father 28, they have eight children, of whom the oldest is only 13. The others are 11, 10, 7, 4, 14 months, and 3 months. The mother said they never had any milk, sometimes they had meat once a week. Berries have been plentiful and have been the main item of their diet for some time. They live in a miserable two-room shack, unfit for human habitation, no screens, flies terrible, no privy, one bed, the rest sleep on the floor in bunks. Last week the 10- and 11-year-olds scrapped about 1,000 pounds of tiff, the father dug a like amount, less than $5 a week all told. That was better than their family average.

Mr. and Mrs. S cannot read or write and have worked in tiff mines all their lives. They have three children, 4, 2, and 15 months. The mother has worked every day since the baby was 3 weeks old. The 4-year-old scraps tiff with her mother but stops to look after the "babies" when they cry. "She sure knows tiff," her mother says.

Although I have referred specifically to the studies of child labor in the tiff mines and shrimp sheds, these industries are not the sole violators of the rights of childhood. The rapid return of child labor after the abolition of the N. R. A. is appalling. Individuals and industries who fatten upon the exploitation of the innocent have again started their race for the reduction of labor costs at no matter what price.

The wage-hour bill, with the Schneider amendments, is the opportunity offered us here in the Halls of Congress to call a halt to such practices.

Monetary Control

EXTENSION OF REMARKS

OF

HON. CHARLES G. BINDERUP

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 16, 1937

AN ADDRESS BY JAMES H. R. CROMWELL, FRIDAY, DECEMBER 10, 1937, BEFORE THE HOUSE OF REPRESENTATIVES STEERING COMMITTEE FOR MONETARY REFORM

Mr. BINDERUP. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech delivered last Friday, December 10, by Mr. James H. R. Cromwell before a number of Members of Congress on the subject of monetary control and the necessity for a yearly increase of our money supply to correspond with the increase in population and the increased industry, and upon other important matters:

Gentlemen, it is my sincere conviction that the degradation and insecurity of the American working masses is attributable not to capitalism but to ignorance concerning its functioning. Surely no one will deny that the march of science and production has far outstripped the social sciences, particularly economics.

Mr. H. G. Wells told me about a month ago in New York that President Roosevelt enjoyed both his admiration and his sympathy. His admiration for the President, which I fully share, sprung from Mr. Roosevelt's indomitable courage in fearlessly seeking some new path to lead us out of this swamp of economic ignorance in which our Nation is floundering.

And to whom, asked Mr. Wells, could the President turn for guidance and counsel in the hour of national crisis? To our universities and institutions of learning? He did turn to them, said Mr. Wells, and what did he get? Did he hear the voice of collective wisdom unfolding a matured plan of action formulated by years of scientific analysis and research? He did not. He heard instead a chorus of dissenting, wrangling opinions, nearly all of which were based upon economic theories applicable to our social organization as it existed a hundred years ago.

And when the President turned to the business leaders of the Nation, asked Mr. Wells, what did he get from them? Nothing, positively nothing, because our business leaders were bankrupt of knowledge concerning national affairs. They proved wise counselors only insofar as their own individual business problems were involved. Pity our poor President, says Mr. Wells, and I agree 100 percent.

Like the quarterback to whom he compares himself, no one advises the President what play should next be called in our life-and-death game of economic strategy. But when he calls the wrong play, oh, then what a chorus of vituperation and jeers burst from our millions of do-nothing kibitzers.

Yes, Mr. Wells is right. Pity our poor President, for he knows not where to turn for sound and unanimous advice. He himself told me not 2 weeks ago that economics was still a dark science, and that since taking office in 1933 he had examined literally hundreds of economic plans and panaceas. He feared to pass any likely scheme by, he said, for fear it might contain some solution to our problems.

Now, as a businessman I say to the other businessmen of America, "Put up or shut up." Put up to the President a definite, practical, and complete plan of action agreed upon by those who manage the majority of American business interests or else shut up. There is no law in this country that I know of which prevents our business leaders from gathering together and at least making an effort to agree on some constructive plan.

Oh, certainly they will agree that corporate and individual taxes should be reduced. So do I, wholeheartedly. But then what? We had fairly reasonable taxes in 1929, but that did not stop us from plunging into the worst depression ever endured by this Nation. No; business will have to do better than that. The American people

want something more than a mere return to the status quo of 1929, and President Roosevelt will insist that they get it.

I say that if businessmen want lower taxes and less Government interference they must agree on what caused the depression of 1929 and they must submit a comprehensive plan to the American people which will assure us all against the recurrence of another such calamity. But I doubt if American businessmen are capable of reaching such an agreement and submitting such a plan. After all, each one is, of course, chiefly concerned with the problems and anxieties relating to his own business. The vast economic problems which beset this Nation are probably beyond his comprehension and he has no time to become a student of modern economics.

How many businessmen, for instance, know what the Keynes theory is? How many businessmen realize that administration policies, since 1933, have been largely founded upon the Keynes theory? How many realize that the policies of high taxation, heavy Federal spending, and production control are based, not upon political expediency, but upon the profound thinking of John Maynard Keynes? Whom, by the way, many informed people consider the world's greatest economist. Can they refute his theory and explain its fallacies?

Now, my associate, Mr. Czerwonky, and I have spent many years analyzing the economic theories of Mr. Keynes and sundry other distinguished economists. We think we understand Mr. Keynes' theory and we believe we know why it does not and cannot work in practice. I contend, therefore, that Mr. Czerwonky and I are businessmen who are qualified to talk. We are prepared to explain to the American people what caused the depression of 1929 and, indeed, what caused our previous depressions. We are prepared to explain why individual and corporate taxes should be reduced and how the coming of another depression can permanently be forestalled and prevented. Put up or shut up. That is our challenge to other businessmen and it is likewise our challenge to you.

After all, yours is the primary responsibility. A businessman's primary responsibility is to his business, his stockholders, and his employees. Your primary responsibility is to enact such legislation and provide such agencies as will permit businessmen to achieve capacity production and full employment in the United States.

It is primarily your duty, not the businessman's, to put up to the President a definite, practical, complete plan of action agreed upon by a majority of the Congress. Can you reach a common ground of agreement? I hope and pray that you can for the fate of this, the world's greatest democracy, hangs in the balance. And let me assure you, gentlemen, that both Mr. Czerwonky and I are here to help you to the best of our abilities. Our time is at your disposal and we are your servants to command.

Now we know full well that many of you are prepared to "put up." That you have definite, practical, plans of action to suggest and that you are sincere, eager, and well-informed students of the economic problems which beset our Nation. Obviously this is so, otherwise you would not be here. The first problem to be solved, therefore, is to promulgate a definite, practical and, most important, a comprehensive and complete plan of action with which the majority can agree.

Before Mr. Czerwonky and I begin to analyze and discuss such plans of action, either monetary or otherwise, which some of you gentlemen may have to submit, I beg that you will permit us first to present for your consideration our own plan of action. Naturally we believe it to be definite, practical, comprehensive, and complete, and naturally we hope we may obtain for it the approval of the majority. Everybody with a plan of action believes and hopes such things as that!

Now, let me say immediately and emphatically that we are wholly devoted to the cause of democracy and capitalism. We do not believe in communism, socialism, fascism, or regimentation of any kind, because we think such systems not only spell the doom of democracy but, in the final outcome, lead only to failure, misery, war, and chaos.

My visit to Italy, Germany, and Russia this last summer left me with a horror of regimentation, irrespective of what "ism" may disguise it. Those unfortunate peoples, in the hope of achieving security and higher standards of living, sacrificed liberty and economic freedom. They traded their birthright for a mess of pottage and lost liberty without gaining either security or better conditions. For there is no security in the armed camp that is Europe today; and standards of living are lower, not higher.

And so, gentlemen, there is no choice. We must make capitalism work. We must and can find within its framework the means to achieve capacity production and full employment and thereby grant to the American people the cornucopia of plenty which capacity production and full employment would guarantee. In common justice, before we discard capitalism, democracy, and economic freedom for a system of regimentation and rationing, surely we should seek to remedy the defects of our monetary organization and give capitalism a fair chance to show what it can do.

How can we be so heartless as to cut production and restrict output when millions of our people are in dire want? How can the President reconcile a policy of restriction with his statement that one-third of our people are ill-nourished, ill-clothed, and ill-housed? It is certain that the living standards of these unfortunate people can never be improved by cutting our national production of goods. It seems to me to be unmistakably evident when we have a vast overproduction of goods on the one hand and an equally vast need and desire for these goods on the other hand that our problem is one of distribution.

This problem of distribution is basic to any economic system, whether it be capitalism, socialism, or fascism. The basic concern of each is to facilitate the exchange of goods and services between the individuals living within the system. And the test of any economic system is the success with which it can coordinate the potential power of people to produce with their potential power to consume.

Now, why can't our ability to produce be coordinated with our ability to consume? This question and the answer to it are explained more simply and concisely by my friend Senator SMITH, of South Carolina, than by anyone else I know. I quote Senator SMITH: "Let us liken business and commerce to ships traveling on a vast canal, carrying goods between producers and consumers. If some uncontrolled force drained one-third of the water out of the canal so that only two-thirds the normal number of ships could navigate, what would you do? Destroy a third of your ships or replace the missing one-third of the water in the canal?"

By the water in the canal the Senator means, of course, our money system and it is a fact that one-third of our supply of money actually did disappear from our economic canal between the years 1929 and 1933. I assume that everyone here agrees that it would be better to replace the missing water in our money canal than to destroy our ships of industry and agriculture. And that brings me to the purpose of my appearance before this gathering of the keenest minds in Congress. I am here to explain why a third of the water in our money canal vanished; how it can promptly be restored, and, lastly, how once restored it can be maintained.

The fundamental cause for the catastrophe of 1929, and of previous depressions, was, in my opinion, the failure of financial authorities all over the world to understand the vital necessity for injecting new money into the economic system as the flow of finished consumer goods increased. It is obvious that our flow of money actually has increased in proportion to the increase in our flow of goods. If this were not so, then the same amount of money we had in 1776 would still suffice today.

Under our capitalistic system of relatively fixed costs drastic declines in the prices make it impossible for producers to earn a profit. If profits cannot be earned, wage earners are discharged, purchasing power is reduced, prices fall to even lower levels, and depression sets in.

Now you, gentlemen, are aware of the fact that industry can be shut down when prices become unprofitable, whereas agriculture cannot be shut down. The maintenance of price stability, therefore, is absolutely essential to agriculture.

What, then, fixes the price of any given agricultural unit? Two distinct man-made factors—one, the flow of goods to the market; and, two, the flow of dollars to the market. Of course, the production of agricultural goods changes from year to year, and minor fluctuations in the price of such goods cannot be avoided. Nor would they be important.

What is important, however, what indeed, is ruinous to our farmers, are fluctuations such as this: In 1920 our production of cotton was thirteen-million-four-hundred-and-forty-thousand-and-odd bales, and the price was 40 cents per pound. In 1932 our production of cotton was thirteen-million-two-thousand-and-odd bales, and the price was 5 cents per pound—a difference of 3½ percent in production and 700 percent in price.

Why? Because, as everyone knows, our flow of money in 1920 was expanded, whereas in 1932 it was contracted. But dollars are merely effective demands for goods. They are created by man, not Providence; and if the flow is inadequate, the prices of agricultural goods will fall.

That, gentlemen, is why the fundamental thesis of our theory is of such vital importance. Unless the flow of money is increased as the production of finished consumer goods increases the flow of dollars will become inadequate, prices will fall, and recurring depressions of ever-increasing intensity are inevitable. Now, if this hitherto unrecognized thesis is correct, if it cannot be denied and proved to be false, then the reasoning based upon this thesis is incontrovertible.

That brings me to the first of my definite contentions. If it is necessary to coordinate or synchronize the flow of dollars with the flow of finished consumer goods, then it is absolutely necessary to do two things. First, to direct the Federal Reserve Board to synchronize and, second, to equip the Board with positive power to carry out the directions.

Now, this book, In Defense of Capitalism, written by Mr. Czerwonky and myself, sets forth these directions and equips the Board with the necessary positive powers in the shape of a definite bill to amend the Federal Reserve Act. The book is 373 pages long and it is devoted to an explanation of the need for the bill and a detailed description of how the Board, once directed and equipped, should employ the positive powers provided to regulate and control our monetary and economic system.

There is, of course, no purpose in my attempting to include a description of these powers within the contents of this brief statement. I believe these matters can be more clearly explained to you by your questioning Mr. Czerwonky and myself according to your wishes.

The Road to Recovery

EXTENSION OF REMARKS
OF
HON. CHARLES H. LEAVY
OF WASHINGTON
IN THE HOUSE OF REPRESENTATIVES
Thursday, December 16, 1937

RADIO ADDRESS OF HON. H. JERRY VOORHIS, OF CALIFORNIA

Mr. LEAVY. Mr. Speaker, under leave to extend my remarks in the RECORD, I desire to include the following radio address delivered on Thursday last at the Town Hall program in New York City and broadcast over a national hookup, by the Honorable H. JERRY VOORHIS, a Member of this body. This speech is an exceptionally fine analysis of present economic conditions and filled with valuable constructive suggestions. It is as follows:

THE ROAD TO RECOVERY

America needs the spirit of a people confronting a great task with faith that they can accomplish it. She is not going to be helped out either by wealthy people complaining about taxes or politicians trying to prove that someone else is to blame for the difficulties we now face.

Fundamentally our trouble is that we have not yet adjusted our national economic life to the machine age. Our problem is not in any fundamental sense due to government interference with business, taxes, and an unbalanced Budget. I wish it were as simple as all that. But during the decade of the twenties business was fancy free, taxes were extremely low upon the wealthy, and the Budget was more than balanced. And yet the result was the worst crash in history—that of 1929. And if tomorrow we repealed all these taxes on large incomes and monopoly, ruthlessly laid off the rest of the people on W. P. A. to balance the Budget, and abolished the Securities and Exchange Commission, the people of America would not go back to work.

It is orders that make for production, and the source of orders is consumer buying power. When producers of consumer goods have orders for consumer goods, then, and only then, do the durable-goods industries expand. This is a matter of history and the basic conclusion of the study conducted on this subject by so conservative a body as the Brookings Institution. So you can't expect to revive business by cutting taxes and balancing the Budget at the expense of consumer buying power and the right to work of the unemployed.

In 1935, before the taxes about which most complaint is made were passed, the mining and manufacturing industry spent $3,400,000,000 for capital goods. In 1936, after the taxes were passed, these industries spent $5,700,000,000 for capital goods—more than was spent in the calendar year 1928. The reason? Consumer buying power was more plentiful in 1936 than in 1935, first because production was larger, and second because Government was increasing purchasing power, in the pockets of those who otherwise would not have had it, by about $300,000,000 a month. Even in 1937 the mining and manufacturing industries will spend about 85 percent as much for capital goods as they did in 1929, in spite of the current spell of bad business.

We need tax revision to exempt small corporations but not to permit the wealthy to escape the surtaxes or to permit large corporations to accumulate unnecessary surpluses to further aggravate the concentration of economic power. We need in general to reduce taxes as much as possible on active competitive business and consumer buying power, and probably to increase taxes on inheritances and on monopoly and monopoly practices. But basically, taxes are not the trouble. Indeed, the principle behind every tax levied by this administration has been sound. But while some modifications should be made, nevertheless changes in the tax laws are not the cause of this recession nor will they turn the tide.

What, then, will? I think we know from experience. The Federal Budget is not merely a balance sheet of what the Government collects in taxes and what it spends. Our Federal Budget is the most powerful force in the Nation regulating the amount of purchasing power in the channels of trade at any given time. If our Government is spending more money than it is taking in, then it is expanding buying power. If our Government is taking in more than it spends, then it is reducing buying power.

In the spring of 1937, before it was time to do so, the Government yielded to conservative pressure. Congress yielded over the protest of some of us. Up to June 1937 Government was putting into circulation about $300,000,000 a month of new purchasing power in the form largely of wages to C. C. C. and W. P. A. workers. Then suddenly we quit doing our job. We started in to balance the Budget too soon. A million people were cut off W. P. A. alone. And today, if we count social-security taxes, Government is taking out of circulation as much money as it is putting back in. In other words, the cash budget is balanced. Business began to drop from exactly the time we began throwing people off W. P. A. There were other reasons for it such as unwarranted increases in prices in many fields. But we should have kept our program going until our production had got back up beyond 1929 levels. By that time the Budget would have been more than balanced and it would have been right to have it so. As it was, we did a cruel thing and got what was coming to us. We should put these million people back to work and do it now.

But the problem clearly is how can Government assure the people and the industries of America of an expanding consumer buying power without piling up a huge debt? We want to eliminate these violent fluctuations in our business life. We want to stop depressions and booms alike. We want a dollar whose buying and debt-paying power will remain constant. Well, our money today is bank credit or check-book money. Between 1929 and 1933 this synthetic money shrank from twenty-two to fourteen billion dollars, with what consequences we only too well know. Through the process of calling loans, foreclosures, and the refusal of banks to make new loans, $8,000,000,000 of our money was destroyed. Then the Government started to create money in the only way it can at present do it, namely, by borrowing at interest from private money creators. And from 1933 to 1937 the amount of check-book money in circulation increased from fourteen back to twenty-three billions. And business and production increased. But the national debt went up, too. Today, because Government is trying to stop borrowing before private industry has given full employment, we have a recession.

Our present system of money and banking is an outworn, unstable system. Money has become a business in itself instead of a help to business. It makes the volume of our credit and money at the disposal of business and industry dependent upon the willingness of business to borrow, and of the banks to lend. The Federal Reserve Board can make credit easy, but they cannot force people to borrow.

Let those who oppose an increase in the public debt, as I suppose we all do, take note that under the present money and banking set-up, the administration has no choice in rescuing business from the danger of depression but to go into debt to private financiers so as to create the circulation of credit money that will restore prosperity.

I believe this system should be changed so that the control over the currency and credit in circulation shall no longer rest with our banking system, but with the Government. This was the undoubted intention of the founders of this Nation who stated in article I, section 8, of the Constitution that "Congress shall coin money and regulate the value thereof."

Briefly, I would do this by making the Federal Reserve Board the Nation's sole monetary authority and charging it with the duty of reestablishing the 1926 price level and then maintaining a stable price level and therefore a steadily expanding buying power in the Nation. The Reserve banks have been woefully slow in commencing even the orthodox open-market operations which are urgently needed at the present time. The Reserve Board would need more power than it has now and I believe the Government would have to acquire control of the 12 Reserve banks. The Board would need to increase reserve requirements in the banks to 100 percent behind demand deposits, which merely means that for every dollar the bank lent they would have to have a dollar for that purpose, entrusted to the bank as an investment. But the bank could not any longer create credit by lending out demand depositors' money, which the bank is supposed to keep for its depositors against the time they may call for it. To build up these 100-percent reserves banks should be allowed to count Government bonds as cash and the Federal Reserve Board should lend them, at no interest, enough additional new cash money to make the 100-percent reserves. From that time on, with this system in effect instead of the private manufacture of credit, we would substitute Government creation of the people's money by the Federal Reserve Board working under the explicit instruction that there be no inflation or deflation but stability instead. Instead, therefore, of Government having to go into debt to create money, which process is ridiculous on the face of it, it would create money directly as the Nation's economic progress required it.

With this kind of truly scientific money and credit system, our Government would be in a position not to inflate or deflate—that would be forbidden by law—but to expand the amount of money in circulation in proportion to the increase in our national population and power to produce wealth. The increase would not be nearly as great as some suppose, but it could and should be put into circulation in the form either of purchase of Government bonds or of old-age pensions so that every dollar of it would go into immediate circulation or contribute to a reduction of the national debt. Thus, we could have a balanced Budget and reduction of our national debt and also the expansion of buying power which alone saved us in 1933, and which is the first requisite to meet the situation we now face.

Another step along this road to true recovery is the extension of our social-security system so that it will be a complete and adequate system including all the people. It will have to be one including old-age pensions for all Americans over 60 years of age. It will have to include widowed mothers, the blind, and others as we have started to do under our present act. It must be a system to which all contribute in reasonable proportion to their ability and in which the Government acts as agent of the people, paying out promptly in benefits what it collects in taxes.

Will these measures be enough? Perhaps temporarily. But we have a long hard road ahead of us, I suspect, and no one or two steps will bring us to a promised land. One more thing, therefore, I want to bring before you tonight. We have to plan for abundance. That is the key to adjustment to the machine age.

Monopoly control is a greater menace to American democracy than anything else in our Nation. Two hundred corporations control 58 percent of our corporate wealth today, and at the other end 90 percent of all our small businesses made only 6 percent of all business profits last year. Moreover, monopoly means high prices and artificial scarcity, but it does not mean steady pay rolls. In one great monopoly industry, controlling 90 percent of all the business in its field, prices declined only 14 percent during the depression while pay rolls went down 83 percent. Meanwhile in agriculture, which supported more people during the depression than before, prices went down 63 percent. Economic unbalance is inevitable when some prices fluctuate freely and others are controlled and kept at artificially high levels. And one of our greatest monopoly corporations has organized itself in such fashion that it can profitably operate at only 45 percent of capacity, which means it is free to employ or not employ—and still make money. Oddly enough a great New York banking corporation has objected to the Federal Government fixing minimum wages for workers getting less than $16 a week on the ground that such rigidity accentuates the business cycle, but this institution has never protested against the rigid prices maintained by monopolistic industry.

These facts should indicate that in this very hour it is more important than ever before that those who would serve the people and preserve a decent degree of equality of opportunity in America should stand their ground.

What then shall we do? Better distribution alone will never solve our problem unless we likewise steadily increase production. The small-business man would like to employ people, would like to expand his business, but doesn't dare do so for fear he will have an unsalable surplus on his hands. He needs to know that other businesses, too, are going to expand their production at the same time so he can sell his goods to their workers. Today he dares not venture until he gets his cue from big business and big business finance.

We used a governmental service, the Agricultural Adjustment Act, whereby Government paid to bring about reduction of farm surpluses to meet effective demand. Turning that idea right around, the Industrial Expansion Act, introduced in Congress last session by Congressmen Allen, Amlie, Maverick and myself, proposes to offer to industry guarantees against loss and a fair margin of profit as a means of bringing industry to enter into agreements covering all major industries for the production of goods up to the limit of consumer needs in America. In other words, just as curtailment of surpluses was brought about in agriculture by governmental guidance and benefits, so the production of abundance is to be brought about through cooperation of government with industry and guarantees to cooperating producers.

But increased production is not all we need. We need also a more equitable distribution of the income created by production. And we need lower prices for industrial goods as a matter of justice to the farm population. And so the Industrial Expansion Act provides that, of the increased income derived by any industry from the increased production brought about, not more than 10 percent shall go to capital and 90 percent must be passed on in either higher wages or lower prices.

It is well for us to remember that great ends are never accomplished by small means, nor is justice built except on measures conceived in justice. We shall not attain recovery unless we take every man, woman, and child in America with us on the road. For there cannot for long be prosperity for some while others are forgotten. Our Nation calls us to a devotion she has asked of few, if any, generations before. Let us answer with strong hearts, knowing full well that life is not an accident and that the God who judges us will not reward us for a chance success but only for fearlessly doing the thing that is right and just, and then doing it again and again until we solve our problem. [Applause.]

Dangerous Ludlow Resolution

EXTENSION OF REMARKS

OF

HON. EMANUEL CELLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 15, 1937

LETTER TO OSWALD GARRISON VILLARD

Mr. CELLER. Mr. Speaker, under leave to extend my remarks in the RECORD, I submit the following letter:

DECEMBER 14, 1937.

Mr. OSWALD GARRISON VILLARD,
20 Vesey Street, New York, N. Y.

DEAR SIR: There is pending before the House Judiciary Committee, of which I am a ranking member, the so-called constitutional amendment known as the Ludlow war referendum bill. Among other things, it provides as follows:

"SECTION 1. Except in the event of an invasion of the United States or its Territorial possessions and attack upon its citizens residing therein, the authority of Congress to declare war shall not become effective until confirmed by a majority of all votes cast thereon in a Nation-wide referendum. Congress may by law provide for the enforcement of this section."

I have your letter of December 13, wherein you notice with regret that I did not sign the so-called discharge petition.

If I had signed that petition I would be placed in rather an unusual position of having sought to discharge myself, since I am a member of the Judiciary Committee. There has been ample discussion of this proposed amendment before the Judiciary Committee, and I personally acted as chairman of a subcommittee that conducted, June 19, 1935, lengthy hearings involving 106 pages of testimony and correspondence.

Frankly, however, I am opposed to this amendment. You will notice that the President and Congress are precluded from declaring war, except in the event of an invasion of the United States or its Territorial possessions, plus an attack upon its citizens residing therein. That means, for example, that Japan could attack and seize Alaska, Hawaii, and even parts of our west coast and there could be no declaration of war except by the referendum method unless in the process of attack and seizure Japan made an attack upon our citizens.

Even if there was involved such an attack upon our people, how long do you suppose a referendum would take? By the time a referendum were gotten underway Japan very likely might spread her attack and seizure to embrace several States. In other words, while we waited for the returns to come in we would get trounced pretty hard. A referendum in this great big country of ours might take weeks. I shudder to think of what might happen in the interim. LUDLOW'S resolution simply would mean that we would have to "turn the other cheek." We would be powerless to do anything consistent with war.

Be it remembered also campaigns are waged without war even being declared. Battles are waged first and war declared after. This was the situation in the Russo-Japan conflict. The Japanese destroyed the Russian fleet first, and then issued a declaration of war. I do not recall any preliminary declaration on the part of Mussolini before he seized Ethiopia. Witness what is happening in China today. There is no declared war between China and Japan. Yet for all intents and purposes there is war. After Japan has satisfied herself with a sufficient seizure of Chinese territory it may then declare war. Under such circumstances, of what avail would be the Ludlow resolution except to create havoc, confusion, and arouse in the hearts of well-intentioned people false hopes?

The least I can say for my very esteemed friend Representative LUDLOW, for whom I have an affectionate regard, is that he and his followers are enthusiastically misguided. The Ludlow amendment, boiled down, is as follows: While we are casting our ballots the enemy can attack and seize.

Let us assume also an attack upon our vessels—our merchant marine on the high seas—this would not involve, within the words of the Ludlow resolution, either invasion of the United States or our possessions. Suppose our entire merchant marine were blockaded on the seven seas; then under this resolution we would be powerless to take any move unless there would be a referendum. From a commercial standpoint we would be bottled up and our entire commerce crippled, yet Congress and the President would be powerless. Suppose there was an attack on one of our vessels like the sinking of the *Maine* just before the Spanish-American War.

Many people, furthermore, would not participate in referendums. There is a great deal of apathy accompanying referendums. Often people do not take their responsibility with reference to a referendum seriously enough. Take the repeal of the eighteenth amendment. About one-half of the qualified voters cast their ballots. That meant approximately less than 20 percent of the population voted. I don't believe the people would be any less apathetic when it came to voting on war.

Suppose, furthermore, that Germany would attack us. You would first hold a referendum which would result in the declaration of war against Germany. Suppose an ally of Germany, say, Italy, would attack. We could not war against Italy until we had again had another referendum; and suppose a second ally of Germany, say, Japan, then seized some of our possessions. We would then have a third referendum. One can readily envision how cumbersome, confusing, and impossible the situation would become with repeated referenda.

Under the language of the resolution, even if an enemy declares war against us, there would have to be a referendum, because a declaration of war by any country is not equivalent to invasion plus an attack upon our citizenry. Thus Germany could declare war against us and we would have to wait for a referendum before we can retaliate.

Let us assume that the Japanese Emperor declared war on us. He has the undoubted right to do so. Japan mobilizes her forces on Mexican territory. She is well prepared to strike at us. We could not do a thing until she struck at us; we could not get ourselves into training and make ourselves ready for war, despite the presence of Japanese troops on Mexican territory; we could not declare war or do anything consistent with war until there would be a referendum.

One of the great traditions of our country is embodied in the Monroe Doctrine. It has had a great moral effect. If the Ludlow resolution was carried into effect, there could be no Monroe Doctrine. I doubt very much whether an attack upon a South American Republic would inspire the American people, through a referendum, to declare war against the invader of the South American Republic. The Ludlow resolution would kill the Monroe Doctrine.

Furthermore, delay would kill the Monroe Doctrine. While we are having a referendum to determine whether we should uphold the Monroe Doctrine, the foreign invader would plant and secure itself in any South or Central American Republic. The Ludlow resolution takes care of no emergency. No matter what any foreign government would do, Congress and the President would be powerless.

Again, what would be the question submitted to the people in the referendum? What would that question embody? Would it be a mere declaration of war? Let us assume that while the question was being submitted something very perilous comes up, between the time of the submission and the time of the vote, would there be submitted a second question, and if so, what form would the second question take? The Ludlow resolution does not cover such a contingency, yet the resolution involves a most perilous and serious change in our Constitution.

I thoroughly sympathize with the proponents of the resolution. I detest and loathe war just as vehemently as they. I have a holy horror of war, which affects the lives of every man, woman, and child in this country, and which causes such dreadful suffering and economic losses. On the other hand, the Ludlow resolution will not bring about a remedy. It will be a cure worse than the disease.

You might as well try to stem the tide with a groan as to prevent and discourage war with such an impracticability as the Ludlow resolution.

However well intentioned, it is bound to embarrass and hamper President Roosevelt and Cordell Hull in the negotiations concerning the bombing of the *Panay*. It must indeed give great comfort to Emperor Hirohito of Japan. The militarists ruling Japan realize they can go ahead without any fear of our retaliation. It gives the impression that we are a nation of spineless jellyfish. Frankly, this proposal, if successful, would make us the laughingstock of the world. It is the most fantastic and most impractical measure yet advanced. Certainly charity requires me to say that those who signed the petition of discharge were unaware of the nature of their act.

Very truly yours,

EMANUEL CELLER.

Wages and Hours

EXTENSION OF REMARKS

OF

HON. EDWARD W. CURLEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 16, 1937

Mr. CURLEY. Mr. Speaker, this proposed legislation is intended to perform three distinct functions:

First. To establish a minimum wage by establishing a floor below which it cannot penetrate.

Second. To establish a maximum workweek in hours of labor by establishing a ceiling above which it cannot penetrate.

Third. To abolish child labor.

These functions shall only apply where substandard labor conditions shall be found to exist in occupations for the production of goods shipped in interstate commerce after hearings have been held and the facts adduced by the administrating agency have been proven to indicate substandard labor conditions existed.

AMERICAN LABOR CRIES OUT TO CONGRESS FOR EMANCIPATION

This forward, progressive, and constructive legislation is designed to help the downtrodden unorganized workers of America. It may not be a perfect specimen, but it is a step in the right direction of economic progress for the helpless, unskilled mass of approximately eight to ten million unfortunate workers who are now held in a strait jacket. It means the emancipation and freedom to enjoy their economic liberty as well as their political liberty, if a fair standards of labor bill is adopted by the Congress. This bill specifically is aimed to lift the lowest paid group of workers to a considered fair wage and a reasonable workweek. If 40 cents an hour or 40 hours per week will be made the standard fair labor rate and hours of work, it means $16 per week for the worker or $800 per year. If the industries cannot understand that this improvement in the social economy of their workers will more than repay them in dividends later, they should at least purge their minds of prejudice and respect the constitutional right of each of the oppressed workers to a decent living wage. This bill does not in any remote way conflict with organized labor and labor's fundamental right to bargain collectively for better living conditions than the bill provides. As a matter of fact, this bill specifically protects collective bargaining; nothing in this bill will prevent organized labor from bargaining collectively above the minimum-wage floor established under this act and below the ceiling of hours per workweek.

Another milestone in social progress will be written when minimum wages and maximum hours are assured to all workers in America. When all substandard labor conditions existing in the production of goods in occupations engaged in the shipment of such goods in interstate commerce and all child labor under 16 years of age employed in the production of goods for interstate commerce shall be prohibited and penalized by law, then we will have written a new chapter in labor's social progress and improvement. The Black-Connery Fair Standards of Labor Act of 1937 will do just that for humanity.

INVENTION FORCES WHOLESALE CHANGE IN ECONOMIC STRUCTURE

When we note the inventive genius employed in the technological development absorbed in our American economic structure, we must realize it was difficult for labor to keep pace with the drastic forces rapidly displacing them in industry. That modern history reveals the age of machinery entering our life—then we realize manpower had to yield to horsepower—and next horsepower was superseded by steam and electricity. To top all these new inventions off we find industry and business was revolutionized by the marvelous development in communications through the telephone and telegraph and the mastery of the air in transportation. Our daily lives were vastly changed by inventive genius, as the industrial age arrived.

Today we have the concentration of men and women in industry, money, and machinery controlled by the invention of the dynamo and the assembly line in the dense congestion of manufacturing plants and industrial cities. That old-time self-reliance of the individual was forced to give way to those technological changes too numerous to mention. When you visualize the networks of steel and concrete highways which carry the products of remote farms, forests, and mines to the market places, you can then realize the vast displacement of labor that took place, without planning for reallocating labor in the economic structure, to balance it and secure economic equilibrium. If private industry failed to recognize their fallacy in increasing profits, through lessening costs of production, by use of machinery, thereby causing a reduction in the number of workers, and increasing the number of unemployed, with the resulting decrease in the purchasing power of the consumer, then industry must be shown the error of its ways by the Government. The Black-Connery bill will be the vehicle to lift low-wage workers to a decent level of living. The bill is meritorious, constructive, and deserves the support of all unbiased minds.

Statement Made Before the United States Tariff Commission

EXTENSION OF REMARKS

OF

HON. ARTHUR B. JENKS

OF NEW HAMPSHIRE

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 16, 1937

STATEMENT MADE BY HON. A. B. JENKS BEFORE THE UNITED STATES TARIFF COMMISSION, DECEMBER 14, 1937

Mr. JENKS of New Hampshire. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following statement which I made on December 14, 1937, before the United States Tariff Commission in behalf of an increase in the duty on shoes:

Mr. Chairman and members of the Tariff Commission, first permit me to express my appreciation of the opportunity of presenting my plea to your Commission in behalf of the shoe manufacturers of New Hampshire and New England generally and their employees.

I am one of the Representatives in Congress from New Hampshire, which State produces the fourth largest quantity of shoes in the United States; my home city of Manchester stands fifth in the United States in the production of shoes. Therefore, you can readily understand my interest and the interest of the people of New Hampshire in this very important question of adequate tariff protection on shoes.

Having been identified with the shoe-manufacturing industry in New England for 30 years, I am in a position to thoroughly understand and appreciate the anxiety that the people of my State feel over the increasing amount of imports into this country from Czechoslovakia; such imports are a hindrance and a menace as well as a constantly growing threat to employer and employee alike.

These importations of shoes from Czechoslovakia have and are taking orders from our manufacturers and work from our people, which means just so much actual money lost to our industrialists, their employees, and their communities. While this invasion of our domestic markets has caused a great deal of concern to date, the increase in these importations during the past 12 months over the previous year has been of such proportion as to alarm our manufacturers and workers over the possibility of their mounting until eventually an industrial activity, upon which thousands of people are dependent for a living, is wiped out.

These importations thus far have been mostly in the cheaper grades of shoes, but there is no good reason to believe that this invasion of our markets will not extend into the better grades of shoes, thereby injuring and demoralizing the entire American shoe industry.

Shoes imported from Czechoslovakia are now sold to our retailers at a lower price than they can be manufactured by our American manufacturers, some of whom, unfortunately, are trying to meet this foreign competition by reducing wages. While self-preservation is an almost irresistible urge, a situation should not be allowed to continue and further develop that is forcing our manufacturers to cut the wages of their workers to meet foreign competition. We can readily see how this is brought about; for example, an agent of the John Doe Shoe Co., of New Hampshire, presents his line for consideration and is advised by his former customer that from Czechoslovakia similar shoes can be purchased and delivered at a price under his; this agent returns home to his factory and immediately begins to figure how his firm can get its labor costs down to meet the Czechoslovakian competition. At the same time the Bata Shoe Co., of Czechoslovakia, can cut in and sell a million pairs of shoes to the large mail-order houses in this country, who are the principal retailers of these types of shoes, and do untold damage to our American shoe manufacturers and retailers and the employees of both.

It is not only the number of pairs of shoes that come into this country from Czechoslovakia that is detrimental but it is also the pace price that these shoes set for domestic manufacturers, which ultimately harms everyone concerned.

The Bata Shoe Co. and other foreign competitors are a menace to our leather industry as well as to our shoe industry. I am advised by a reliable manufacturer in my State that as recently as last April he was approached with a proposition to purchase leather from the Bata Co. at prices quoted far under the prices of domestic leather of the same grades. This manufacturer showed no interest in the proposal, but the possibility remains that other manufacturers might have.

Shoe manufacturers of New Hampshire and the entire United States must meet conditions and requirements laid down to them by the Federal Government in the way of taxes, unemployment insurance benefits, etc., which must be taken into consideration in conjunction with this question of adequate tariff protection.

I understand that representatives of the Tariff Commission have been sent to Czechoslovakia to ascertain facts relative to the actual costs of production of shoes, hours of labor, working conditions, etc. I do not know what difference the information they obtain might make, because the fact remains that the Bata Shoe Co. does make shoes which are laid down in this country and sold at a much lower price than our own manufacturers can produce and sell similar merchandise.

I believe that if our own American shoe manufacturers are to retain their domestic markets and maintain their employees and pay rolls they must be properly and adequately protected against the invasion of foreign goods that are produced under conditions and standards much lower than prevail here. Therefore, I appeal to your Commission to grant the increase in tariff on shoes, which the facts fully warrant, so as to afford our own manufacturers and workers the protection to which they are rightfully entitled.

Time and a Half for the Graveyard Shift

EXTENSION OF REMARKS

OF

HON. JOHN R. MURDOCK

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 16, 1937

Mr. MURDOCK of Arizona. Mr. Speaker, I have sought to extend my remarks and include therein a telegram or two in order to go on record with regard to certain provisions of the wage and hour bill. Certain of my constituents are very apprehensive over any provision for time and a half for the graveyard shift. Most mines and smelters and perhaps meat-packing plants and sawmills in Arizona would like to be exempt from such a provision regarding the graveyard shift.

When the gentleman from North Carolina [Mr. BULWINKLE] offered his amendment late today I questioned him as to whether his amendment would apply to mines, smelters, meat-packing plants, and lumber mills. His answers satisfied me concerning mines and smelters, but I am not so sure with regard to meat-packing plants and sawmills.

Being in sympathy with the broad objectives of this measure now before us, I am particularly anxious that its provisions shall not be too ironclad as to wages and hours. I know that the lumber mills in the mountains of northern Arizona are having a hard struggle for existence and deserve some consideration both in the matter of wages and hours. This viewpoint will be made clear in the second telegram included below.

In attempting to benefit labor, let us not destroy our small industries. In many communities in my State these industries have been furnishing the sole, private employment for some years, and often this has been done without profits to the employers. In this bill we should protect those employers who have kept going during the depression, entirely because they did not want to throw men out of work.

DOUGLAS, ARIZ., *December 16.*

JOHN R. MURDOCK,

House of Representatives:

Apparently change in wage-hour bill now in debate in House carries no relief from 40-hour maximum relief except upon payment of time and one-half. Consider very desirable that some elasticity be given in bill to cover continuing-process operations, such as smelting. Such elasticity would be very helpful to both employers and employees, and will appreciate your help in this matter.

P. G. BECKETT.

FLAGSTAFF, ARIZ., *November 24.*

JOHN R. MURDOCK,

House of Representatives, Washington, D. C.:

On behalf of all the principal lumber manufacturers of Arizona, I wish again to call to your attention their opposition to the passage of any bill by Congress fixing minimum wages or maximum hours of employment. Because of unfavorable competitive conditions with the rival plants on the Pacific coast and Northwest manufacturing ponderosa pine, an attempt to fix wages in accordance with their scale would be most disastrous to the lumber industry of Arizona. An attempt to fix maximum hours, because of the seasonable nature of our activities and the natural shortage of surplus labor due to the isolation of our plants, would seriously and perhaps fatally handicap us in our operations. Lumber is the most important industry of northern Arizona. We ask your assistance to its full protection.

CHANDLER M. WOOD.

The Farm Bill

EXTENSION OF REMARKS

OF

HON. SAM HOBBS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 10, 1937

Mr. HOBBS. Mr. Speaker, today I crave the attention of the ladies and gentlemen of the House, and particularly of the farmers of Manhattan and our other great cities, many of whom were in their teens before they learned that milk did not grow in bottles. [Laughter and applause.] In the closing hours of this debate I wish that I might be given the power of Marc Antony, so that I might appeal effectively to your minds and hearts. Though I lack his eloquence and his mentality, I share with him the consuming sorrow which possessed him as he spoke in Caesar's funeral. For today, as I look at this farm bill, a weakling from the beginning, now stabbed to death with the daggers of amendment—the most unkind cut of all being that by "Brutus" BOILEAU—I sadly ponder upon what might have been and

bemoan the grievous loss. But this bill can be resurrected with your help and lifted to new heights of power. The farmers of America need the active friendship of every urbanite today, as never before.

The plight of the farmer everywhere is sad enough, but in the Cotton Belt it is tragic. This true story may throw some light upon the picture. A Negro farmer in Alabama came to his advancing merchant at the end of the year and they had a settlement. The net cash which was due the Negro for the year's work was $1.57, which represented the combined earnings of himself, his wife, and five children. He stood there with the money in his hand, looking down at it. Finally the merchant said, "Charley, what's the matter? Is there anything about your account that you do not understand?" The Negro answered, "No, suh; I understand it, boss. Every figure on that book is just right. I remembers it all. You ain't charged me as much interest as you could, and I thanks you. No, suh; I ain't worrying 'bout my 'count; I'se jest thinking." The merchant inquired, "What are you thinking about, Charley?" The answer came, "I was jes thinking that the next time I says, 'Git up' to a mule he's gwine to have to be a-setting in my lap." [Laughter and applause.]

Now, Mr. Speaker, very seriously I wish to call your attention to the situation which confronts us at this time as a background for the thinking which I hope you will do with reference to the cotton provisions of this bill.

At the last session of Congress we enacted a resolution in which we pledged ourselves to the enactment of a bill which would control agricultural surpluses.

There was predominant in the thought of the President of the United States in issuing the call for this special session of Congress conviction of the imperative necessity of control of agricultural surpluses. In fact, that was the sine qua non of this special session, the whole motivating cause.

Coming now to speak for cotton, I wish to make this basic observation: Cotton wants nothing for itself which is not given to corn, to wheat, to tobacco, and to rice, the other commodities included in this bill. There is nothing in the remarks I am making today in behalf of cotton, nor in the amendments which I offered to better this bill with respect to cotton, seeking even the slightest unfair advantage for cotton.

Cotton has a right to the floor for a few minutes. Congress is not being asked to think on a petty subject when cotton asks your undivided thought while it pleads its case for equality under the pending bill.

I would call your attention solemnly to the fact that the trade balance in favor of America all through the years of our national life has amounted to a grand total of $37,000,000,000, in round figures, and that cotton has accounted for $35,000,000,000 of this total. In other words, cotton, had it the privilege of speaking to you today, as it is attempting to do for a few moments through my poor lips, could tell you a moving story of what it has meant to this Nation and of how it has enriched the rest of the Nation by the favorable trade balance which it has brought to this country.

Let me give you a few facts with respect to the challenge which cotton presents in the national picture today. The income from cotton last year was only $200 per cotton farmer, and this, in many cases, means the total income for the whole family. This fall, in the present marketing season, we are getting less for 19,000,000 bales than we received a year ago for 13,400,000. In one county in Alabama where a survey was made, 5 percent of the population of that county are engaged in work in the cotton-textile mills, and this 5 percent received more in wages than the total farm income of the county, although more than half of its population are farmers. These facts tell something of the tragic need. We are met to answer such challenges.

Our Committee on Agriculture is a great committee. I am not saying this in an attempt to curry favor with the distinguished, erudite, and able chairman and his strong associates. I say here to your faces what I have said to your backs. There is no more patriotic, studious, or intellectually competent group in this House than the committee which reported this bill. [Applause.] That committee has set forth the philosophy of this bill with respect to cotton on pages 55 and 56. I will not take time to read these provisions, but the motif is that excessive surpluses must be reduced, that to allow violent fluctuation in supplies or prices is utterly disastrous, and that—

> The continuously operative provisions of this part are necessary in order to minimize recurring surpluses and fluctuations in the supplies of cotton; to provide for the maintenance of adequate reserve supplies and further the orderly marketing of cotton; and to maintain a fair balance between the incomes of farmers and the incomes of individuals other than farmers.

I challenge you to read these two pages, in which is set forth the philosophy of this bill, and then tell me why the provisions of this bill, which they say are necessary, are not made applicable to the cotton crop of 1938? Why do they postpone these blessings until the cotton crop of 1939 or 1940? If it is a good bill, if the philosophy set forth here is sound, then why must we wait until 1939, knocking at the door of Congress' promises as stated in the resolution we passed last August? Why must we wait in the face of the clarion call to this duty? Why must we wait when the philosophy of the bill, as set forth in the bill itself, speaks in such positive words of the necessity? Must we pile Pelion upon Ossa, surplus on surplus? Why must be wait in the face of the fact that we now have a staggering carry-over of 11,000,000 bales? There is not a man in this House who knows cotton soundly who does not know that the Department of Agriculture and its Bureau of Economics are right when they say that the price of cotton is largely fixed by just one factor, the annual carry-over. On August 1, 1936, we had a carry-over of 6,000,000 bales. The price throughout the ensuing marketing season of that year ranged around 12½ cents. No loans were made to stabilize or peg this price, yet it remained practically constant. It did not fall. This year, on August 1, 1937, the carry-over had increased to 11,000,000 bales. The price has dropped during the ensuing marketing season just about 5 cents per pound, so that the average price obtained by farmers for their cotton has been about 7½ cents per pound. This further fact should be noted well: In a frantic attempt to avert this catastrophe and save the Cotton Belt the entailed half-billion-dollar loss, we passed a resolution last August, under which a 9-cent loan was made to peg the price at that figure, but the law of supply and demand laughed at the law of Congress and drove the price down through this "floor" which we had provided to stop the price drop.

We now have a total supply of cotton exceeding 25,000,000 bales. Of this we cannot hope to sell more than 12,000,000 bales, both at home and abroad, and this estimate is a million and a half bales higher than the expected demand. So we are faced with a certainty of a carry-over on August 1, 1938, of at least 13,000,000 bales, and the best-informed authorities estimate that it will be nearer 15,000,000; some say as high as 16,000,000. This means that the price which may be expected for cotton in the 1938 marketing season will be not better than 5 cents and probably lower.

Had the Cotton Belt received a parity price this year the cotton farmers of the Nation would have had more than $1,000,000,000 more money with which to purchase the products of the farms of the West, the canned and fresh fruits of California, the fish of the east and west coasts, and the products of industry. This billion dollars of purchasing power we did not have—so the rest of the United States failed to get from us that billion dollars which we would have been glad to spend for your products. The Cotton Belt did not receive for its cotton this year what it cost to produce it. Enlightened selfishness dictates that you representatives of other sections who produce things for sale which we of the Cotton Belt need and wish to buy should help us get a parity price for our cotton so that we may have the wherewithal to buy your wheat, corn, rice, tobacco, fish, fruits, and

manufactures. You should not kill the goose that lays the golden eggs. [Applause.] It is with these thoughts in mind that I introduced the amendments to this bill which would have made this bill apply to the 1938 cotton crop, thereby preventing another 20,000,000-bale crop from coming to market next year. Your rejection of these amendments makes our tragic situation worse. I beseech you, therefore, by the bitter need of the millions whose purchasing power is wholly dependent upon cotton, by the long-delayed justice which should be theirs, and by your own enlightened selfishness that you reconsider your action in rejecting these amendments and adopt them. [Applause.]

The only answer to the farm problem is a price for farm products which shall be on a parity with the prices of the things farmers have to buy. The tariff walls add 45 percent to the cost of everything the unprotected farmer has to buy. Unjust, discriminatory freight rates against the farmer add another 39 percent to his freight bill. As Hamilton said in his report on manufactures, bounties paid to farmers to equalize the effects of the protective tariff benefiting industry are not a gift but are mere restitution. The Jeffersonian principle of equality of all men before the law still holds. Not until we have placed the prices of farm products upon a parity with the prices of the products of industry and commerce have we done justice. When we do so, we have not been generous—we have only been fair. [Applause.]

For these reasons, I have pressed upon the consideration of all those in authority my bill, House Joint Resolution 518, which is the same bill I have been urging for 3 years. It would accomplish the purpose of giving the farmers of every section of this great Nation parity prices for their staple crops. The best way to do anything is to do it. [Applause.] Uncle Sam owes parity to the men and women who feed and clothe his 130,000,000 children. [Applause.] And the debt is long past due.

But my bill has been rejected. Therefore, I am attempting to help make this the best bill possible. The farmers of Alabama voted 96 percent strong for compulsory crop control covering the 1938 crop. They voted 99 percent strong against the meaning of the Boileau amendment. Therefore, having failed in my efforts to get my plan adopted, I am obeying the mandate of the farmers of Alabama, and of the Fourth District which I have the honor to represent, and am representing their wishes as expressed in their overwhelming vote.

If a cow strays onto an acre diverted from cotton and planted to kudzu and there takes a bite of the kudzu vine, that bite, according to the provisions of this bill, costs the owner of that farm all payments which would otherwise be his—unless he and his household eat the cows. [Laughter.]

The same thing is true if a hog or a chicken consumes any of the soil-building and soil-conserving crops planted or produced on land normally used for the production of cotton, wheat, rice, tobacco, or field corn. [Laughter.]

If a chicken takes a peck at a soybean raised on a diverted acre, the owner cannot sell the chicken or any egg produced by her. [Laughter.]

If he observed the law laid down in this bill, a bachelor farmer, who had no household to help him, might have to eat a whole drove of sheep, hogs, or goats, if they had found a crack in the fence, for he could not sell a pound of any of their meat if he killed them for anything but his own consumption. [Laughter.] He could not sell a one of them nor a one of their offspring.

If he gathered the soybean hay and fed it to his dairy herd, he could not sell a drop of milk from a single cow without forfeiting all payments to which he would be otherwise entitled under the Soil Conservation Act.

These are but a few of the absurdities now in this bill by reason of the adoption of the Boileau amendment.

Others may do as they see fit with reference to voting this bill up or down, but as for me, I shall never vote for a bill which seeks to perpetuate the one-crop system, which has been the curse of the South for lo, these many years. [Applause.] The people of Alabama spend every year more than $41,000,000 for food that should be produced upon the farms of Alabama. I have no desire to hurt anyone's business and I know something of the problems, the difficulties, the hard work, and meager returns of the poultry and dairy industries. I sympathize with them in their anxiety to keep their legitimate market. But I maintain that Alabama is not a part of the legitimate market which these great industries have a right to preempt. The freight cost alone of transporting these products from Chicago and Wisconsin is a sufficient reason for Alabama to serve her own necessities in the poultry and dairy field. Alabama should feed herself. She has every right to do so. She must do so if she is ever to attain unto even a modest prosperity. [Applause.]

Not only in the lines of poultry and dairying is this true, but also, to a greater extent, must the fertile grassland of Alabama be used for raising livestock. Alabama's pastures are as fine as any on the earth. We are there blessed with a uniform rainfall and a climate which permits at least 10 months' pasturing. Neither floods nor drought are frequent. With such natural advantages we welcome the aid of a wise Federal policy which proclaims that our lands are ours to use, but not abuse, that they are the common heritage of this and the succeeding generations who must sustain life with the products of our soil, and with these thoughts in mind that the soil must be conserved and its fertility preserved by sensible, proven methods.

We are grateful that at last the truth first spoken by Hamilton has come to be generally accepted—that under our American system of a high protective tariff benefiting industry the farmers' subsidy is not a gift but a restitution. [Applause.] We in Alabama appreciate the tardy and partial restitution which is now being made to the farmers of the Nation, and we welcome the aid of the Federal Government in diverting acres which have been worn out in the production of soil-depleting crops to the production of soil-building and soil-conserving crops. We welcome the opportunity which this enlightened program gives us, and we should protest the closing of the door to that opportunity by the Boileau amendment. Alabama wants and claims the right to produce at least as much of chickens, eggs, milk, butter, and cheese as her own people consume. [Applause.] She also wants and claims the right to raise enough beef cattle to supply her own tables and a reasonable share of the market demand. [Applause.]

The Boileau amendment virtually denies that Alabama has any such rights, and disputes her claims of them. Therefore, as much as I would like to "go along" with the leadership of my party at both ends of the Avenue and with my colleagues from Alabama who are going to vote for this bill, I cannot bring myself to do so. I await with confidence the verdict of time and experience with this bill, if it be enacted into law; but I predict that upon sober second thought, when our conferees and those from the Senate sit in conference on this bill, the Boileau amendment will be stricken. It is with this thought in mind that I shall vote against the recommitting of the bill. [Applause.]

Cotton begs fair and equal treatment with that accorded her sister commodities. If there be balm in this Gilead, she asks that it be applied to her wounds now. Make this bill apply to the 1938 cotton crop. Let us stop the insane piling up of surplus on surplus, which is not only permitted but encouraged by this bill. Let us strike out the Boileau amendment. So, and only so, may we avert the threatened bankruptcy of the Cotton Belt. [Applause.] The South

should no longer be regarded as "a conquered province." [Applause.] We must keep faith with those who trust us. We must make good our party's platform pledge. [Applause.] The American farmer is asking bread. Will we give him a stone? [Applause.]

[Here the gavel fell.]

Disappointment in R. H. Jackson

EXTENSION OF REMARKS

OF

HON. JOHN G. TOWNSEND, JR.

OF DELAWARE

IN THE SENATE OF THE UNITED STATES

Friday, December 17 (legislative day of Tuesday, November 16), 1937

EDITORIAL FROM THE JAMESTOWN JOURNAL

Mr. TOWNSEND. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial published in a recent issue of the Jamestown Journal, headed "Disappointment in R. H. Jackson."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Jamestown (N. Y.) Journal]

Many Jamestown friends of Robert H. Jackson, who has risen to Assistant Attorney General in the New Deal administration, read of his address on the current business recession in Monday's Journal with interest, coupled with disgust. That there has been such reaction among his former neighbors and friends is apparent in the many comments to representatives of the Journal, some of whom have even suggested that an effort be made to challenge Mr. Jackson's statement or to make apparent to him the feeling back home.

To those who have known Mr. Jackson for several years and have had an admiration for his personal qualities, the spectacle of him resorting to such unintelligent demagogy is a distinct disappointment. With a knowledge of his earlier views on business and government, his past keen conception of problems, his friends are hard pressed to believe that he has sincerely concluded that big business is cutting off its nose to spite its face by prosecuting a campaign to bring about this recession and that some increases in prices have not been made reluctantly with full knowledge of the effect upon volume of business but necessarily to meet rising costs in which both increased taxes and labor costs have had their part.

We wonder how long this concerted effort to arouse class feeling—to aline class against class by charging business leaders with working against the interests of the Nation—is going to be continued by the Roosevelt administration. Particularly do we wonder how long our old neighbor who achieved such standing in this community is going to play this game with Roosevelt.

Others who have risen to high positions in the administration but could not stomach many of the Roosevelt methods which they felt were doing real damage to the United States have gotten out and are voicing their honest and earnest objections to much of this demagogy. Among them is Gen. Hugh Johnson, who has been reported as taking a vigorous slam at Mr. Jackson for his latest harmful effect.

It is a real disappointment when men of ability fall into the petty ways of demagogy instead of attacking problems with their expected perception. All should know and understand that businessmen are not destroying their life's work just to embarrass the President. It is high time that the President and his followers who do his bidding cease their destructive tactics and make an effort to work with business so that it may once more go ahead with a progressive policy that is essential to providing the jobs for renewed prosperity for all.

The President should know by now, and so should Mr. Jackson, that one of the chief obstacles in the path of economic progress for all is the lack of a stable and reasonable tax policy and a reasonable policy of regulation that does not restrict and restrain to the point of confiscation or dictation. When the administration abandons its punitive attitude toward business and gives a definite and lasting assurance of stability, businessmen will take new courage and the enterprise and initiative of the American people that has brought this Nation to its world leadership and high standard of living will carry the United States to new heights.

A Permanent Farm Program

EXTENSION OF REMARKS

OF

HON. WALTER M. PIERCE

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Friday, December 17, 1937

EASTERN OREGON WHEAT LEAGUE REPORT AND RECOMMENDATIONS

Mr. PIERCE. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following Eastern Oregon Wheat League report and recommendations of Federal agricultural programs committee, La Grande, Oreg., December 3–4, 1937:

Consideration of recommendations from the Eastern Oregon Wheat League concerning Federal legislation for agriculture has involved two phases. The first of these is in connection with the agricultural conservation program, which is law today and which is likely to be a portion of any additional legislation. The second phase concerns a more complete, comprehensive, and long-time farm program now being considered by Congress. While the committee recognizes close relationships existing between these two phases, for the purposes of discussion we have considered them separately.

1938 AGRICULTURAL CONSERVATION PROGRAM

The committee wishes to commend the 1938 agricultural conservation program as an important improvement over the 1936 and 1937 programs. We call attention to the fact that recommendations of the Eastern Oregon Wheat League made at our last annual meeting have to a considerable degree been embodied in the 1938 program. We particularly commend the simplification of the program and the provisions which permit to a greater degree administration by local committees.

The committee gave detailed study to the various provisions of the program as outlined. We feel that prohibiting joint compliance and at the same time requiring joint deduction on multiple farm operations will work a hardship on some Oregon farmers and will prevent others from participating in the program. We recognize, however, the difficulties and practical impossibility of securing modification of the program for this year, and we recommend that careful study and consideration of this provision be made under actual application looking toward formulation of programs for the future.

The committee gave serious consideration to the classification of restoration land. It is our recommendation that for the present we should move slowly. The classification of land as restoration land as outlined under the 1938 program is a complex problem and we believe that for the present most of the acreage which should be permanently retired from cultivation can be classified to better advantage as cropland rather than as restoration land. We recommend that land not be classified as restoration land in the Columbia Basin unless it is subject to severe wind erosion which is a menace not only to the land itself but to land in the surrounding community.

While we commend the Conservation Program as a step in the right direction we unalterably feel that it is not a complete solution of the wheat-growers' problem. For this reason the committee has given consideration to principles for a permanent farm program which would adequately solve the wheat growers' economic ills.

RECOMMENDATIONS FOR NEW LEGISLATION

Briefly stated, the committee recommends that a permanent farm program should include the following provisions:

1. Continuation of soil-conservation program.
2. Production control to be exercised by voluntary means but with the provision that when burdensome surpluses develop that marketing quotas for every wheat grower may be established by a two-thirds majority of the producers voting.
3. Provision for benefit payments sufficient to bring price and income to parity.
4. Crop insurance.
5. Designation of wheat produced in white-wheat area as a separate commodity with special treatment in subsidization of exports.
6. Commodity loans of at least 50 percent of parity when total supplies of white wheat become burdensome.
7. Processing tax on wheat to finance benefit payments in excess of payments provided under conservation program.
8. No discrimination in payments because of size of operation.
9. Adequate consumer safeguards.
10. Provision for intervention by Secretary of Agriculture in proposed freight-rate increases on agricultural products.
11. Adequate tariff protection for wheat.

A discussion of each of the points enumerated above as our recommendations follows:

Continuation of conservation program: We believe that the objectives of the conservation program are sound and that they should be a part of and supplemental to a more complete program. In no way do we abandon the idea that the conservation of our national soil resources should be a part of a permanent farm policy.

Production control: In 1936 the Eastern Oregon Wheat League asked Congress for legislation to give American farmers machinery by which they could adjust production to effective demand. We reaffirm this position with all the strength at our command. With the production of only one normal crop, we are faced with declining prices which have already placed the price of wheat below the cost of production. Without the machinery to make adequate production control possible this situation can only become worse and worse until wheat growers will be forced out of the business. Experience of the past few years has indicated clearly that more wheat can be produced in the United States each year than can possibly be used in this country or exported abroad under present world conditions. We want and must have production control if we are to maintain the purchasing power of the wheat grower and keep him off of the relief rolls.

We believe that insofar as possible production control should be accomplished by voluntary means. We have great confidence in the honesty and foresight of the wheat grower which will make him willing to cooperate in the effort to maintain his price levels. We do believe however, that a provision should be included which will give the Secretary of Agriculture power to establish marketing quotas when depressing surpluses are present (if two-thirds of the producers of wheat voting are in favor of marketing quotas). This provision should mean that if two-thirds of the wheat growers want the establishment of marketing quotas then these quotas may be established for every wheat grower. This is not regimentation, it is democracy.

Parity payments: We believe that parity payments should be made to cooperators. Such payments should be based on the difference between the average farm price and the price determined as necessary to bring the purchasing power and income of farmers to a parity with that of individuals other than farmers. Briefly, we want a fair share of our national income. We believe that parity payments should be graduated according to supply as outlined in some of the bills already presented to Congress.

Crop insurance: We strongly favor the principle of crop insurance as outlined in the bill already passed by the Senate. Parity of income cannot be obtained for farmers by maintaining prices alone. Some protection in the form of a partial guarantee of production is necessary. Obviously, a wheat farmer who because of weather conditions, fire, or other act of God has no wheat to sell cannot be benefited by price improvement. We believe crop insurance to be workable and sound. Eligibility for crop insurance should be made contingent on participation in other phases of the national program.

White wheat area: The committee spent more time in consideration of the proposal to classify wheat produced in the Pacific Northwest as a separate commodity than on any other one subject. This proposal has obvious advantages if properly administered.

Briefly, the committee has gone on record as favoring the proposal for the reason that we believe the handling of the Northwest wheat surplus requires special consideration. This consideration can best be given if Northwest wheat is considered as a separate commodity.

Commodity loans: We realize that the making of commodity loans when wheat is at a normal price level would tend to hold our wheat out of the channels of export and domestic trade. We ask, therefore, that a plan for commodity loans which is fair and equitable be established for use whenever supplies become burdensome. This is essentially the provision of the Pope-McGill bill introduced in the last session of Congress. We desire commodity loans only when our wheat prices drop to ridiculously low levels. We are aware of the dangers of a repetition of the Farm Board experience if commodity loans are made at too high levels.

Financing of wheat program: We believe it just and equitable that a processing tax on wheat should be levied to provide funds for benefit payments to wheat growers in excess of payments provided under the conservation program. We call attention to the fact that a 20-percent per bushel processing tax on wheat would increase the cost of a loaf of bread only one-third of 1 cent. We also call attention to the fact that when processing taxes were removed from wheat in 1935 there was no decrease in flour or bread prices.

Size of payments: We believe that any discrimination in rate of payment depending on the size of operation or the establishment of a maximum payment would only defeat the fundamental purpose of any program.

Adequate consumer safeguards: We believe the consumer is entitled to reasonable safeguards to assure him an adequate supply of foodstuffs at reasonable price levels. We commend the ever-normal granary principle where applicable, but feel that it does not particularly affect the white wheat area because of our stability of production.

Freight-rate provisions: In the so-called Jones bill is a provision making it the duty of the Secretary of Agriculture to intervene on behalf of farmers before the Interstate Commerce Commission when proposals for freight-rate increases on agricultural products are advanced.

We commend this portion of this bill and believe it should be included in farm legislation.

Tariff protection: If farmers are to reduce their production to a point approaching domestic requirements, we must have adequate tariff protection from imports of all classes of wheat. No one factor would defeat a voluntary production-control plan so effectively as the importation of large quantities of foreign wheat.

Adopted unanimously this 4th day of December 1937 in convention assembled at La Grande, Oreg.

CHAS. W. SMITH, *Secretary.*

Selective Logging in the Timber Industry

EXTENSION OF REMARKS

OF

HON. JOHN M. COFFEE

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

December 17, 1937

ARTICLE BY LOWELL THOMAS MURRAY, OF TACOMA, WASH.

Mr. COFFEE of Washington. Mr. Speaker, under leave to extend my remarks, I include herein an article written by Lowell Thomas Murray, of Tacoma, Wash., whom I regard as one of the most progressively minded and one of the most intelligent loggers in the United States. During the recent Congressional recess I had the good fortune to spend a day with Mr. Murray and ride over a portion of his vast logging domain. He conducts a model logging operation. All his employees belong to organized labor. At the main boarding house every facility is provided to make the men's stay a happy and homelike one. Situated on the shores of beautiful Mineral Lake, in northeastern Lewis County, Wash., the view from each bedroom window is inspiring and the very mountain air winey and salubrious.

Magazines, pool tables, cards, radio, good food—all these are readily available.

PROGRESSIVE LOGGING FROM A CONSERVATION VIEWPOINT

More than 25 miles of main-line logging railroad are in actual operation, in addition to which are countless spurs. A tremendous investment has been made in logging machinery and railway equipment. Some of the stretches of this railroad cost scores of thousands of dollars per mile, because they were blasted through solid rock. The view from the railroad, as one rides along its well-ballasted road-bed, is superb and awe-inspiring. Mineral Creek, rich in mountain trout, bubbles and roars its way down from the mountain heights. It forms eddies and transparent swimming pools, almost irresistibly inviting in the beauty of the pure water. Mr. Murray has established a complete telephone system and weather statistical stations along his right-of-way. He specializes in caterpillar logging operations, so as to protect the standing timber which he allows to remain, as he selectively logs this vast and beautiful natural resource.

THE NEW SYSTEM REPLACES THE OLD

Lowell Thomas Murray deserves the laudations of all of us. He has a vision and the intestinal fortitude to carry it out. He is logging selectively. In other words he cuts the old and ripe timber and selects trees in such a way as to permit a continuous forest growth. He treats timber as a crop. The system of high-line logging, which rips and tears the ground and devastates it as though a hurricane and earthquake had combined to destroy everything irreparably, finds no defender in Mr. Murray. But let his article speak for itself:

A PRIVATE FOREST OWNER LOOKS AT CONSERVATION IN THE STATE OF WASHINGTON

(By L. T. Murray, president, West Fork Logging Co., Tacoma, Wash.)

A logger, it is sometimes said, is opposed to forest conservation. Critics claim he has wastefully cut off the virgin timber and left nothing but blackened stumps. Sincerely, I doubt if there is a logger anywhere who has willfully set about to destroy the for-

ests and their many uses. On the other hand, his efforts have created a product of economic value to the entire Nation. Houses, barns, factories, furniture, paper, and thousands of other necessities and luxuries were partly the result of his work. True, some of the practices many loggers have followed have resulted in forest devastation, but this was not due to any malicious desire to spread destruction but due, rather, to economic conditions, uncertainty of markets immediately and many years ahead, risks of loss from forest fires, disease, and insects, lack of knowledge of the correct forestry practices, the financial inability to bear the carrying charges and taxes on a sufficiently large amount of timber to permit sustained yield management, insufficient courage and foresight, and lack of enabling legislation which would remove the legal obstacles to private forest management.

In spite of these hazards to forest management there is a need for a constant supply of wood products. Industries must be maintained, people must be kept employed, and the products of wood must be made available for use. By no means do I feel that these obtsacles are insurmountable, but, nevertheless, I know that the difficulties cannot be overcome through the efforts of either the industry, the Government, or the general public alone; all must cooperate.

During my nearly 30 years of logging in the State of Washington, I have seen the birth and the growth of the conservation movement. In its progress, I have enjoyed taking an active part. Naturally, since I am engaged in the business of growing and harvesting trees, I am very much interested in continuous forest production. However, conservation means much more to me than just management of timberlands for the production of wood. I recognize the importance of preserving intact some virgin stands of lofty trees for their inspirational and scientific values, the importance of maintaining a forest cover to help prevent floods and soil erosion and to protect sources of water supply, and the tremendous recreational value of certain forest areas to the nature lover, the hunter, fisherman, or the casual tourist. All of these uses of the forest deserve consideration in proportion to their value to the users. Some of these uses can be harmonized on the same area, others can be properly accomplished only to the complete exclusion of all the other uses. It is important therefore to determine which uses deserve the most encouragement.

LUMBER IS WASHINGTON STATE'S GREATEST INDUSTRY

There is no question that the forest industry is by far the most important industry in the State of Washington. In 1929 forest products produced in the State were valued at $352,000,000, or 44 percent of the value of the products of all industries. In this same year 24 percent of all the industrial establishments were engaged in forest production. For the past 10 years Washington has produced 20 to 24 percent of all lumber manufactured in the United States. From a local and from a national standpoint it is essential that these industries be maintained.

Their maintenance is even more important when it is considered that 80 percent of the value of the products of these industries normally is distributed within the State for wages, supplies, taxes, construction, and the like. In 1929 the 70,000 wage earners engaged in this industry received $100,000,000 in wages. This represented 61 percent of all wage earners and 62 percent of all wages paid in all industries. In addition, two-thirds of all rail- and water-borne tonnage originating in the State is forest products tonnage, and a large portion of inbound freight is for the use of these industries.

The city of Tacoma and its environs, for example, has been widely known as the lumber capital of America. Here 10,000 wage earners employed in 1929 in sawmills, pulp plants, furniture factories, and other forest industries received a total pay roll of $13,000,000 and produced products valued at $38,000,000. These figures represented 52 percent of all industrial workers, 50 percent of the total industrial pay roll, and 40 percent of the value of all industrial products produced. This city ships more lumber products than any other port in America, amounting last year to $28,000,000. This important city, with a population of 107,000, is undoubtedly dependent mostly upon the products of the forest. Other cities of Washington in which forest industries play a very significant part include Seattle, Bellingham, Everett, Aberdeen, Hoquiam, and Port Angeles. Hence, it seems obvious that in any practical conservation program for the State of Washington full consideration should be given to the maintenance of a permanent timber supply for these industries. If these industries should be forced to cease operation because of the lack of raw material, practically all the other industries in the State would be seriously affected. In addition, the many people indirectly dependent upon these industries, such as storekeepers, lawyers, doctors, teachers, and other service occupations, would be left without employment.

Even though less than one-half of the original 578,000,000,000 feet of timber still remains in the State of Washington, yet there are greater opportunities here for sustained-yield forest management than anywhere in the United States. In the first place, 146,000,000,000 out of the present 277,000,000,000 feet of timber are at present operable; second, a large number of existing forest industries provide a market for various types of products; third, about 15,000,000 acres are classified as potentially permanent forest land; fourth, wood growth is rapid compared to other regions; fifth, young stands of timber are relatively easy to obtain if timber crops are harvested under good forestry practices; sixth, cheap water transportation is available for the delivery of the manufactured goods; and seventh, here there is a large class of highly skilled woods and mill labor. Nevertheless, the numerous impediments to forest management will have to be eliminated or reduced to a large degree before any real progress can be made.

SUSTAINED YIELD TECHNIQUE AN INDISPENSABLE FACTOR IN CONSERVATION

Some operators have already taken steps toward sustained yield management in spite of the existing hazards to private forest management. Their efforts deserve every reasonable encouragement from the general public and the Government. The West Fork Logging Co., for example, has definitely committed itself to not only the harvesting but also the growing of trees. Its entire operation is being carried on under the best forestry methods possible under the present conditions. Every one of the 10,000 acres harvested in the last 10 years has been cut with thought of providing for a second crop. A constant effort has been made to improve the methods employed.

Here are a few policies already a part of the present operation.

1. Selective logging by areas, groups, or trees is practiced wherever practicable. Within some of these areas only the ripe merchantable trees are marked for cutting. Within the physical limitations of the equipment, methods, and the labor, the unmerchantable trees are left standing to provide for a second crop and to provide seed for a third or fourth crop, and to reduce the fire hazard created by slash from the tops of the cut trees. I believe that in some places where adequate provision is made for a seed supply clear cutting is good forestry practice especially in overmature stands of large timber where stunted or defective trees would be the only trees left after cutting.

2. The individual operations are scattered so that large blocks of timber between the cut areas are left for relatively long periods of time. This method is good forestry because the fire hazard of one continuous cut-over area is eliminated and a seed supply to the adjacent cut areas is more assured. This forestry requirement necessitates much more investment in transportation facilities than would otherwise be necessary and hence from a financial standpoint this practice constitutes one of the costs of forestry practice for which an operator receives no special consideration.

3. Strips of timber are left along streams, railroad rights-of-way, between clear-cut and selectively logged lands as an additional safeguard against fire. At the same time these strips maintain the natural beauty of routes of travel.

4. The above systems of cutting maintain a more even flow in the clear mountain streams which provide part of the water for two power dams and one irrigation district located outside of our operating unit.

5. At present we are preparing a forest management plan so that through a long-term systemized method of cutting we may assure a sustained-yield operation.

6. We are in constant cooperation with the United States Forest Service, the West Coast Lumbermen's Association, the Washington State Forestry Department, and the Forestry College of Washington University in order to secure the best of technical aid and advice.

7. We are members of the Washington Forest Fire Association which through a specified charge per acre is providing partial fire protection to our lands. In addition, we are building up our own fire protection organization.

8. We employ as superintendent of our operations a logging engineer who is a graduate of a forest school, a technical forester who devotes his entire time to the improvement of our forestry practices, and an engineer who is revising engineering methods in order to overcome the physical and mechanical handicaps to forestry practice.

9. We have made permanent camp headquarters in a small town so that men with families can live close to work. Also, we have provided permanent and comfortable living quarters for all single men.

10. Through our woods foreman we have been educating and training our woodsmen to the value of forest conservation by drastically changing their methods of work. Considerable effort was required to overcome their set prejudices toward new and different types of logging. Results have been ample proof of the value of their work.

11. On our State land we are carrying on the best selective logging the situation permits. Because we are unable to buy the land along with the timber at an appraised price we are forced to remove every tree which promises a return at or above cost. Although a deed to timber expires within 5 years from the date of sale, yet we have left uninjured a large number of small trees for additional growth and as a source of seed supply.

12. We are paying taxes on many acres of young growth and cut-over land which will not produce an income for 50 to 100 years in order to carry out our plans for sustained yield.

13. In the last analysis, we consider our timber as a crop and not as a mine.

THE PUBLIC HAS A DEFINITE RESPONSIBILITY IN FOREST MANAGEMENT

I honestly feel that although other loggers and ourselves have taken a long step toward our ultimate objective of sustained-yield management, much remains to be accomplished. Since we are engaged in the business of tree production, we protect and manage our timber because of the financial return we expect from the forest crops. I recognize our responsibility to the public to maintain the productivity of our land and I realize that the public will benefit or suffer according to the practices we follow. At the

same time I do not believe that the public understands its obligation to the forest land owner to make it economically possible and attractive to conduct his operations in conformity with the public needs. The public sentiment created by the "cut out and get out" practices of past generations of loggers is either apathetic or openly hostile toward any call for public cooperation in obtaining better forestry practices. The public needs to be made to understand that it is not a question merely of helping the logger and lumberman, but also one of public welfare. Permanent employment and permanent industry are essential to the support of any nation.

Not only on our land but on all land in the State of Washington, there is the ever present danger of losing all or part of the mature trees or young growth from forest fires. In spite of and partially offsetting the increased efficiency of forest fire protection, an ever increasing percentage of forest fires are being caused by the public so that the public is now the major fire hazard of forest areas. Aside from limited assistance from the State and Federal Governments the land owner foots the bills for these fires.

From one viewpoint, the public benefits from the protection and proper management of private forest land but contributes little or nothing towards defraying the cost of improved forestry practices, and in fact is the principal cause of forest fires.

This situation makes it unreasonably difficult for a private operator to practice sustained yield management. It is obvious that public understanding of the problem and public support of remedial measures is necessary. The uninformed public is apt to make the error of basing its acts on emotional appeal of the "woodsman spare that tree" type, when what is needed is constructive planning and support of remedial measures based on factual evidence.

FEDERAL LEGISLATION IS NEEDED

The question then arises, what can the public justifiably do to encourage private forest management. To me, there are several things the public can do through Federal legislation.

1. Sponsor an educational program to enlighten the public as to the value of the forest, the need for public participation in forestry problems and a better conception as to the benefits which will result from the proper use of the forests throughout the future.

2. Increase public participation in fire-control costs on private land. A first step in this direction might be to increase the Clark-McNary appropriation to the extent of providing one-half of the cost of adequately protecting forest lands from fire.

3. Enact legislation authorizing the Forest Service to enter into cooperative agreements with the State, county, and private forest-land owners in order to create sustained-yield units. This is necessary in cases where national-forest timber is an integral part of a proposed sustained-yield unit.

4. Provide for research into (1) the improvement of existing and the development of new machinery and methods which will better accomplish the objectives of forest management, (2) the development of wider uses for wood and wood products so that closer utilization of the forest may be possible, (3) the development of better techniques of forest management, (4) the development of better methods of protection and control of forest fires, insects, and disease.

5. Promote through trade agreements more export outlets for forest products and through tariff regulations restrictions on importations from low-wage-scale countries as a means of encouraging better forest practice by the commercial forest landowner.

6. Give legal authorization and appropriations for Federal acquisition of private lands in a sustained yield unit for the purpose of relieving an operator of taxes and other charges on a large acreage of land and timber of which much of the latter would not be harvested for a long period of time during a sustained-yield cutting budget. This would aid such an operator to limit his cut to the sustained-yield plan over a long period of years.

7. Appropriate funds under the Fulmer Act for State acquisition purposes. This would enable the State to assist private operators where State lands are an integral part of a sustained-yield unit.

8. Enact legislation to remove limitations in the terms of Federal grants, enabling the States to manage, sell, and exchange (with the Federal Government, counties, and private owners) land grants for the purpose of furthering the establishment of sustained-yield units.

9. Permit the deduction from the undistributed-profits tax of funds expended for reforestation and other capital expenditures for forest development, including the acquisition of growing timber, in connection with sustained-yield management.

10. Make the necessary revisions in the present inheritance-tax laws which would have the effect of forcing liquidation with the resultant breaking up of well-balanced forest-management units.

11. Maintenance of the present forest industries of the State of Washington should be without question one of the principal objectives of the conservation program. The proposed establishment of a national park from 300,000 acres on the Olympic Peninsula now under National Forest Administration would remove from industrial use about eight and one-half billion feet of timber. This area can be made to serve the admirable purpose of recreation without locking up such a tremendous area and volume of timber so necessary to the industries of the State. Recreation could be given legal status as a national-forest activity with provisions for appropriations for urgently needed recreational facilities on national-forest land with the provision that the multiple-use principles of national-forest administration be adhered to and that recreation and other forms of national-forest resources will be provided but without undue priority being given to any one activity to the detriment of other uses. I might add that this area is far removed from any possible operation of our company. The point I wish to emphasize is that the maintenance of forest industries is so important to the State and the Nation that we cannot possibly afford to lock up timber which, at the same time it is serving industrial purposes, could be made use of for the full development of its recreational opportunities.

12. Close scrutiny should be made of the present proposal to transfer the Forest Service from one Department to another. Here in the State of Washington, the Forest Service has well earned its reputation for its leadership in conservation work. This is largely a result of its highly meritous personnel who are selected and promoted under civil-service regulations. Any entrance of political preferment into appointments or advancement undoubtedly would destroy the morale of this organization.

The Wage and Hour Bill Unfair and Discriminatory—The Bill Should Be Recommitted

EXTENSION OF REMARKS

OF

HON. CHARLES A. PLUMLEY

OF VERMONT

IN THE HOUSE OF REPRESENTATIVES

Friday, December 17, 1937

Mr. PLUMLEY. Mr. Speaker, no man is more cheated than the selfish; and where all are selfish, the sage is not better than the fool but rather only more dangerous. "So stands it written." If ever the foregoing truth were better exemplified than by the turmoil and discussion incident to the wage and hour bill, I have failed to observe the fact.

The controversy aroused by this bill as written has developed into a wordy contest disclosing the robust self-interest of many groups; the clutching, intense determination of all, with each one wishing and striving for his own advantage rather than that of his fellows; with each wishing only to protect and benefit his particular group or section at the expense of others. "It is not truth, justice, liberty which men seek; they seek only themselves"; and as far as this particular measure is concerned, it is patently clear that, although they so wish, they are not at all sure that they are to be benefited at that.

The wisdom of spending no more time in the discussion of this phantasmagoria on the floor of the House at this session cannot be seriously questioned either by those who are sincere with themselves or by those who are really concerned for the welfare of the laboring man and of the people at large. The bill should be recommitted.

It should be recommitted, among others, for those reasons so ably stated yesterday by the gentleman from Texas [Mr. LANHAM]. I suggest that his remarks have your careful study, if they have not already been given the attention they deserve.

When the tumult and the shouting dies and calm reason once more ascends the throne, friends and foes of this present bill alike, who are honest with themselves, will know that after all "the only freedom which deserves the name is that of pursuing our own goal in our own way, so long as we do not attempt to deprive others of theirs, or impede their efforts to attain it."

Coercion must always be illegitimate. Discrimination, moreover, is not legislation. We devoutly want fair labor standards to be provided and established in industry, but they must be fair, not established by or through discriminatory legislation.

Petition Calling for Referendum on War Regrettable Situation for United States at This Time

EXTENSION OF REMARKS

OF

HON. BERTRAND W. GEARHART

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 16, 1937

COLUMNIST FRANKLYN WALTMAN COMMENTS UPON THE ADVISABILITY OF AMENDING THE CONSTITUTION OF THE UNITED STATES SO AS TO LIMIT THE CONGRESS IN THE EXERCISE OF ITS POWER TO DECLARE WAR

Mr. GEARHART. Mr. Speaker, the securing of the two hundred eighteenth signature to the motion to discharge the Judiciary Committee from further consideration of Congressman LUDLOW's proposed amendment to the Constitution of the United States initiates what I feel is to become one of the greatest constitutional debates of our times. The taking from the Congress of its ancient prerogative to declare war and the lodging of that great responsibility with the people would establish in the United States a principle of government utterly unknown in any other country on the face of the globe. So important does the issue promise to become that I deem it a privilege indeed to be able to offer for the consideration of the Congress and, through the columns of the CONGRESSIONAL RECORD to the Nation, the timely comments of the Washington Post's most able writer, Mr. Franklyn Waltman. With the unanimous consent of the Congress, expressed this day, as my authority, I hand Mr. Waltman's article to the Public Printer for incorporation in the CONGRESSIONAL RECORD.

It is simply incredible that 218 Members of the House of Representatives are so naive or so willfully indifferent to the responsibilities of their office as to place their names on the petition forcing to the floor of that body the absurd Ludlow resolution for a constitutional amendment requiring a national referendum before this Government would be able to declare war on another nation.

And it is especially unfortunate for world peace efforts that the last of the 218 names—the number necessary to make the petition effective—should have been added to the document this week, when President Roosevelt and Secretary of State Cordell Hull are confronted with the delicate situation growing out of the sinking of the American gunboat *Panay* by Japanese aviators.

The Japanese could not have desired a more favorable development at this time, and undoubtedly that country's diplomatic emissaries here lost no time in cabling the news to the foreign office in Tokyo.

It is hard to understand why patriotic men and women elected to a responsible place in the affairs of their country should undertake in such manner to give aid and comfort to a group of Japanese militarists who have shamefully outraged American rights.

If it is contended these Members of the House are sincere and honestly believe that they are serving the interest of their country by supporting the Ludlow resolution, then the conclusion is inescapable that nurses should be appointed to take care of them, for the Ludlow resolution is childish.

If, on the other hand, some of the 218 signers of that petition acted—as many are suspected of having done—in response to the demands of emotional or unthinking constituents stirred up by pacifist organizations supporting the Ludlow resolution, then they are playing politics at a crucial moment in the history of their country, and that cannot be justified on any basis.

Nothing could be sillier than the Ludlow resolution—not even the Neutrality Act. Secretary of State Cordell Hull, speaking of that measure yesterday, asserted that "from the standpoint of promoting peace and keeping this country out of war I am unable to see either the wisdom or practicability of the proposal." Mr. Hull was speaking with restraint.

Under the Ludlow proposal, before the President and Congress could declare that a state of war exists between the United States and another country—except in the event of invasion—a national referendum would have to be held on which the populace would be asked "Shall the United States declare war on * * *?"

While this is going on, what do Representative LUDLOW and his supporters in this matter think the country named in that question would be doing? Does he suppose its military forces would patiently wait until the verdict of the American people was registered at the polls?

No government would take a chance on the outcome of such a referendum. In the first place, this country would swarm with spies and agents who would seek to prevent an affirmative vote on that question. Secondly, it would place itself in a position to get the jump on the United States when war is declared—if it did not make the referendum unnecessary by actually assailing American territory and arms.

What reason has Mr. LUDLOW for thinking that the voters would vote down this country going to war? Indeed, the populace usually is more desirous of war than those in charge of the government, as is evidenced by what happened in this country in 1898 and again in 1917. Instead of the decision as to whether the country should go to war being made on a basis of calm reason and sense it would be based on hysteria and prejudice. As one opponent of the proposal has said, we would have a civil war within the country as well as a foreign war outside.

But aside from that phase of the matter, has not Mr. LUDLOW heard that countries now go to war without any formal declaration? At a time when the formal declaration of war virtually has been abandoned in international intercourse, he would have the United States hold a referendum on a meaningless question. Assuming that his proposal is written into the Constitution, does he suppose that any President who wanted to take the country into war would be deterred by it?

That is one of the things which this Congress and the pacifists seem unable to get into their heads. Congress can pass all the neutrality acts, constitutional amendments, and laws it wishes, but it cannot bind the hands of a President who wants to go to war. There are too many ways of getting into a war. But by passing such legislation Congress can bind the hands of a President who earnestly is striving to maintain world peace and keep the country out of war.

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But all this is academic, for the Ludlow proposal will never get into the Constitution. It is doubtful if it will receive the necessary two-thirds vote in the House. It is certain that two-thirds of the Senate and 36 States will never approve such a proposal. When all the oratory dies away, Mr. LUDLOW will have to take consolation in the fact that he succeeded in embarrassing his Government at a critical time and made his country ridiculous in the eyes of the world.

Wage and Hour Legislation—Historical Background

EXTENSION OF REMARKS

OF

HON. ROBERT G. ALLEN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 13, 1937

Mr. ALLEN of Pennsylvania. Mr. Speaker, I have studied the history of wage and hour legislation in considerable detail. During the general debate which has ensued on the Black-Connery bill during the past week, I have noted that the arguments which have been presented against the bill are as old as recorded history itself. In the welter and confusion which have prevailed in the House during the past few days, many Members are tempted to consider wage and hour legislation as something new, or of an experimental nature. Neither is correct. Legislation regulating wages and hours in industry is very old. No civilization since the beginning of history has failed to reduce working hours or to set time aside for recreation, repose, and education. For centuries, by virtue of divine law, we have limited the labor of mankind to 6 days. On the seventh man has rested. For centuries, under the laws of man, we have steadily reduced the long hours through which he must toil.

Since the early development of the factory system in England and all during the rapid progress of the machine age, legislation pertaining to the wages of labor and the hours through which labor must toil has been enacted. In 1800, in the early English textile mills, men worked 19 and 20 hours a day, and the average day's work in all England during that period was 16 hours. In 1819, 95 hours constituted the average workweek in England. In 1890, because of regulatory measures, long back-breaking hours had been reduced to 45 hours per week in the English coal mines, and

by 1894 the average workweek in all England has been limited to 56½ hours. All through the nineteenth century, as the factory system developed, working hours were reduced in number. In 1802 the first factory act in England was passed. This law provided that no child under 18 should work more than 12 hours a day. Previous to this law little children 8 years old were toiling 15 hours a day in the English mills and mines. When the law of 1802 was passed the businessmen of England cried to high heaven that Parliament was ruining their business. To prohibit them from working little children 15 hours a day would mean the destruction of British industry. Instead of that the opposite obtained and business in England expanded as never before. Again, in 1846, humanitarian Englishmen decided that too many children 13 years and younger were working 12 hours a day under wretched conditions. Consequently a law was passed reducing the hours of work for children from 12 hours to 10. Again big business in England wailed that Parliament would ruin their business, but during the next 40 years after the passage of that act the textile mills in England doubled their capacity program. Profits and prosperity increased beyond all expectation. These are historical facts and they prove definitely that such legislation as the Black-Connery Act provides has been attempted successfully many times in history.

The second argument prevailing against this type of legislation was then as now that it would benefit one class of people at the expense of another. Again I refer to history, and again history proves that just the opposite is true and that all classes benefit when the masses of any people are uplifted. If we succeed in raising the living standards of those who are underpaid today and if we return to private employment several million of our unemployed, the living standards in America will be raised, and all our people will benefit.

The third argument which has been inveighed against the Black-Connery Act is that if the hours of work are reduced, production will be reduced likewise. In other words, a man working 8 hours a day can produce more than a man working 6 hours a day. That is true, and we will not argue that point. But we cannot confine our argument to a day's comparison; we must consider it in terms of months or a year. History has proved that a man can work rapidly and to the limit of his capacity for 6 hours a day for weeks, months, and years, but a man cannot work at the same high speed for 8 hours a day. A runner can cover a 100-yard dash at full speed, but he could not maintain that same speed for a mile. Men can sprint in industry for 6 hours and in a year's time produce as much as a man working 8, 10, or 12 hours. The history of past experiments has again indicated that when it is necessary to reduce the hours of work in order to increase employment and to raise living standards, that productivity has gone up also. Men are able to work harder and with greater efficiency during reduced hours over a yearly period.

After the laws of 1802 and 1846 in England which reduced hours, production went up rapidly and exceeded all previous records. Witnesses working against the Black-Connery bill claim that there will be a great loss in our national wealth if we reduce working hours. Well, based on that argument, during the past 200 years of our life we have lost 33⅓ working years because we have rested on Sundays. According to their argument, if we had worked 1,600 Sundays during the past 200 years, we would have increased our national wealth considerably. That is a ridiculous argument, and the world knows that if we forced labor to work 7 full days we would have been a poorer Nation, less civilized, less educated, and with less productive capacity.

The fourth argument against this legislation has been that the Government has no right to interfere in private enterprise. I remind you that the Government has the constitutional right to promote the general welfare of our people. Here the general welfare is concerned. It is the duty of government to interfere with the contracts and activities of individuals if those contracts are inimical to the general welfare. Let us consider for a moment what this so-called Government interference actually is. During the past few years in the coal industry, mechanical loading machines have been introduced. Three hundred men today can easily do the work which formerly required 800 men. It is reliably estimated that 100,000 miners have been replaced recently because of coal-loading equipment, and remember that these miners have dependent upon them 300,000 women and children. The steel mills have recently installed new rolling equipment, and today 1,600 men in one mill can do the work which formerly required 3,200 men. In 1929 it cost $4 in labor to make the door of an automobile. Due to a new invention, this same door can now be made with a labor cost of 15 cents. I cite these few statistics to demonstrate that if labor-saving machinery is used to disemploy men, the result is poverty when it should be prosperity. The general welfare of the Nation is at stake and it is the duty of the Government to regulate the introduction of new machinery by reducing the hours of work so that those men who have been thrown out of employment can regain their rightful places.

The fifth argument aimed against this act has been that so much leisure time will be the moral ruination of our laboring men and women. Of course, there is no evidence to prove this—in fact the only real evidence which was introduced came from a liquor dealer in Brunswick, N. J., where, at the Johnson & Johnson Manufacturing Co., a 6-hour day has been in effect for several years. This liquor dealer complained that since the 30-hour week had been instituted his sales had fallen off drastically, and that instead of frequenting his bar, men had taken their families on outings and were spending their time in outdoor, healthful recreation. In other words, if we permit our laboring classes to live normal lives they will learn how to repose normally and to enjoy healthful recreation.

And the last argument is that lower hours and higher wages will increase production costs so that our foreign trade will be lost and our markets will be flooded with cheap goods from abroad. Here, again, I introduce absolute facts which are a denial of this statement. The great percentage of our foreign trade today is in goods produced in industries where the wages are highest and the hours of work are shortest. We sell abroad automobiles, heavy machinery, and industrial equipment, and in all these industries wages are high and hours short. We have little or no foreign trade in textile or cotton goods, and in these industries we find the lowest wages and the longest hours.

Now, let us turn our attention for a moment to the other part of this bill, namely, that which will set minimum wages. Here again I call upon the experience of the past to prove that high wages result in high productivity. High wages actually mean low labor costs. They are the most powerful stimulant to exertion and efficiency. A man well paid is happy in his work. Who is there so blind that he will claim that the low-paid Chinese coolie can produce as much as the skilled American machinist? Low wages in the backward countries of the world have brought laziness, indolence, and indifference. In 1860, English laboring men were paid three times as much as Irish laborers and it is an actual fact that they produced more than three times as much in England as in Ireland. In 1872 Thomas Brassey, a world contractor, demonstrated clearly that low wages resulted in little work. Whenever he paid higher wages in foreign countries on his construction projects, the immediate result was more efficient work and actually low labor costs. In 1892, a great German economist endeavored to determine why the English textile mills were so much more productive and profitable than those in Germany. In his report he concluded that the high wages paid in England and the shorter hours were the answer and he recommended that Germany do likewise.

In America today, one-fifth of our families must exist on an income less than $1,000 per year, which is little more than $20 a week. In many sections of our country, especially in

the South, tobacco workers laboring 230 hours a month receive as little as 11 cents an hour. In other portions of the South agricultural workers receive as low as $21 per month for 300 hours of work. In our textile industries over four-fifths of the women receive less than $15 per week, and one-third of the women employed in that industry are paid less than $10 per week. A few moments ago I explained that improved machinery could manufacture between 40 and 50 percent more today than in 1920. Goods are manufactured to be sold. How can we sell these goods if we pay such low wages as I have mentioned above? How can one-fifth of the families of America, averaging four persons, a husband, wife, and two children, purchase proper clothing, furniture, decent housing, or nourishing food at $20 a week with living costs as high as they are? The immediate increase in wages in America will increase the buying power of the masses of our people, and that is absolutely essential, both from the standpoint of humanity and for the preservation of our economic order.

Let me remind you again that in all the history of the world when conditions such as exist in America today have demanded Government regulation of hours and wages, the results have always been beneficial for all classes of people. Labor wants a law of this type passed for obvious reasons. Businessmen should welcome it because the moment the unemployed are put back to work relief appropriations will be unnecessary and taxes can be lowered. The farmer should fight for this act because high agricultural prices are entirely dependent upon the ability of the industrial worker to pay those high prices. If the industrial worker is steadily employed and receiving a high wage, he can afford to pay the farmer a fair price for his produce. A family of four receiving $20 a week and less can never pay the farmer a profitable price. The interests of the laboring men and the farmers are bound together in this act.

In conclusion let me say that unemployment and low wages in America are the unholy twins of destruction. They represent a national problem which transcends political party lines. Higher wages and shorter hours of work have benefited our country in the past and, in my opinion, at this time it will do much to correct the deplorable conditions which exist in America.

Wage and Hour Bill

EXTENSION OF REMARKS
OF
HON. ARTHUR B. JENKS
OF NEW HAMPSHIRE
IN THE HOUSE OF REPRESENTATIVES
Friday, December 17, 1937

Mr. JENKS of New Hampshire. Mr. Speaker, before this House there has been no legislation of greater national importance or more humane significance than this wage and hour bill. Its provisions in the main affect that large group of semiskilled and unskilled workers scattered over the length and breadth of this land, and indirectly affect the interests of every man, woman, and child throughout the entire country. For that reason, this legislation deserves and should have the unstinted attention and consideration of every Member of this body.

At the outset I want to say that I most heartily favor the basic principles of this measure—that is, the establishment of a decent minimum wage, the setting of reasonable maximum working hours, and the abolishment of child labor. I believe that the adoption of these principles would be a step in the right direction, socially and economically.

Let us construct a mental chart of the labor groups in this country. On the basis of the 1930 census—I have been unable to secure any later figures—we had 6,282,667 skilled workers; 7,977,572 semi-skilled workers; and 14,008,869 unskilled workers. It is with the latter two groups, minus the agricultural and other exempted classes of workers, that this bill is concerned. On the basis of the 1930 figures, it could be roughly estimated that there are somewhere between twelve and fourteen million semi-skilled and unskilled workers. The purpose of this wage and hour bill is to stabilize employment and raise the general standard of living for this group of employees.

Unlike many issues that come before us, the division of opinion over this legislation appears to be engendered not so much by partisanship as by sectionalism. Strangely enough, it is from the sections where the enforcement of the provisions of this act would do the most to improve the standard of living that the greatest opposition is coming and the greatest doubt exists as to the wisdom of passing it.

Quite naturally a heterogeneous population such as ours, spread over an area the size of this country, varying in resources, climate, and interests, was bound to develop diversified standards and conditions that in due time became stabilized, static, and habitually accepted. Because it is easier to pursue the tenor of our ways, settle in a groove, and move along in it as best we can, we are not prone to exert ourselves to change until we reach an impasse that literally forces us to bestir ourselves to meet altered conditions and circumstances that can no longer adequately and efficiently fit or move in the outworn and outmoded groove.

But however that may be and from whatever section we may come, each and every one of us is confronted with a condition that is universal and that must be adjusted, from the border to the Gulf and from the Atlantic to the Pacific, before we can hope to make any further sound progress and begin to hit on all 12 cylinders again. It has long been a recognized fact that the rapid strides that have been made in mechanical labor-saving devices, plus high-powered scientific management, have brought about a displacement of labor that is one of the root-causes of the backfire in our economic machinery. We all know that there are more workers than there are jobs—that there are not enough jobs to go around, because labor-saving mechanical devices now do the work that formerly kept many hands busy, with the result that many hands are now idle. The remedy—shorter hours, which would mean the employment of more workers, thus dividing up the existing or available jobs and spreading employment—has been long under consideration. The curtailment of working hours to 40 a week, as provided in this bill, makes a step in the right direction. It is my understanding that the first 30-hour week bill was introduced sometime about 1930, so that this question of shortening work hours with a view to spreading employment has been before the Congress for some 7 years. In that time the unemployment situation has not automatically remedied itself, nor will it. Something must be done to adjust it. Action may be deferred again, but the issue will not down. Eventually we must face and solve this unemployment problem—at least to the extent of compelling a more equitable distribution of the available work—that is draining not only the financial resources of the Treasury but undermining the morale of a large percentage of our people who are able and willing to work but for whom not enough work exists.

The bill aims to establish a minimum wage of 40 cents per hour, which, on the basis of a 40-hour week, would require that no full-fledged worker would be paid less than $16 per week.

At this juncture, I wish to insert a bulletin issued by the Bureau of Labor Statistics of the United States Department of Labor, showing hourly entrance rates of common unskilled laborers in 20 industries, as of July 1937:

The average hourly entrance rate of common unskilled laborers in 20 industries was 51.2 cents in July 1937, according to an announcement made today (Saturday) by Commissioner Lubin of the United States Bureau of Labor Statistics.

"There was a considerable differential in the average entrance rate per hour between different geographical regions," Mr. Lubin said. "The northern average amounted to 55.3 cents, as compared with 38.9 cents for the southern region.

"For the country as a whole, 14.7 percent of the common laborers in the industries surveyed received less than 40 cents per hour. In the South, 48.4 percent of these workers were paid under 40 cents. In the North, 3.5 percent averaged under 40 cents per hour.

"The number of common laborers paid 70 cents and over constituted 4.9 percent of the total. Nearly all of the common laborers receiving 70 cents and over were found in the northern region, the actual percentages being 6.3 in the North and 0.7 in the South."

The above figures are taken from the twelfth annual common-labor survey of the Bureau of Labor Statistics which will shortly be released. They cover 5,238 establishments in 20 industries with 222,555 common unskilled laborers on their pay rolls at entrance rates.

The 20 industries included in this survey were selected because they employ relatively large numbers of common laborers. Furthermore, they represent a cross section of the various industries in the country. They include 16 manufacturing industries, 3 public utilities, and building construction.

Every State and the District of Columbia are represented in this survey. The southern region includes the South Atlantic, East South Central, and West South Central States, while the northern region embraces the remainder of the country. (See table 1.)

TABLE 1.—*Geographic classification of average hourly entrance rates of adult male common laborers, in 20 industries, July 1937*

REGION, GEOGRAPHIC DIVISION, AND STATE	
United States	$0.512
North	.553
New England	.495
Maine	.457
New Hampshire	.409
Vermont	.440
Massachusetts	.513
Rhode Island	.491
Connecticut	.522
Middle Atlantic	.550
New York	.520
New Jersey	.561
Pennsylvania	.561
East North Central	.560
Ohio	.557
Indiana	.565
Illinois	.594
Michigan	.542
Wisconsin	.510
West North Central	.527
Minnesota	.548
Iowa	.504
Missouri	.559
North Dakota	.438
South Dakota	.424
Nebraska	.481
Kansas	.501
Mountain	.548
Montana	.528
Idaho	.578
Wyoming	.550
Colorado	.542
New Mexico	.285
Arizona	.370
Utah	.492
Nevada	.514
Pacific	.586
Washington	.618
Oregon	.597
California	.558
South	.389
South Atlantic	.408
Delaware	.440
Maryland	.480
District of Columbia	.500
Virginia	.360
West Virginia	.532
North Carolina	.281
South Carolina	.235
Georgia	.267
Florida	.300
East South Central	.373
Kentucky	.432
Tennessee	.329
Alabama	.397
Mississippi	.322
West South Central	.375
Arkansas	.288
Louisiana	.332
Oklahoma	.419
Texas	.434

The petroleum-refining industry showed the highest average hourly entrance rate, with an average of 61.1 cents for the country as a whole. Five industries (iron and steel, slaughtering and meat packing, automobile parts, building construction, and paints and varnishes) averaged between 55 and 60 cents. Three other industries (chemicals, cement, and glass) had averages of 50 and under 55 cents.

TABLE 2.—*Hourly entrance rates of adult male common laborers, by industry and region, July 1937*

Industry	Average hourly entrance rate			Percentage of common laborers receiving less than 40 cents per hour		
	United States	North	South	United States	North	South
All 20 industries	$0.512	$0.553	$0.389	14.7	3.5	48.4
Manufacturing industries:						
Automobile parts	.554	.554		2.9	2.9	
Brick, tile, and terra cotta	.457	.484	.319	20.4	10.0	74.3
Cement	.514	.553	.414	13.1		46.8
Chemicals	.524	.560	.439	23.7	.1	53.6
Fertilizers	.364	.539	.279	62.2	7.2	89.0
Foundry and machine-shop products	.496	.507	.381	5.3	1.2	47.1
Glass	.504	.509	.485	3.5	.7	14.2
Iron and steel	.585	.595	.534	.9	.4	3.4
Leather	.477	.504	.387	10.3	2.0	39.0
Lumber (sawmills)	.437	.546	.245	44.9	15.1	97.4
Paints and varnishes	.552	.560	.412	2.3	.7	32.3
Paper and pulp	.477	.511	.396	14.5	1.7	44.8
Petroleum refining	.611	.642	.563	.9		2.2
Rubber tires and inner tubes	.481	.482	(1)	.8	(2)	(2)
Slaughtering and meat packing	.567	.582	.474	3.6	.4	23.4
Soap	.499	.499	(1)	28.1	(2)	(2)
Public utilities:						
Electric light and power	.459	.497	.381	15.5	4.4	38.3
Electric street railways and city motorbus operation and maintenance	.475	.500	.325	23.3	13.6	83.1
Manufactured and natural gas	.473	.494	.406	6.5	.4	25.6
Building construction	.553	.636	.382	14.9	1.8	42.3

[1] Less than 50 employees; no average computed.
[2] In order not to reveal plant identity, district figures are not given.

The industries with averages ranging from 45 to 50 cents were foundries and machine-shop products, soap, rubber tires and inner tubes, leather, paper and pulp, electric street railways and city motorbus operation and maintenance, manufactured and natural gas, electric light and power, and brick and tile and terra cotta. The lumber industry averaged 43.7 cents. The average in the fertilizer industry was 36.4 cents.

In each case where the figures are available for both regions, the averages in the North were considerably higher than those in the South. The smallest differential per hour appeared in glass, 2.4 cents; iron and steel, 6.1 cents; petroleum refining, 7.9 cents; and manufactured and natural gas, 8.8 cents. The highest differentials were found in lumber, 30.1 cents; fertilizers, 26 cents; and building construction, 25.4 cents. In the remaining industries the differentials varied from 10 to 20 cents.

In the northern region only three industries, namely, lumber, electric street railways and city motorbus operation and maintenance, and brick, tile, and terra cotta, had any appreciable number of employees paid less than 40 cents per hour.

The southern industries with the highest percentages of common laborers receiving less than 40 cents per hour were: Lumber, 97.4 percent; fertilizers, 89 percent; electric street railways and city motorbus operation and maintenance, 83.1 percent; brick, tile, and terra cotta, 74.3 percent; and chemicals, 53.6 percent.

It readily will be seen that the operation of this proposed wage and hour law would have a most beneficial effect in the New England area, where, according to the foregoing analysis, only slightly over 3 percent of unskilled workers receive less than 40 cents an hour, while more than 48 percent of such workers in the Southern States receive less than that amount. Nevertheless, New England industry and labor must compete in domestic and world markets with this lower standard prevailing throughout the South.

As the bill now stands, however, there is no guaranty that a minimum wage of 40 cents per hour will be attained, as the act provides that in the establishment of a minimum wage consideration shall be given to local economic conditions, which, of course, would permit differentials in minimum-wage scales. Because of the readjustments a law of this character would involve, there seems to be some merit to the contention that a certain flexibility should be maintained in order to meet and deal with varying existing circumstances.

During the discussion of this legislation it has been said that no industry, large or small, which cannot or will not pay a living wage has a right to exist in this country. I agree with that statement, but at the same time I would point out that what would be a living wage in a small community would not be a living wage in a large industrial city. I would also stress the fact that many thoroughly sound and substantial business enterprises have grown out of very small beginnings and in localities that, in their infancy, were somewhat remote places. I grant that I derive a certain assurance from that section of the bill that takes cognizance of the fact that it would be impossible to achieve the objectives aimed at arbitrarily or by a change so abrupt and drastic that serious injury to American industry and American workers might result, and warning that these objectives must be achieved through cautious and careful action without seriously disturbing and dislocating business and industry.

I am fully aware that the administration of this act will present certain problems that only time and experience can solve; I concede the administrative imperfections of the measure as it stands, which, by inference, are recognized in the bill itself in that it makes specific provision that the administrator shall from time to time make recommendations for further legislation in connection with the matters covered by the act. I do not believe that any Member in this body is opposed to the basic principles of this legislation, but it has become very evident that most of us are somewhat dubious regarding the administration of the act. I opposed the proposal to establish a board to administer this law, which would have meant the creation of another huge Federal agency here in Washington vested with practically unlimited power over industry and labor throughout the entire country. In my opinion, the appointment of an administrator to supervise the enforcement of the provisions of the act in conjunction with the State labor divisions, thus localizing and giving each State a voice in the administration of the act, is preferable. I understand that there will be offered in the neighborhood of a hundred amendments to the bill, and I am hopeful that the discussion and sifting of these amendments will aid in clarifying and improving the measure.

I am not going into a discussion of the abolishment of child labor, because I believe that every decent, fair-minded human being is opposed to that abomination.

In closing, permit me to state that in the course of my lifetime I have stood on both sides of the reservation; in my early years I was a worker, receiving a pay envelope on Saturday night, after working 10 hours every day, and for many years I was an employer who had to find ways and means to meet a pay roll each week. During my thirty-odd years as an employer of labor, not one of my employees ever lost a single day's work on account of strike, lock-out, or any difference with the management. Because of my personal experience as employee and employer, I believe that I am in a position to view this issue from both angles, and I have no hesitancy in saying that I am convinced beyond any shadow of doubt that until such time as there is brought about a more equitable distribution between industry and labor, so as to enable the mass consuming public to absorb on a larger scale the products of industry and agriculture, the necessary balance between supply and demand, which is so vital to our national prosperity, cannot be attained. In other words, the purchasing power must be put into the pockets of the rank and file of the consuming public if the products of industry and agriculture are to be absorbed.

I am hopeful that this legislation can be whipped into acceptable and workable form and passed without any unnecessary delay because I feel that it will be a step toward destroying sweatshop labor and banishing it at least from interstate commerce, curbing the power of the chiseler over the honest employer, and benefiting children by giving them a chance to have a normal childhood in which to properly grow and develop.

Organized Labor of Puerto Rico

EXTENSION OF REMARKS
OF
HON. SANTIAGO IGLESIAS
RESIDENT COMMISSIONER FROM PUERTO RICO
IN THE HOUSE OF REPRESENTATIVES

Friday, December 17, 1937

REPORT OF THE FEDERATION OF LABOR OF PUERTO RICO

Mr. IGLESIAS. Mr. Speaker, to ascertain more accurately the actual activities and conditions of labor in Puerto Rico, it seems to me appropriate to insert in the RECORD the last report of the island's Federation of Labor, a very practical report:

As soon as the island of Puerto Rico became a part of the United States in 1898, and particularly since the Puerto Rican people became citizens of the United States, unprecedented progress has been made along almost every conceivable line. To realize and believe that statement, one must have lived on the island in the old days. Humble as their circumstances may seem, today the working classes are better off in every way.

Take labor conditions for example. Some writers claim that the present-day laborer's plight in agriculture and in some industries is miserable. That may be true, but we have to look below the surface. It is true that many of the laboring class in the country live in crudely-built homes with a minimum of furniture and conveniences; that they are destitute. It is true that the dollar wages today are much lower than we would like to see them, but they are about three times as high as in 1898 and are increasing steadily under efforts of the labor organizations over there.

We always have had a serious unemployment problem and will continue to have one until new sources of employment can be created, but we are not in quite such bad shape as some people have stated. In other words, labor conditions in Puerto Rico are becoming superior in certain respects to those prevailing in some very poorer sections of several States and have improved greatly since the American occupation.

Wages for agricultural laborers are relatively low, but they are higher than those prevailing in many of the independent countries in the Caribbean area and in Central America. Wages in our sugar industry are higher than the rates paid in most of the other sugar-producing areas of those nations where workers have been denied the privilege of organization. In short, we have made many advances that we rightly can be proud of.

Not only is there more food to eat, but the average diet is better balanced than it formerly was. Puerto Rico buys and consumes each year much more of the important nontropical foods such as meat, lard, wheat flour, butter, and milk than any of the neighboring tropical countries. The average diet, to be sure, is not what it might be; there are many cases of malnutrition in our island, just as there are in some sections of the States, but there has been much improvement in the average diet and there will continue to be.

AMERICAN BUSINESS

Importance of island prosperity to American business is stressed by the Governor in reporting that, with the exception of Canada, Puerto Rico in 1936 was the largest purchaser of United States products in the whole of the Western Hemisphere.

For the fiscal year the island exported products valued at $114,953,827; purchases imported totaled $98,875,491. Ninety-two percent of the trade was with the United States.

Continued gradual recovery from two hurricanes in the past decade stimulated by improved business aided by Federal spending was a factor that helped produce $17,000,000 general insular revenues, an increase of $4,300,000 over 1936, previously the record high. Sugar represents almost 70 percent of the total value of island products for export.

"Puerto Rico is naturally a peaceful community," his report states. "Hold-ups, bank and pay-roll robberies are practically unknown here. Several unfortunate occurrences, chargeable to a small group of discontented individuals, were dealt with promptly. The spread of propaganda and activity by this subversive group of terrorists resulted in violence on several occasions; but prompt action on the part of the authorities prevented further disorder. Eight of their leaders were convicted in the United States district court and sentenced to the Federal penitentiary at Atlanta."

FREE FEDERATION OF THE WORKINGMEN OF PUERTO RICO

At a meeting held by the executive council of the Free Federation of Workingmen of Puerto Rico on November 19, 1936, a 3-year organization plan was approved to be inaugurated on January 1, 1937. This plan was recognized as "Tres Años de Renovación y Vida," the purpose of which was to inject new life to the organized labor movement throughout this island.

Sugar industry: The first activity conducted in compliance with the above-mentioned plan was a meeting of representatives of agricultural labor unions affiliated and unaffiliated with the State federation to discuss the terms of a collective agreement to be submitted to the Sugar Producers Association of Puerto Rico, as the grinding season was to begin about 30 days after this meeting was held. Two additional meetings of the same representatives were held at weekly intervals and finally a committee was appointed to meet the representatives of the Sugar Producers Association to discuss the stipulations and terms of the agreement to be in force for the whole year 1937. The terms preliminarily agreed upon by representatives of both sides were submitted to the ratification of the different local unions and a collective agreement was approved by which some 140,000 workers were benefited.

Thirty-three out of the 41 sugar mills of Puerto Rico entered into agreement, and 8 of them, for different reasons, refused to sign it.

This collective agreement—

(a) ratifies the principle of collective bargaining for the workers;

(b) it grants a 12-percent increase in the salaries;

(c) it recognizes labor organizations as represented by the American Federation of Labor;

(d) it establishes the 8-hour working day, with the exception of those employed as ditchers, who should work not over 7 hours;

(e) it creates local adjustment committees to decide, on any difficulty that might arise and also creates an Insular Agricultural Adjustment Committee as a tribunal of appeals for final decisions. This committee is composed of two representatives of the employers and two representatives of the Free Federation of Workingmen.

Because of this agreement, it was possible for the island to produce nearly a million tons of sugar during the last crop without any industrial difficulty.

Longshoremen: An agreement between the longshoremen unions of Puerto Rico and the shipping companies was again renewed by which the workingmen received an increase of 16 percent on their salaries, and full control is granted to the Insular Council of Longshoremen Unions employing their members in the different ports of Puerto Rico.

Approximately 12,000 longshoremen and dock workers throughout the different ports of Puerto Rico are covered by this agreement.

Tobacco-stripping industry: As a result of the action taken by the commissioner of labor of Puerto Rico in declaring that Act No. 45 of 1919, establishing minimum wages for women employed in industrial and commercial occupations was constitutional and in full force in Puerto Rico, beginning April 1, 1937—that is, after the Supreme Court of the United States of America decided the case of *Elsie Parrish* v. *West Coast Hotel Co.*—a general campaign was conducted among the women tobacco strippers to have them organize and insist upon demanding that they be paid the minimum wage provided by law.

The result of this campaign has been that, at the time of writing this report, over 25 employers in the tobacco-stripping business have signed collective agreements with the different unions. The main features of these agreements follow:

1. Full recognition of the labor organizations.

2. Provisions to establish, for the first time in Puerto Rico, a general collective agreement covering the whole tobacco-stripping industry.

3. It gives opportunity to the employees to protect their salaries by appointing a supervisor from among themselves to reweigh the tobacco.

4. It gives opportunity to the women workers to have an increase of 25 percent over the wages previously received. This figure was arrived at by reducing the number of pounds of tobacco used to put in the bundle for stripping.

5. It creates local and insular committees to intervene in any difficulty affecting both parties.

6. It gives our organization a better opportunity to increase the membership in the island.

By this agreement some 25,000 women tobacco strippers are benefited.

Third National Conference on Labor Legislation, 1936: There was held in Washington, D. C., November 9–11, 1936, the Third National Conference on Labor Legislation, called by the United States Secretary of Labor, and it was the privilege of the vice president of the Free Federation of Workingmen of Puerto Rico to attend this conference.

Resolutions regarding Puerto Rico were adopted by this conference as follows:

That the Wagner-Peyser Act be amended to include Puerto Rico.

We urge that the proper authorities undertake to secure an amendment of the Social Security Act by the Congress to provide the benefits of the Social Security Act to the workers of Puerto Rico and all other territory comprising the United States of America.

Minimum wages for women: Act No. 45, approved June 9, 1919, established minimum wages for women. This act declares it to be unlawful for any employer to pay women (girls included) in industrial or commercial occupations or public service undertakings lower wages than those specified by law, to wit:

At the rate of $4 per week to women of 18 years of age, and $6 per week to women over 18 years.

The Supreme Court of Puerto Rico rendered decisions declaring this act to be constitutional in 1920 and again in 1921 in the cases of *The People* v. *Alvarez* and *The People* v. *The Puertorican American Tobacco Co.*, respectively.

Later, in the year 1924, by virtue of jurisprudence handed down by the Supreme Court of the United States in *Adkins* v. *Children's Hospital* (District of Columbia, 261 U. S. 525), which declared unconstitutional an act similar to ours, in regard to the fixing of minimum wages for women, the Supreme Court of Puerto Rico revoked its former decision in passing judgment in the case of *The People* v. *Laurnaga & Co.*, and decided that Act No. 45, approved June 9, 1919, was contrary to the constitution, because it violated the principles of free contracting.

On March 29, 1937, the Supreme Court of the United States handed down an opinion in *West Coast Hotel Co.* v. *Ernest and Elsie Parrish* upholding the constitutionality of the law in regard to minimum wages for women of the State of Washington, thus reversing its former decision in the case of *Adkins* v. *Children's Hospital of the District of Columbia.*

As soon as this decision was rendered the Free Federation of Workingmen of Puerto Rico requested from the commissioner of labor information as to the legal status of the women workers under the circumstances. The attorney general of Puerto Rico rendered a legal opinion to the effect that the minimum-wage law of Puerto Rico had been revived automatically by the decision of the Supreme Court of the United States.

The attorney general of Puerto Rico, after quoting a legal opinion rendered by the Attorney General of the United States to the President of the Nation, concludes as follows:

"It is my opinion that the pronouncement of the Supreme Court of the United States in the recent case of *West Coast Hotel Co.* v. *Parrish*, supra, has revived our Act No. 45, of June 9, 1919. From a slight reading of the case of *People* v. *Laurnaga*, supra, it can be understood that our supreme court was never of the opinion that Act No. 45 of 1919 was unconstitutional; and if it so declared it, it was because it was bound by the decision of the Supreme Court of the United States. We base this assertion on the following words, which we copy from the opinion of the case in *People* v. *Laurnaga*, supra:

"'In *People* v. *Alvarez*, supra, we considered that the minimum-wage law was a health measure duly passed by the legislature. It might be held that the Legislature of Porto Rico in effect said that a minimum wage was necessary for the woman worker in Porto Rico. The Supreme Court of the United States in *People* v. *Adkins*, by a vote of 5 to 3, has considered that the obtaining a minimum wage is not a matter of health. Whatever the individual opinions of the judges of this court may be, we are necessarily concluded by the decision of the Supreme Court of the United States' (32 P. R. R. 767)."

However, it might be argued that the act of 1919 was declared unconstitutional by virtue of a decision of our supreme court in a case that originated in and was decided by said court, and that until another pronouncement is made by our supreme court in regard to the same question arising in this jurisdiction, revoking the judgment in *People* v. *Laurnaga*, said Act No. 45 of 1919 cannot be considered as being in force in Puerto Rico; but as the Supreme Court of the United States is a court of appeal from the judgments of our supreme court and consequently the final arbiter of our judicial decisions, and therefore a part of our judicial system; and as there is also the established precedent that the decisions of the Supreme Court of the United States are binding on ours, it is obvious that if a case is instituted in our courts for obtaining a pronouncement in regard to the revocation of the doctrine in *People* v. *Laurnaga*, supra, and consequently a declaration in regard to the constitutionality of Act No. 45, of June 9, 1919, the result would be affirmative. It is, therefore, evident that to maintain the need of a previous pronouncement now in regard to the constitutionality of Act No. 45 of 1919 as a requirement for its becoming effective, would lead only to delaying a clear question of law by subjecting it to a technicality. Justice should at all times be placed above futile technicalities in order to have it rest on what is fundamental and important which, in this case, has for its main purpose the protection of the life, the health, and the safety of the employee. By the abandonment of the doctrine that destroyed the effectiveness of the law, the law in all its force has virtually become again legally effective under the principle that holds that if a decision declaring a statute unconstitutional is later revoked, the statute should be considered as valid and in force from the date of its approval (12 Corpus Juris, 800 and 801).

We know the principle that a law declared unconstitutional cannot be considered as such law, but it should rather be considered as if it had never existed. But, on the contrary and following a like and logical reasoning, a law declared constitutional should have its full effect from the date of such declaration without it being necessary for the legislature to pass it again, since such a requirement does not lead to any practical end and results in a notoriously unnecessary act.

For the reasons stated above, I am of the opinion that Act No. 45, of June 9, 1919, is in force in Puerto Rico.

Official notice of the legal opinion rendered by the attorney general was served to all the employers by the commissioner of labor, and they were requested to make the necessary arrangements to operate their business under the law by paying the amount of wages required as a minimum.

The official notification of the commissioner of labor was strenuously opposed by the employers who claimed that the commissioner of labor had no authority to interpret the law to make it applicable to home work. The strongest opposition was conducted by the employers in the needlework industry and those of

the tobacco stripping industry, who claimed that tobacco stripping was incidental to agriculture, and that, if it was any industry at all, it was an agricultural industry. (Agriculture and agricultural industries are excepted from the operation of the law.)

This opposition of the employers in the needlework and tobacco stripping industries was followed by a general lock-out of all the different shops in Puerto Rico, and culminated in legal proceedings instituted before the District Court of San Juan, asking for a writ of injunction against the commissioner of labor to prevent him from enforcing the law. It was also demanded in this action that the court render a decision to the effect that the minimum-wage law was not applicable to home work or to the tobacco stripping industry.

Both actions were heard by the District Court of San Juan, constituted by three judges, and on August 18, 1937, the court handed down a decision in the case instituted by the needlework industry employers, deciding:

That Act No. 45, approved June 9, 1919, is constitutional and in full force and operation in Puerto Rico.

That the law is not applicable to home work and that the commissioner of labor has no powers or authority to regulate home work.

That the decision of the court reviving this law gives no retroactive effect to the act.

That the injunction requested by the employers to prevent the commissioner of labor or his agents from enforcing the law as covering home work, is perpetually granted.

As to the action instituted by the tobacco stripping concerns, no decision has been rendered at the time of submitting this report.

Under date of June 24, 1937, a special convention of the women unions affected by the law was called, and delegates representing 25 of the different towns of Puerto Rico, and very specially the tobacco strippers, the needlework, and the packing of fruits, attended this convention.

A special committee was organized in charge of the women's organization to conduct a campaign in favor of the minimum-wage law under the direction of the executive council of the Free Federation of Workingmen of Puerto Rico. The result, as previously stated, was that a general collective agreement was entered into for the benefit of the membership in the island.

In view of this situation created by the decision of the court as to home work it is advisable that the whole situation be presented to the next coming insular legislature for the proper remedy.

Ninety percent of the needlework industry is conducted in the home, and we would not be surprised if the 10 percent that is now made in the shop is turned out also to the home where no labor laws can be enforced as to hours and other conditions, unless adequate legislation to regulate or prohibit home work is adopted.

It is also our suggestion that the modern minimum-wage law generally accepted by the United States Department of Labor, duly adapted to local conditions in Puerto Rico, be enacted to take the place of Act No. 45 of 1919, if the decision of the District Court of San Juan as to home work is upheld by the Supreme Court of Puerto Rico, where an appeal has been filed by the commissioner of labor against the decision of the District Court of San Juan.

Act No. 49 of 1935: The validity and constitutionality of Act No. 49, approved August 7, 1935, to regulate the working hours of persons employed in commercial and industrial establishments and in other lucrative businesses was contested before the District Court of San Juan last year.

The case was decided in favor of the Government of Puerto Rico, and an appeal was taken before the Supreme Court of Puerto Rico by the merchant retailers who were against the establishment of the 8-hour law. This appeal was heard by the Supreme Court of Puerto Rico on January 13, 1937, and on April 13, 1937, the Supreme Court of Puerto Rico handed down a very constructive and illuminating decision upholding the philosophy and principle involved in this humane legislation. Consequently, its validity and constitutionality is upheld, as the district court had decided before. This is the law which establishes the 8-hour day of work for all kinds of business, including agriculture.

Increases in salaries: Due to the efforts of our organization, having a substantial representation in the House of Representatives and Senate of Puerto Rico, thousands of the employees of the people of Puerto Rico have received increases in their monthly salaries this year. The efforts of the organized labor movement in Puerto Rico have proved successful in the general elections which took place in our island in November last, and the possibilities are that there will be less difficulty in securing the adoption of better social legislation in the near future than in previous years.

Homesteading: The homestead laws of the Insular Government, administered by the labor department of Puerto Rico, are being conducted successfully with the cooperation of the organized labor movement of the island. This legislation was adopted years ago due to the insistent demand of our organization and it has proved to be very beneficial for the working classes in the industrial and agricultural regions of Pureto Rico.

Labor temples: A committee of the executive council was appointed to raise a fund of $50,000 for the construction of an insular labor temple to be erected at San Juan on the land granted by the Insular Legislature of Puerto Rico, through a bill presented by the labor representatives. This committee reports that there are already available and collected among the unions, members, and sympathizers some $12,000. We propose to make a drive this year in the island to be able to construct our building as soon as possible.

Labor temples have been erected in the towns of Puerta de Tierra, by the longshoremen's unions; in Dorado, by the agricultural laborers' unions; at Ponce, by the Central Labor Union; at Barceloneta, by the agricultural laborers' unions; at Vieques, by a Federal local union; at Rio Grande, by the agricultural laborers' unions; at Humacao, by the longshoremen's union; at Fajardo, by the longshoremen's union; and at Rio Piedras, by the agricultural laborers' unions.

Puerto Rico Reconstruction Administration: For many years the Free Federation of Workingmen of Puerto Rico, with the cooperation of the American Federation of Labor, has been demanding from the United States Congress the approval of Federal measures to promote the economic and social welfare of the people of our island, to improve living and working conditions, and to establish a decent standard of living for the masses.

When the Puerto Rico Reconstruction Administration was established in this island with Federal funds, to improve local conditions, the executive council of our federation logically expected that this organization would follow the same policy as established by the President of the United States in regard to the American Federation of Labor. We expected that appropriate and fair representation would be given to labor in Puerto Rico to develop the plans intended to improve local conditions. Our organization has been giving moral support to all the plans and projects being developed by the administration, with the understanding that the permanent reconstruction of the island was perfectly in line with our policy and our demands of so many years. Organized labor, however, has not been granted representation in the executive boards of the Puerto Rico Reconstruction Administration, and there has never been heard the voice or the voice or vote of labor in any of the different agencies of the Puerto Rico Reconstruction Administration. It was for this reason that our delegates to the Tampa convention presented a resolution, which was unanimously approved, urging cooperation of the executive council of the American Federation of Labor to secure representation in the above-mentioned bodies.

Workers' education: Our organized labor movement was affiliated this year to the Workers' Education Bureau. Although our institution is in lack of funds to carry on a systematized plan for workers' education, diffusion of educational matter has been made in the form of printed matter, through radio broadcasting, and on the public platform in cooperation with the labor department of Puerto Rico.

In connection with the workers' education plan the fifty-sixth annual convention of the American Federation of Labor unanimously adopted a resolution asking the president of the American Federation of Labor to urge the proper Federal authorities to carry on workers' education in Puerto Rico, as is done among the different States of the Union, and that funds from the Puerto Rico Reconstruction Administration or from any other available source be allotted for this activity.

LOCAL AND CENTRAL BODIES

It is reported that there are active unions in Puerto Rico affiliated and unaffiliated numbering 195, and that there are unions affiliated and unaffiliated which are inactive numbering 157, making a total of 352, and 7 central bodies.

In compliance with the 3 years' organization plan, approved November 19, 1936, the executive council of the Free Federation of Workingmen has developed an intensive campaign through the radio, the press, public meetings, and lectures in different halls and in the open air. All these activities have been conducted with the cooperation of local and insular labor leaders and officials of the department of labor in the cities of Adjuntas, Aguada, Aguadilla, Aibonito, Arecibo, Caguas, Canóvanas, Carolina, Cataño, Ceiba, Barceloneta, Bayamón, Dorado, Fajardo, Gurabo, Guaynabo, Guayama, Hatillo, Humacao, Juncos, Manatí, Mayaguez, Naranjito, Naguabo, Ponce, Quebradillas, Rio Grande, Rio Piedras, Salinas, San Juan, Toa Baja, Toa Alta, Utuado, Vega Alta, and Vieques.

As a result of this propaganda 77 new labor unions have been organized, comprising different trades which are following the principles and tactics of our federation and that of the American Federation of Labor, although not all of them are actually affiliated with the State federation of labor.

NEED OF SUPPORT

In addition to the natural difficulties confronted by the labor movement here in Puerto Rico, as in so many other parts of the continental United States, of an economic and social character, the labor movement of Puerto Rico had to confront political conditions created by small groups agitating for the separation of the island from the United States. The president of this federation was the victim of an assault while delivering a speech last October in Mayaguez, when shots aimed at him intended to take his life were made by one of the members of such groups who claimed to believe in independence, but not in liberty and freedom.

The organized labor movement of Puerto Rico has been, since its inception, in favor of a permanent union of Puerto Rico with the United States. It has been our duty not only to fight against social and economic evils, but also against political evils which would deprive the people, and very particularly the workers, of all intervention in the organization of our Government. Political conditions, on account of the actions of these groups practicing terrorism, were unsettled to such an extent that our labor movement had to take a strong stand to protect the leaders of our movement against assault and assassination. Fortunately, the Government has succeeded in stopping terrorism and conditions at present are different from what they were about a year ago.

Taking into consideration the economic, social, and political difficulties we had to confront during the year and the lack of adequate funds to conduct our campaign; as well as unemployment which is general in the island and also the result of seasonal employment of many of our very limited industries, the 3 years' organization plan as being conducted has produced very satisfactory results which have been of great benefit to the working people of the island.

The moral support of organized labor, as represented by the American Federation of Labor, its ideals and principles which have always been an inspiration for us, constitute the strongest grounds upon which our organization campaign has always been based and we are grateful to this movement for all it has been able to do for Puerto Rico and will continue to do in the future.

FREE FEDERATION OF WORKINGMEN OF PUERTO RICO

(Executive Council's Report, pp. 213–221)

Your committee desires to compliment the Free Federation of Workingmen of Puerto Rico upon the results obtained and notes the progress made during the last year.

The suggestion is made to the workers of Puerto Rico that the only way the advancement of the workers can be attained is by thorough trade-union organizations. We recommend to the executive council of the American Federation of Labor that they continue their moral assistance and advice in aiding the workingmen of Puerto Rico in attaining their economic ends, and render them such support as is possible to remain a part of the United States.

The report of the committee was unanimously adopted.

Conditions In China

EXTENSION OF REMARKS

OF

HON. HENRIK SHIPSTEAD

OF MINNESOTA

IN THE SENATE OF THE UNITED STATES

Friday, December 17 (legislative day of Tuesday, November 16), 1937

EDITORIAL FROM PHILADELPHIA RECORD, DECEMBER 17, 1937

Mr. SHIPSTEAD. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD an editorial published in the Philadelphia Record of December 17, 1937, dealing with our affairs in China. The editorial is entitled "What Are We Waiting for in China?"

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Philadelphia Record, December 17, 1937]

WHAT ARE WE WAITING FOR IN CHINA?

The Neutrality Act of 1937—law of the land—says that the President shall embargo both sides when, in his judgment, a state of war exists between foreign nations.

The President recognizes perfectly well that a state of war exists in the Far East.

The official White House memorandum of the President's protest to Japan on the sinking of the *Panay* reads: "The President is deeply shocked and concerned by the news of indiscriminate bombing of American and other non-Chinese vessels."

If there is no war in China, isn't the bombing of Chinese ships just as open to condemnation as the bombing of any other ships? Isn't the President's note an admission that the bombing of Chinese vessels is in a special category?

That special category is war. By his choice of phrase the President recognizes that war exists between Japan and China. Yet he does not invoke the Neutrality Act.

The United States Maritime Commission is an official agency of the United States Government. It is currently paying sailors on its Government-owned ships in the Far East service bonuses of $50 per month because they are serving in war zones.

That, too, is an official recognition that war exists in the Far East. Yet the Neutrality Act has not been invoked. We still sell to both sides; we still maintain armed forces to protect American nationals. If the act were invoked, those nationals would stay at their own risk—and we would have no incidents like the sinking of the *Panay*.

Dispatches from London indicate that we are working very closely with Great Britain in handling the Far Eastern crisis; that Britain looks to us to lead in the protests against Japan, just as it looked to us to lead at the farcical Nine Power Conference at Brussels.

We have protested the sinking; the Japanese have accepted all our demands; and it only remains for us to clear out of the war zone and to stay out.

We don't want to work with Great Britain in handling the Far Eastern crisis; there is only danger in such an alliance. We want to keep out of war. The Neutrality Act is on the statute books. It is the law of the country. No question of cowardice or loss of prestige is involved in obeying it.

When will the President enforce it?

How the Land Racket in New York City Increases Rents

EXTENSION OF REMARKS

OF

HON. HERBERT S. BIGELOW

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, December 17, 1937

RADIO ADDRESS BY WALTER FAIRCHILD

Mr. BIGELOW. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address given over radio station WINS, Wednesday, November 10, 1937, by Walter Fairchild, president, Torrens Title League, and counsel for the American Association for Scientific Taxation:

Homes in which people live are made up of two things: First comes the land. Then comes the building. The land in New York City is limited to the area of the city. Building materials are without limit.

As our conditions improve, building materials get cheaper and better. As our population increases, however, land prices rise. The housing problem is not so much a construction problem as it is a land problem.

High rents in New York City are due to high land prices.

LAND VALUE—PUBLIC SERVICE

Land value is produced by the labor of the entire population—mainly through spending tax moneys for public improvements like streets, parks, playgrounds, schools, etc., and for public services done by teachers, police, firemen, street cleaners, hospital workers, and such. Where more of these public improvements and services are used, there land prices are and should be high. These services are used most where most people collect. They are used most in the population centers of the city.

In Times Square, for instance, where you have many streets, many police, many detectives, many subways, many sewers, and where hundreds of thousands of people collect, land prices are very high. On the outskirts of the city—in Queens and Brooklyn—where there are few trains, few streets, few schools, few policemen, few people there, land prices are low.

SLUMS WASTE PUBLIC SERVICE

The value of public improvements and public services is wasted when unsanitary and crime-breeding buildings are allowed to infest heavily populated areas of the city. This is proven by the statement of Tenement House Commissioner Langdon Post, who said recently that the city pays out $3 in services for each $1 in taxes paid by slum tenements.

Tenants in modern apartments pay more than their share of taxes because they must pay the slum deficit. Take Manhattan, for example. Twenty-nine thousand buildings over 35 years old cover three-quarters of the island. For more than 35 years these slum buildings have been condemned from every point of view. They are a menace to the health, morals, and prosperity of the city.

These old-law tenements cover land valued on the tax rolls at $508,000,000. The buildings are valued at nearly $260,000,000, about half the land value.

In Washington Heights, where you find the best examples of modern, decent apartments, there is a different story. On land worth $29,000,000 the buildings are assessed at sixty-four millions.

A modern apartment house costs about twice as much, on the average, as the land on which it is built. This proportion holds in the Federal low-rental housing projects on the Harlem River and in Williamsburg.

The Federal housing law proposes to build apartments to rent to the low-income class. In order that rents may be within reach of slum dwellers, it will grant a subsidy of slightly more than one-third of the combined cost of land and buildings. This subsidy will just about cover the cost of land for the housing projects.

FEDERAL SUBSIDY GOES TO LANDOWNERS

In essence this subsidy will go to the landowners. It will not reach nor benefit the tenants. On the contrary, it benefits the landowning class of the city, which in Manhattan is less than half of 1 percent of the population.

Any additional subsidy granted by the city and State in the form of tax exemption also will not benefit tenants at large. On the contrary, every dollar of exemption means an increase of taxation on other property or upon the population at large.

The deficit of public money not raised by proper taxation on land values is raised mainly by sales taxes, which bear down upon all classes—but heaviest upon the tenants and small-home owners.

THE TENANT; HE PAYS THE FREIGHT

Wendell P. Barker, recently chairman of the State mortgage commission, says:

"The mainspring of successful real-estate operations is naturally the tenant or the consumer. He pays, and what he pays and how well he pays are the most vital factors in the success of any real-estate enterprise."

How true this is. The tenant pays and pays and pays. It is the tenant who pays the land cost. It is the tenant who pays the building cost; the tenant pays the mortgage, interest, and taxes.

Now, those who direct the Federal Housing Act are fully aware of the great rock of high land prices which stands in the way of slum clearance and the erection of decent homes. Until the problems of high land prices and proper taxation are solved there will be no solution to the problem of slum clearance. As matters stand today, the taxpayers are subsidizing the maintenance of the slums.

SLUM CLEARANCE—A LAND PROBLEM

Editor Irving Brant, of the St. Louis Star-Times, speaking of the problem of land prices and public housing, said:

"There are two possible forms of compulsion to force land prices down to a reasonable level. One is the right of eminent domain. The other method consists in the organization of neighborhood improvement districts, with the power to levy taxes. I suggested a year ago that such districts be formed in slum areas and that taxes be levied upon land, exclusive of building improvements * * *."

This method of taxation would rapidly result in the demolition of slum buildings. Our main remedy for our slum problem lies in the effective administration of the tax department.

THE GREAT RUN AROUND

Laws to regulate construction alone have not worked. I remember coming to New York from college about the year 1900, when Jacob Riis, a reporter on the New York Sun, was arousing public sentiment against the miserable tenements in which "the other half lives." A new law was passed then, and owners of those tenements were allowed 6 months to make their old buildings conform with the law. Today, after a full generation, those old houses remain as they were, except they are worse. Again, landlords are getting 6 months time to obey the law. I prophesy that unless the problem of the high price of land is solved, that coming back after another generation in the year 1970, you will find the same old buildings encumbering the fair face of Manhattan Island and a new tenement-house law will be passed and the owners of the old buildings will again be promised 6 months to conform with the law. There is no solution of the problem in a law which confines itself to construction only. The remedy must be found in the solution of the land question.

It has been said that a Federal subsidy is necessary because private industry cannot or will not build low-rent houses. On the contrary, if private industry were given the same aids and exemptions which the Federal Housing Act gives to the Government, private industry could and would build houses. In other words, if exemption from local taxation were given to all houses, private industry would immediately go to work to build houses.

It is obvious, however, that if all housing properties were exempted from taxation, the tax base of the city would be destroyed to that extent. The remedy and the method which should be applied, both to Government projects and private industry, is that the buildings should be exempted from taxation and the value of the site only should be taken in taxes for the support of the municipal government.

To sum up: In order to reduce rents, in order to make plans and ideas for slum clearance practical, I recommend the following:

First. Exempt all buildings from taxation.

Second. Limit all taxation to the site-value of the land, and make the tax rate such that every plot of land will pay into the public treasury that proportion of the benefit of municipal improvements and services that the land receives.

The United States and the War in China

EXTENSION OF REMARKS

OF

HON. HOMER T. BONE

OF WASHINGTON

IN THE SENATE OF THE UNITED STATES

Friday, December 17 (legislative day of Tuesday, November 16), 1937

EDITORIAL FROM THE NEW YORK DAILY NEWS AND ARTICLE FROM PHILADELPHIA RECORD

Mr. BONE. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial dealing with our place in the war picture, published in the New York Daily News, and reprinted in the Washington Times of December 15, entitled "You May Get Shot on a Battlefield"; also a news item published in the Philadelphia Record of December 17, 1937, setting forth an open letter to the President, published in the student publication of the University of Pennsylvania, dealing with the war question.

There being no objection, the editorial and news item were ordered to be printed in the RECORD, as follows:

[From the Washington Times, December 15, 1937]

YOU MAY GET SHOT ON A BATTLEFIELD

We think that at this time we would all do well to remember that one note led to another on a previous momentous occasion in our history, and that the accumulation of notes finally led us into a war. If we are now meditating a war with Japan we ought also to count the cost beforehand. Last time we counted the cost afterward. We're still counting it.

COST OF A WAR ON CHINA SOIL

What we would be fighting for would be the right of American warships and marines to be absolutely safe as neutrals on a battlefield. The Yangtze River is a battlefield with Chinese and Japanese soldiers on both sides and with fighting ships and fighting planes on it and above it. We have a treaty right to safety for our men on this battlefield, but the real-life fact is that some more of them are likely to be hit if they stay there.

Some of them were hit last Sunday—hit in the heat of battle by, no doubt, wildly excited and irresponsible young Japanese fliers. It is often the innocent bystander who gets hit. People who go on battlefields—Red Cross workers, military observers, newspaper correspondents—know they may be killed. If they aren't willing to take that risk they should stay off the battlefield.

To fight Japan for the right of Americans to be 100 percent safe in Chinese war zones would now cost us an expeditionary force to China of more than 1,000,000 men. And it is doubtful that 1,000,000 men could win for us.

The Japs could put 1,000,000 men in China by spring and keep them there, living on the country, as long as Hannibal stayed in Italy (about 15 years).

The time has gone by when we could have fought the Japs on the Yangtze by arming the Chinese against them. The Chinese are prostrate.

MAKE CHINA SAFE FOR THE CHINESE?

Maybe it will seem that we have been stampeded by the *Panay* excitement and are talking wild words about possible war. It has already been pointed out that nobody is talking war with Japan now, but simply that we should admonish Japan in regard to its conduct toward our nationals, and that it is not becoming to us to "scuttle out of China" at Japan's frown.

Well, that was exactly the kind of talk that got us into the last war. There is no more real common sense in having our gunboats sailing up and down the Yangtze with the Japanese and Chinese fighting on its banks than it would be to have our gunboats sailing up and down the Danube when the next European war breaks out, with a view to protecting our nationals in the various fighting countries.

We can sympathize with China; most of us do. We are sorry it is being despoiled. But after all, it is not our duty to come to the rescue of a great big slob of a country with 6 times the population and 10 times the resources of Japan. If the Chinese don't love China enough to keep it free, we shouldn't either.

PICK OUR OWN BATTLEGROUND

We think an American-Japanese show-down is coming sooner or later. But the show-down should take place in the middle of the Pacific Ocean, not in China or the Sea of Japan.

And it should be fought between the American and Japanese navies, with the American far superior. That would be an American war; a war of defense fought to preserve our independence, not a war of offense fought to preserve China's independence.

Let's be smart enough this time to pick our own battleground, and to know what the fight is about.

[From the Philadelphia Record, December 17, 1937]

KEEP US OUT OF WAR, UNIVERSITY OF PENNSYLVANIA PAPER URGES—WOULD GIVE UP LIVES FOR OTHER PEOPLE BUT NOT FOR THEIR MONEY

"Keep us out of war in the Far East," the Daily Pennsylvanian, student publication of the University of Pennsylvania, pleaded yesterday in an open letter to President Roosevelt.

"Oldsters will say we are cowardly," the letter states, "but we are not. Many of us still hold to the heroic ideal of giving up our lives for other people—but not for other people's money.

LITTLE BESIDES MONEY

"Besides money, what has America at stake in war-torn China? National prestige, gunboats, and a few citizens. Prestige is a nebulous sort of thing that nobody admires except the person who has it.

"American gunboats and citizens could have been withdrawn from China long ago without injury even to our prestige.

"But the money may have to be sacrificed. And why not? All the money in the Orient isn't worth the physical security of 130,000,000 Americans.

A "CHRISTMAS GIFT"

"Otherwise, the Nation's unwanted Easter present of 1917 will be rewrapped in a few distorted treaties, tied with diplomatic red tape and handed to us as a 1937 Christmas gift.

"The Daily Pennsylvanian speaks for hundreds of thousands of American students when it entreats you, President Roosevelt, to exert all your influence to get us out of China and keep us out."

Restoration of Purchasing Power of Farmers and Laborers Necessary to Permanent Recovery

EXTENSION OF REMARKS

OF

HON. KNUTE HILL

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Friday, December 17, 1937

Mr. HILL of Washington. Mr. Speaker, in 1809 President Jefferson wrote as follows:

We are a rural farming people; we have little business and few manufacturers among us, and I pray God it will be a long time before we have much of either. (Harvard Law Review, p. 5, vol. 48.)

Possibly that wise and farseeing statesman, being also a farmer, could understand the inherent simplicity and rugged honesty of farm life and intuitively realized the necessary complexity of business life and the attendant possibility for undue profits and unfair pressure on government. Of course it would not only be unjust but also untrue to intimate that all business is dishonest. In this modern world of ours business activities of all kinds are absolutely essential to our welfare and happiness and it behooves us to accept this fact, but to do our utmost to control these activities in the interest of the many and not the few. The big corporation of today, which has no soul, is permitted to do, and is doing, things to which most private individuals would not dare to stoop. The purpose of all government is to protect the individual in his inherent rights against the encroachments of the group. That was comparatively easy in 1809; it is quite difficult in 1937.

In 1859, a half century later, President Lincoln wrote as follows:

By some it is assumed that labor is available only in connection with capital—that nobody labors unless somebody else owning capital, somehow, by the use of it, induces him to do it. But another class of reasoners * * * hold that labor is prior to and independent of it; that, in fact, capital is the fruit of labor and could never have existed if labor had not first existed without capital.

President Lincoln was another wise and farseeing statesman. In this statement he has in simple language expressed an undeniable fact. Without labor, on the farm, in the mines, in the forests, there would be no factories, no industries, no cities. The gentleman from New York [Mr. BARTON] in discussing the cost of the proposed farm bill the other day asked how the people of the great metropolis could pay for the increased cost. May I remind him that without the farmers and laborers there would be no New York City—no, not even a "silk-stocking district."

I have quoted the patron saint of the Democratic Party and the patron saint of the Republican Party, and it is my firm conviction that these two statements combined succinctly and clearly prove that the two groups—farmers and laborers—form the foundation upon which our economic structure in the United States has been erected. This foundation was not only ncessary but its maintenance is absolutely essential to permanent prosperity in this country. Even as you construct a house by laying a firm foundation first and then rearing upon it the superstructure—the walls and roof—so we must first concern ourselves with the interests of the farmers and laborers that manufacturers and merchants and bankers may have their legitimate share. Too many are concerned about the walls and roof of our economic structure, forgetting that without a solid foundation the whole structure is doomed to fall in complete wreckage. If the purchasing power of these two all-important groups is restored by cost of production to one group and living wages and reasonable hours to the second group, the other groups in our country will prosper as never before. The interests of the farmer and laborers are in common, editorials in our dailies and speeches by our great industrialists to the contrary notwithstanding. It is a self-evident fact that if by the cost of production and a reasonable profit the purchasing power of the farming group is fully restored they will furnish the best market for labor-made goods in the country. It is equally a self-evident fact that if by good wages and reasonable hours the unemployed are put back to work and the purchasing power of the labor group is fully restored they will furnish the best market for farm products. The farmers and the laborers are the great consumers. Money and credit, to an overwhelming extent, should belong to them, so that they could purchase and consume most of the products of their labor. If this were done, factory wheels would never cease to spin, acres would never be idle, and no future depression would be possible.

The purpose of this special session is to materially aid these two groups and to attempt to solve their problems. To a certain extent they must help themselves—the farmers by cooperatives and the laborers by collective bargaining and an honest effort to conciliate their differences. To illustrate what I mean by cooperation, may I cite an instance: A constituent of mine sold 3,000 loose boxes of Delicious apples to a certain shipping firm. I have the contract here before me. Following were the prices:

Variety	Extra fancy price	Fancy price
Delicious:		
150's and larger	$0.75	$0.55
163's to 216's	.50	.25

On the same day—September 22, 1937—was the following quotation in a Seattle paper:

DELICIOUS PRICES TOP SEATTLE APPLE MARKET

Seattle retailers Monday paid $2.40 to $2.50 a box for extra fancy Delicious apples, $1.75 to $2 for Delicious packed fancy and better.

If this was the price to the retailer, what was the price to the ultimate consumer when the retailer added his commission? Of course, the laborer—the consumer—cannot afford to purchase such high-priced apples and unjustly blames the farmer without knowing where the big profits went. Now, the farmers, by forming cooperatives, could hold their commodities and market them themselves, and if the excessive profits and unreasonable freight rates were abolished they could sell them to the consumers at a reasonable and attainable price. If the railroads will not be content with reasonable rates, let the Government own and operate them as it does the Post Office Department—for service and not for profit.

The farm bill passed by the House is not what I would really like to see enacted into law; it is more or less of a compromise, as all legislation usually is. I would rather see the Massingale-Eicher cost-of-production bill enacted. But we were not permitted to either discuss or register our votes on that measure. Such are the undemocratic rules of the House. But the Jones bill is a step forward and does the following for agriculture:

First. Its major feature, the appropriation for soil conservation, applies to all soil-depleting crops throughout the country.

Second. Provision is made for an annual appropriation of $125,000,000 for the double purpose of purchasing and distributing, through the Federal Surplus Commodities Corporation, farm commodities in this country, and also to finance the exportation of farm commodities and the products

thereof to foreign countries. This is applicable to all farm commodities and is a very important provision of the bill.

Third. There is a provision for making loans on various commodities. This applies to all commodities that can be successfully stored.

Fourth. There is a provision which authorizes the Secretary of Agriculture to apply for correction of discriminations against agricultural products in the freight-rate schedules. This applies to all commodities.

Fifth. There is provision for research into new uses and new markets for the various commodities.

Sixth. The only feature of the bill, the use of which is limited to corn, wheat, cotton, rice, and tobacco, is the marketing-quota provision. It is simply a limitation on marketing. Appropriate provision for marketing agreements applicable to most other commodities was passed during the last session of the Congress and is already in effect. This was separated from the main farm bill because of the need for immediate action thereon.

Thus it will be seen that all appropriations, the Soil Conservation Act, freight rate, new uses, research, and export provisions apply to all farm commodities.

The proposed wage and hour bill is also a compromise. I would rather support a bill with definite minimum wage and maximum hour provisions which would give unorganized as well as organized labor in this country a decent standard of living. There would be no talk of a dictatorship (nor grounds for it) if the farmers received the cost of production for their investments and efforts, and laborers were all employed and received wages sufficient to guarantee them a decent standard of living. Contented and industrious home owners are not a very fertile field for the spread of the doctrines of communism, fascism, or nazi-ism.

We are nearing the adjournment of the special session. We have not accomplished what could have been expected and hoped for. But it is up to the bitter critics of these two measures to prove that they are not steps in the right direction and that the great agricultural and labor groups will not be substantially benefited by the enactment of these laws.

It is difficult to legislate as long as different sections of our country disagree, as long as farm organizations disagree, as long as labor organizations disagree. But let us keep this important fact always in the forefront: The ultimate interests of the farmers and the laborers are in common, both groups desire permanent, stable purchasing power that each may consume the products that result from the efficient labor of the other group. I am concerned with the welfare of these two groups, because upon them depend the welfare of all other groups.

I desire, in closing, to repeat and emphasize that these two groups are the foundation of our economic structure, and this foundation must at any and all costs be maintained secure and inviolate. What we may have failed to accomplish in these two bills may we sincerely and earnestly determine to accomplish with the coming of the new year.

The Republican Party

EXTENSION OF REMARKS

OF

HON. FREDERICK STEIWER

OF OREGON

IN THE SENATE OF THE UNITED STATES

Friday, December 17 (legislative day of Tuesday, November 16), 1937

LETTER BY WILLIAM S. BENNET TO HON. GEORGE D. AIKEN, GOVERNOR OF VERMONT

Mr. STEIWER. Mr. President, some days ago there appeared in the RECORD a statement issued by the Governor of Vermont, Hon. George D. Aiken. An answer to that statement has been made by a former Member of Congress, Hon. William S. Bennet. It is a short letter. I ask unanimous consent that it may be printed in the Appendix of the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DECEMBER 10, 1937.

Hon. GEORGE D. AIKEN,
Montpelier, Vt.

DEAR SIR: Your open letter of December 4 to the Republican National Committee made the headlines on the first page of several New York papers, but about all that the papers used were your two statements—one that "we have become a party of old men," the other that patriotic citizens are not turning to the Republican Party. There was also some quotation of your somewhat sweeping attack on the Republican Party and your demand for the immediate preparation of an affirmative program. I find, however, that Senator GIBSON, of your State, on December 6, inserted your statement in full in the CONGRESSIONAL RECORD, and I have read it several times carefully. Practically none of the worth-while suggestions which you made are carried in the newspapers. However, there are none of them that have not been under discussion for at least a year, and some of them as long as 40 years. You go back to the McNary-Haugen bill; properly emphasize the necessity of increased production; oppose the use of enormous expenditures and special benefits as a political expedient for attaching agriculture and others to our party; ask that the peculiar difficulties of agriculture be recognized, as well as its fundamental importance; that industry's workers be assured of their share of the national production; the restriction of "monopolies and a minimum of regulation."

Your sixth demand is "for all workers, whether in industry, agriculture, or the service occupations, we further demand the coordination into a rational system of our present unrelated policies of governmental borrowing, expenditure, employment, and relief on the one hand, and private employment, taxation, and debt repayment on the other." I have read that six or seven times and have not the slightest idea what it means specifically. As a generality it's all right, and I am for it. You also demand proper relationship between the Government and business; state that the rightful sovereignty of the States must be recognized, because the well-being of the people demands that we do so, and, finally, that we must preserve all useful elements of our Government and change only by constitutional means those whose usefulness has ended. I should think that as to this program you would have with you about all the 20,000,000 people who voted in 1936 for either Governor Landon or some Republican candidate for Governor or United States Senator or Congressmen. You close with the demand "to purge the party organization of its reactionary and unfair elements, to focus its forces on the recognition of the youth of our Nation, to prepare immediately an affirmative program." The phrase "reactionary and unfair elements" sounds well, and I have either read or heard it a good many times in the last 5 years, but rarely accompanied by any definition. Who compose the reactionary and unfair elements? Are all men and women over 50 years of age in that group? Does it comprise all the members of the national committee? Unless your expression is merely rhetorical you cannot expect the national committee to comply with your request. You can't ask to have someone fired without explicitly defining who the person is you wish fired.

The first point under your third demand is "accept in general the social aims which the opposing party has had the wisdom to adopt, but has lacked the ability to put into efficient operation." If you will send me a list of those social aims, I will undertake to show you within 48 hours after receipt of your letter how each and everyone of these social aims that are worth while, if there are any, originated with some Republican. The New Deal has not a single new worth-while thing. If what you are advocating is that the Republican Party ought to return to power so as to resume its very worth-while welfare program, then I am with you, but I refuse to admit, because it is not the fact, that the New Deal has one single, new, worth-while aim.

As to your statement "we have become a party of old men," I can understand how that seems to be true in Vermont, and for a very creditable reason. Years ago Vermont started what I think is the good practice of selecting good men for places in the Senate and House of Representatives, and keeping them there until they die or voluntarily retire. I served in the House with Frank Green and Porter Dale, who subsequently went to the Senate and died there, and William P. Dillingham, as a House member of the Immigration Committee, of which he was the chairman. He died in office. I have not the slightest doubt that to a young, highly successful businessman such as yourself, with these examples before you, you rather look upon the Republican Party as "an old-man's party." Incidentally, in the House of Representatives in the Sixty-first Congress, I myself went on the Foreign Affairs Committee to succeed a House member, David J. Foster, who died in office.

Has no one ever told you about the Young Republican clubs in Oregon? Did you never hear of the Pittsburgh Young Republican Club which no one over 35 years of age is permitted to join, which has 30,000 members and which did such excellent work in the recent municipal campaign there? In your neighboring State of New York, the Republican Party has been a young men's party for years. The last elderly candidate that we nominated for Governor was Levi P. Morton. Our last elderly Republican State chairman was George W. Dunn in 1901. We have run only one senatorial candidate of 60 years of age since the direct election

of Senators was instituted. That was Mr. CLUETT in 1934, a highly successful man like yourself, as active and vigorous as a man of 40. In 1936, his own congressional district sent him to Congress, where he is serving acceptably. At our recent election, we made Tom Dewey district attorney of New York County by 111,000 majority. He is 35 years of age. Newbold Morris, on January 1, becomes the first president of the council of a city of 7,000,000 people, at the age of 33. I attended a meeting at the Young Republican club on December 4, 1937, in honor of BRUCE BARTON, incidentally, himself not an old man, at which Al Simon, the president of the Associated Young Republican Clubs of New York State was present. In November he was elected district attorney of Saratoga County. His immediate predecessor, Donald Boyle, was there. He is judge of the children's court in Amsterdam, N. Y., and his predecessor, Walter J. Mahoney, a State senator from Buffalo, was there, also.

If you want to see a really fine body of young Republicans, run over to Albany, any time in January, and give the 85 Republicans in the assembly, in which the Republicans have 20 majority, the once-over. I have been up there now once each year in 1934, 1935, 1936, and 1937, and have always been impressed with the youth and evident ability of the Republican assembly. There are fine young men in our State senate too, but that is a smaller body, and one isn't so forcibly impressed as by the large body and larger number in the assembly. Also you should have been in New York in October and gotten in touch with the committees of young people who were working for Dewey, Morris, Stanley Isaacs, and others. In New York, the young people are in the Republican Party, and to a very large extent are running it. The bold and masterly planning which preceded our primaries this fall was largely that of Republican county chairman of New York County, Mr. Simpson, who was born in 1895. It is our belief in New York that in choosing leaders, the least important element to be considered is the calendar. In 1936, we chose as our candidate for Governor, Judge William F. Bleakley; not an old man, but older than any of our recent candidates have been. Judge Bleakley made the best run that any Republican candidate has made in years, receiving 279,434 votes more than Governor Landon.

Nor is the success of young Republicans and their prominence in the party confined to New York. Senator LODGE, from your neighboring State of Massachusetts, was elected in 1936, at the age of 34; HENRY STYLES BRIDGES was elected Governor of your neighboring State of New Hampshire in 1934 at the age of 36, and United States Senator in 1936 at the age of 38. I could add to these instances. They do not at all accord with your statement "we have become a party of old men." Your next statement is that patriotic citizens are not turning to the Republican Party today. In 1936 Henry E. Stubbs, a Democrat, was elected to Congress from the Tenth District of California by a 40,000 majority. He died early in 1937, and his Democratic successor was elected by somewhere around 4,000, possibly a little more. In 1936 Theodore A. Peyser, a Democrat, was elected to Congress from the Seventeenth District of New York by a little over 7,000. He died, and on November 2, BRUCE BARTON, a Republican, was elected to succeed him by a plurality of over 13,000, and an absolute majority over both Democratic and American Labor candidates. In Ohio, on November 2, the city of Bucyrus went Republican for the first time in 30 years, and by a substantial majority. The Republicans also carried Cincinnati, Cleveland, Columbus, Youngstown, and Akron. The Democratic Governor of Ohio did not call an election to fill the vacancy caused by the death of Warren J. Duffey, a Democrat, although he could have done so. Here are three instances of people turning to the Republican Party since January 1937. I do not claim the result in New York City as a Republican victory.

It was a nonpartisan victory for good government, but it is worth noting that with a reduced registration as compared with 1936, 15,000 more people voted for Mayor LaGuardia in the Republican column than voted for Governor Landon in that column in 1936, and that the votes that the mayor received in the Republican column exceeded the votes which he received in the City Fusion, American Labor, and Progressive Parties combined. In addition, it was a great spiritual victory, the greatest the Republican Party has had probably since 1896, and did more to make us a united party in New York City than any campaign since that date. Please cite me some proof that patriotic citizens are not turning to the Republican Party today. I cannot find it in the election returns.

Your proposition in relation to the national committee has very little value. The real fight on that question was on the reduction of southern representation in national conventions. It started about 1900, but the time is immaterial. Not only was representation from the Southern States in the national convention substantially and materially reduced, but there was also a reduction from congressional districts in Northern States which cast small Republican votes. In New York State we lost two or three delegates to the national convention because some of our New York City districts are so heavily Democratic. On the other hand, States which cast their electoral votes for a Republican candidate for President get a bonus of three delegates at large. Vermont, which would have had six delegates in the Republican Convention of 1936, therefore had nine, a 50-percent increment for Republicanism, and it will have the same honor in 1940.

The national committee has its chairman chosen for it at each national convention by the candidate for the Presidency chosen at that convention. If the chairman resigns in his 4-year term, then the national committee must choose his successor. The only other time that it regularly votes is when it sits immediately preceding a national convention on protested election cases. There have been very few of these in recent years. Heretofore, no one has ever thought of reducing the power of national committeemen of Maine, Vermont, Delaware, Wyoming, Texas, Louisiana, Mississippi, and so forth, and increasing tremendously the power of the national committeemen of New York, Pennsylvania, Illinois, and one or two other large States. However, if you can get some of the other smaller States to join you in your crusade, I imagine that New York, Pennsylvania, and Illinois would go along with you. They would have everything to gain and nothing to lose. In 1936, Illinois cast a million and a half Republican votes, New York over 2,000,000 and Pennsylvania about 1,700,000, thus considerably over 25 percent of the votes cast for Governor Landon, and on your plan would give these three States 25 percent of the voting power in the national committee. Vermont cast 81,000. To what extent your plan would reduce the power of the national committeeman from your State you can see for yourself.

I am for an affirmative program, and pretty near the whole country is for the same program. Let us put first things first. We are all agreed that what we need is a revival of industry. President Roosevelt and the National Association of Manufacturers agree that the country is fundamentally sound. That association is meeting in New York City now. They say that if a few statutes are repealed they can bring back prosperity. They should know. They are running the industries of the country. If they take the responsibility of giving that advice, it ought to be tried. I would add one thing to what they said; that is, stop trying to make a trade agreement with Great Britain. Your neighbor, Senator LODGE, points out that the mere threat of that agreement was largely responsible for the laying off of 700 men in one textile factory in Massachusetts. In times like these we cannot afford doubtful experiments. Besides, until the present business recession is stopped Congress will not be in the mood to consider even such a thoughtful program or long-range legislation as you suggest, for good legislation requires careful thought and deliberation. It rarely is passed in a business panic. The Bible tells us that there is a time for all things. Right now is the time to repeal a few statutes. We must be Americans even before we are Republicans, and consider the good of the country even before party advantage. Don't ask for new substantive statutes when what we need is the repeal of some we already have. As the young lady sang on the East Side, "Don't bring me posies when its shoeses that I need."

Very truly yours,

(Signed) WILLIAM S. BENNET.

Mayor Hague Does Not Believe That There Are Any Rights Which He Is Bound to Respect

EXTENSION OF REMARKS

OF

HON. JERRY J. O'CONNELL

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 17, 1937

EDITORIAL FROM THE NEW YORK TIMES

Mr. O'CONNELL. Mr. Speaker, under leave to extend my remarks, I wish to include an editorial appearing in the December 17 issue of the New York Times, which deplores the attitude of Mayor Frank Hague regarding the suppression of civil liberties in Jersey City, as follows:

[From the New York Times of December 17, 1937]

"I AM THE LAW"

It is a little embarrassing to know what to do about Mayor Hague, of Jersey City. Other officials in this broad country have successfully suppressed this or that civil liberty for a time. But most of them have thought it necessary to surround their action with an alibi of some sort, a pretense of legality, a touch of that hypocrisy which is the homage that vice customarily pays to virtue; not so Mayor Hague. He has no use for either practical or philosophical subterfuges. If you don't want union organizers in your city, you tell them to keep out. If they come in, you have the police arrest them or kick them out. If they come on foot, you physically force them back into the tubes or on board the ferries. If they come by car, you have policemen meet them and ask them to drive back the way they came. You prohibit the distribution of leaflets. You don't allow peaceful picketing when you don't want it. You intimidate the owners of assembly halls so that they will not rent to the C. I. O.

So far as can be learned, Mayor Hague does not believe that there are any rights that he is bound to respect. His political science is simple: "I decide, I do, me, right here. I am the law." This states the issue plainly, and no one who believes in a reign of law or in the preservation of human liberties need be confused.

One point, however, is confusing. What does a man of Mayor

Hague's supposed astuteness think he is achieving? His object all sublime, as far as one can make out, is to attract employers to Jersey City, so that they will rent or build factories, give employment, produce more goods, and pay more taxes, making bigger and better pay rolls possible for the Hague machine. The chain of causation seems perfectly sound at every point except the beginning. His methods are not likely to attract employers to Jersey City. For it is impossible to believe that such methods can be more than temporarily successful. Meanwhile, they are calculated not merely to create sympathy throughout the country for C. I. O. organizers but to build up a growing resentment on the part of workers in Jersey City that will make them much more willing converts to the C. I. O. organizers when they eventually do enter than they would otherwise have been.

When Mayor Hague said, "I am the law," he unconsciously recalled Louis XIV. Some genuinely devoted friend ought to emulate another prominent figure in French history and warn the mayor that his suppression of civil liberties in this instance is worse than a crime; it is a blunder.

Wage and Hour Legislation

EXTENSION OF REMARKS

OF

HON. EDWARD R. BURKE

OF NEBRASKA

IN THE SENATE OF THE UNITED STATES

Friday, December 17 (legislative day of Tuesday, November 16), 1937

ADDRESS BY HON. LEWIS B. SCHWELLENBACH, OF WASHINGTON, DECEMBER 16, 1937

Mr. BURKE. Mr. President, last night at the Town Hall in New York City, a very able, interesting, and, I might say, illuminating address on the subject of wage and hour legislation was delivered by the junior Senator from Washington [Mr. SCHWELLENBACH]. I ask unanimous consent that for the information of the Senate the address may be printed in the Appendix of the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Only General Johnson and I fully appreciate what a privilege it is for me to be here—not only able to appear with him, but even to have a chance to say my say before he can say his.

In the World War I was a private in the Twelfth United States Infantry, Eighth Division. The commanding general of the division was—General Johnson. This is the first time I have ever been within a mile of him without having to stand at attention.

1. DEMOCRATIC GOVERNMENT MUST KEEP ITS PROMISES

Only in a democracy can a private speak as freely as a general. That's one of the reasons I like it.

But in many countries people have grown tired of democratic leaders who promise much and then forget their promises. If the American people have faith today in the democratic method of government it is because they have faith in democratically chosen leaders who carry out their covenants; it is because they have faith in the ability of the democratic system to meet the problems of the modern world in accordance with the will of the people.

In the Madison Square address which closed the last campaign President Roosevelt promised: "Our vision for the future contains more than promises. This is our answer to those who, silent about their own plans, ask us to state our objectives. Of course, we will continue to seek to improve working conditions for the workers of America, to reduce hours overlong, to increase wages which spell starvation, to end the labor of children, to wipe out sweatshops."

In unmistakable numbers the American people voted "Aye." Unless democracy is a sham, a start must be made on that program to carry out the President's promise.

A majority of the Congress believes that the wage and hour bill pending in the Congress is a good start.

2. THE ECONOMIC PURPOSES OF WAGE AND HOUR LEGISLATION

In 1936 the American people responded enthusiastically to the proposal that Government take affirmative action to bolster up wages excessively low and to curb working hours excessively long.

Why?

Was it simply an emotional urge to make a few cruel and antisocial employers toe a mark?

No. It was an intelligent realization that, as President Roosevelt said in his recent fireside chat, "a few more dollars a week in wages, a better distribution of jobs, with shorter working day, will almost overnight make our lowest-paid workers actual buyers of billions of dollars of industrial and farm products."

In other words, the American people are determined to turn the increasing use of labor-saving devices into increased wealth and increasing security instead of increased unemployment and increasing instability.

3. THE NECESSITY OF USING AN ADMINISTRATIVE AGENCY BUREAUCRACY

Possibly the wage and hour bill now in Congress may be criticized for not going far enough toward that objective, but, so far as it does go, it is a good start. With time and experience the machinery it will set up can be constantly improved.

The bill states that its objective is to work toward a maximum 40-hour workweek and a minimum wage of 40 cents an hour for industries competing in the interstate markets. Over a period of time it is expected that it will be possible to establish these as minimum standards for all industries throughout the United States.

As an ultimate objective, we want adequate labor standards uniform throughout the country. But the Congress cannot ignore existing geographic and industrial diversities and hope to eliminate all of them immediately. For years widely different wage scales and hour schedules have prevailed in different industries and different localities. These cannot be adjusted to a single minimum-wage scale or maximum-hour schedule without producing great hardship unless the wage scale and hour schedule is so low as to be illusory for most of the workers whom we are trying to protect.

If you agree—if you believe that at the beginning we have no choice except to tolerate different minimum standards for different industries and then work toward evening them upward over a period of time—somebody must determine what those differences shall be.

That job is too complicated for a Congress that has a thousand other things to do. As Justice Cardozo wisely pointed out in the N. R. A. case (*Schechter case*, 295 U. S. 495), "the industries of this country are too many and diverse to make it possible for the Congress in matters such as these to legislate directly with adequate appreciation of varying conditions."

Congress has to turn over the determination of what those differences shall be and how long they shall last to some administrative agency, a board, a single administrator, or some combination of the two. If we are going to have differentials, there is simply no other way to meet the problem.

General Johnson himself is on the record respecting need of flexibility and administrative discretion in legislation of this character. A day or so after the wage and hour bill was introduced, the general in his newspaper column pointed out that the bill did delegate broad powers to an administrative board. But let me quote to you just what he then said about the need of such discretionary powers.

"This column does not criticize that. It thinks, as has been repeatedly stated, (1) that such a law is necessary to keep degraded labor conditions in one area from degrading labor conditions generally and to prevent such downward spirals as ruined labor in the depression; (2) that American conditions are too varied to do that by legislative fiat or otherwise than by administrative action on the broadest possible discretion; and (3) that it can't be done at all without adequate power to discipline chiselers.

"This bill does all that, and don't let anybody tell you anything different. This column's only regret is that it couldn't do it frankly, in barnyard language."

Furthermore, you can't effectively enforce wage and hour legislation applicable to all American industry without utilizing an administrative agency. Those who propose leaving the enforcement of a wage and hour law to the local Federal district attorney really don't want effective wage and hour legislation. Can you imagine the position of a district attorney's office in a locality where the law is unpopular because its violation means a competitive advantage over some other community. If he is human, the district attorney will see no evil, hear no evil, speak no evil. Prohibition taught us that.

That is why the bill now in Congress authorizes an administrative agency after investigation and hearing to fix—and to enforce—minimum standards for different industries and if need be for different localities which will approach the stated objectives of a 40-cent minimum wage and a 40-hour maximum workweek as nearly as is economically feasible without curtailing employment or earning power.

4. THE ALTERNATIVE OF A SYSTEM OF STATE TARIFF WALLS

Critics of the bill now propose as an alternative that the Federal Government hand over the regulation of minimum wages and hours completely to the States and permit each State to forbid goods not produced in conformity with its own labor standards from crossing its borders. American industry now has a broad domestic market free of all tariff barriers. Under the scheme I have just described it would have to adjust itself to the tariff walls, border patrols, and, I suppose, customs services of 48 different States. One of the chief reasons for the Constitution was the desire to get rid of internal trade barriers between the States so they would not come to hate each other like the wrangling countries of Europe.

I am willing to let the Federal Government prescribe wage and hour standards which manufacturers in my State of Washington must comply with if they wish to ship their goods in interstate commerce. But I am not willing to let the Legislature of the State of New York or the State of Illinois prescribe labor standards for the State of Washington.

5. DIFFERENCES FROM N. R. A.

The proposed legislation embodies all of the good and none of the bad of the old N. R. A.

First, it applies only to workers who are engaged in the production of goods which are shipped across State lines or which compete with goods so shipped. It does not apply to strictly local services or trades with which the States are competent to deal without fear of interstate competition. The men who administer this statute, unlike the administrators of the N. R. A., won't have headaches about little pants pressers in Jersey City.

Second. The proposed legislation deals with labor conditions solely; it has nothing to do with fixing prices, with trade practices, or with production control.

Third. The wage and hour regulations are to be imposed by a Government agency; not by private code authorities. No dominant group in private industry is given permission to write its own ticket.

Too often under the N. R. A. such dominant groups did not keep faith with the overworked Government administrators or the spirit of the law. Under a mere pretense of improving labor conditions, they used the N. R. A. chiefly to legalize new schemes for monopolies. The proposed wage and hour bill grants no power to anyone that can be so abused and perverted.

6. THE "YES BUT-TERS"

Legislative experience has taught me to expect attack upon almost any proposed regulation of industry or labor, no matter how great the evils and abuses which cry for remedy; no matter how modest and reasonable the proposed method of dealing with those evils and abuses. Opponents have a standard strategy. They always agree with the human objectives of the bill, but they advance certain steretotyped objections to its particular form. I call them the "Yes But-ters."

They always say "Yes; the idea is fine, but we don't like the form of this particular bill." They either say that the legislation puts an inflexible strait jacket on industry or that it gives some administrative agency dictatorial and flexible power over industry.

About the wage and hour bill they say both—at the same time. The attempt of Congress to steer a practical middle-of-the-road course has drawn the fire of extremists to the right and extremists to the left.

7. THE NECESSITY OF MAKING A START NOW

I appreciate the natural craving for simple laws which everyone can understand, and short laws which everyone can read. But no simple and short law can be drafted which will meet the complexities and diversities of American industry. American industrial life is complex, and legislation can never again make it simple.

The Congress is attempting to meet its solemn pledges to the American workers. In a democracy there are bound to be differences of opinion as to how pledges to the electorate may best be met. But the time comes when those differences must be resolved. A famous author once said: "There comes a time in the history of every book when it has to be written." So with a law. It is better to make a practical start now than to continue piously to mouth our good intentions while perfectionists find fault with any proposal that has a chance of adoption now.

Perfectionists may debate until doomsday without agreeing upon a solution, but no responsible statesman can fulfill his promises to the American people by interminably arguing the relative advantages or disadvantages of alternative solutions.

The proposed legislation is a sincere and honest attempt to meet a pressing need. Time and experience will undoubtedly suggest constant improvement in meeting that need. Let us all cooperate to make it meet that need, to make it improve the purchasing power of American workers, and enlarge the markets for American industry and for American agriculture.

Emergency

EXTENSION OF REMARKS

OF

HON. WALLACE H. WHITE, JR.

OF MAINE

IN THE SENATE OF THE UNITED STATES

Friday, December 17 (legislative day of Tuesday, November 16), 1937

RADIO ADDRESS BY HON. H. STYLES BRIDGES, OF NEW HAMPSHIRE, DECEMBER 17, 1937

Mr. WHITE. Mr. President, this afternoon over the Columbia Broadcasting System the Senator from New Hampshire [Mr. BRIDGES] discussed current questions before the Senate, his topic being Emergency. I ask unanimous consent that his address may be printed in the Appendix of the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Ladies and gentlemen of the radio audience, it is my intention to speak briefly this afternoon on the subject of the present business depression and to submit a program for its cure.

For the purpose of hastening the enactment of legislation much favored by the administration, such as the N. R. A., the wage and hour bill, Federal Housing Authority, Neutrality, Wagner Labor Relations bill, we of Congress and the American people as a whole have heard much use made of the word "emergency." "Emergency," "emergency," has been drummed into our ears for 5 years. When necessary an emergency can always be discovered to justify the forcing of an issue. The very word "emergency" instills fear in the hearts of a few. Coming from those in power the word "emergency" attached to a recommendation has meant, for the most part, immediate action without proper study. Overuse of a phrase causes it to become hackneyed. In the last few months particularly, so-called emergency measures have been but wolves in sheep's clothing.

Bills which, stripped of the cloak of "emergency," stand out as administration must bills or measures of political expediency, innocent enough on their face but whose passage means greater centralization of power. The danger of making the word "emergency" commonplace is evident. Like the cry of "wolf," too many false alarms make for a poor fire department. When a real crisis appears the powers of resistance are broken down and the ability to recognize an emergency before it is too late is destroyed.

Today the United States has a real emergency at hand. We are slowly bogging down into the quicksands of a depression. Weasel words such as "market reaction," "business setback," or "recession," do not correctly state the cause of recent thousands of lay-offs of workers in industrial plants; of the wholesale cancelation of orders for new goods; of the many thousands of new applications for relief; and for the economic jitters of the American people. No; this time the emergency is real and not even the warning scream has gone out from the administration forces. This is something they didn't plan that way.

There has been no dearth of New Deal planners to tinker, to adjust, to sit in high places on boards and on projects, to tell the farmer how much he must plant, and to tell the businessman who he must hire and fire. But so far no administration leader has made a constructive move toward 1937 national recovery. Congress has been in special session over a month, called by the President for the purpose of enacting extraordinary measures. Adjournment for Christmas is drawing nigh and, so far, all the Senate has accomplished is to filibuster on antilynching, to vote itself traveling expenses, and to discuss a farm bill that is of very questionable merit.

The House has spent its time voting itself traveling expenses, voting the questionable farm bill, and jockeying a wage and hour bill that business does not want, that the American Federation of Labor does not want, and that seemingly nobody wants. The President has spent much of his time fishing. The real emergency has been allowed to gain headway. Not one thing has been done to check the fires of depression. Not one constructive thing has been done to encourage industry to produce more goods, spend more money, or employ more labor. Not one thing has been done to give the people confidence in the money of the Nation or in the security of their jobs. Not one thing has been done to start the Treasury on the road to a balanced Budget or to keep the country from bankruptcy. Not one official act has been undertaken to remove the threat of inflation from our statute books. Not one thing has been done to remove the fear of uncertainty in the country's financial and economic future.

It would be useless to talk endlessly of the plight of industry facing depression, of labor facing unemployment, and of our people as a whole in a state of economic unrest, if a program for the correction of the causes of depression were not at hand. The deplorable part of the whole affair is the presence of real emergency at our very doors and nothing being done. We have seen in the past 9 years what the disease of depression can do to ruin a country and ravage a people's morale. We have the medicine at hand to stop the further encroachment of the disease and to recoup the losses. Under the leadership of the President and Congress we could start the march to economic safety today, if we could have a sincere effort on the part of the administration and immediate action on the part of Congress.

The steps to economic recovery are:

First. The immediate repeal of the tax on undistributed corporate profits, which burdens industry and jeopardizes the jobs of those employed; which prevents the absorption into private industry of those now unemployed; which is in direct conflict with the administration relief program in that it discourages the employment in private industry of those on relief rolls; which penalizes the accumulation of corporate reserves normally used to maintain wage payments and hence employment during business recession; which makes it impossible for industry to finance expansion out of profits and hence prevents the normal growth of American business; which promotes monopoly and places a discriminating burden on small business enterprises; and which complicates our tax system because it is not a tax measure at all but one of social reform. Its immediate repeal would be a ray of sunshine on the black business horizon.

Second. Drastic amendment of the capital-gains tax, which is a weight on industry and the cause of many of our economic ills; which prevents the growth of business and seriously retards the financing of new enterprises; which harms labor and creates unemployment by closing the gates of industrial expansion; which was an important factor in the credit inflation of 1928 and 1929; which leads people to believe that prices are values. The capital-

gains tax is unfair and should be amended so that capital gains would be treated on a basis of separate flat tax. To treat capital gains as on a par with earned income is disadvantageous both from a revenue and business standpoint. We should go back to the course originally adopted in 1921 and put capital gains in a special classification and subject them to moderate tax. In this way this tax would be fairer and, what is more, would produce more money to the Government, which, after all, is the purpose of a tax.

Third. Take the Government out of competition with private industry in all fields, and thus give some indication to the private citizen that he can go into business without having his own Government, which he supports by his taxes, as a business competitor. The progress of America is tied up with the progress of American industry, and not with the progress of Government-financed projects.

Fourth. Amend the Wagner Labor Relations Act so that the National Labor Relations Board may arbitrate the differences between employers and employees in an American manner and not subject industry and all labor organizations, save its own favorite, to a third degree; equalize the rights of both parties involved in a labor controversy so that all employers and all employees, regardless of their organization, may have a fair, unbiased hearing; remove the partiality which the Board has displayed, in the vast majority of its cases to date, toward one arm of organized labor and thus prevent discrimination against one branch of organized labor and favoritism to another.

Fifth. Devise a sensible plan to balance the Budget in the near future and stick to it instead of making semiannual promises based on wishful thinking. This plan would entail the cutting down of Government expenditures in wasteful and useless projects and for the upkeep of the vast political bureaucracies now saddled on the backs of the people, encourage Government saving rather than Government spending.

Sixth. Repeal the Thomas inflation amendment to the Agricultural Adjustment Act of 1933 so that the vicious threat of inflation may be removed. The power that was given the Chief Executive in 1933 to issue $3,000,000,000 in greenbacks, irredeemable in anything of value and with no backing whatever, is a fundamental influence in undermining business conditions. The power to regulate money should rest in Congress where it belongs. There is no excuse on our part for having the Thomas greenback amendment on our statute books.

To my mind these would be constructive steps and would show our people that their Chief Executive and their elected representatives were taking action to arrest the very real emergency that is now upon us. These steps are all part of the Republican program to end this depression. There are many measures now before Congress, introduced by Republican Members, which would accomplish the reforms I have outlined above. This depression is a common foe and it is no time to quibble about partisanship. Strangely enough, the only positive action, however, has been by Republican Members of Congress and by members of the Democratic Party who have had the vision to realize that the arrest of economic disaster is more important than orations about social reform. I have not spoken in the sense of an alarmist, but it is evident that if something is not done at once all that we have been through since 1929 shall have been in vain, with a greater public debt our only accomplishment.

The very roots of democracy are endangered. America is its last stronghold. We see Europe in an economic swamp or in a field of battle. We see either communism or fascism rampant and battling each other to the death, each awaiting the chance to move into America, stir up class hate, belittle religion, and regiment our people as they are regimented in Germany or Russia. There are no excuses for the existence of either in the United States of America and they shall not come here unless our people so lose their grip on their self-respect, on their initiative, and on their enterprise, that the Government is forced to take over all of the factors of production. Our country cannot stand another depression with the wounds of the last one still unhealed.

This time it is not Wall Street alone that is jittery, it is not the big banking interests, it is not the utilities, but it is every main street and every side street in America; it is those who see their friends and relatives being let out of jobs and again using up their savings during periods of unemployment. Immediate action is the watchword. Our people want it, democracy wants it, and America can wait no longer for it. We have learned our lesson; let us profit by it.

Fair Labor Standards for Workers

EXTENSION OF REMARKS

OF

HON. CHARLES A. WOLVERTON

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, December 17, 1937

Mr. WOLVERTON. Mr. Speaker, the bill now before the House seeks, within constitutional limits, to provide fair labor standards with respect to wages and hours in employments in and affecting interstate commerce.

The underlying purpose of this legislation is to provide better working conditions in occupations where substandard labor conditions now prevail. There has been general denunciation of sweatshop and child-labor conditions as detrimental to the physical and economic health, efficiency, and well-being of workers who come within either classification. This bill seeks to eliminate such, as far as it is within congressional power to do so.

While some of the details of the bill are not entirely in accord with my views, and experience will probably show the necessity of amending some of its provisions from time to time; yet I cannot for this reason overlook the fact that I am in full accord with the general object that is sought to be attained, and will therefore cast my vote in favor of the bill.

It is my hope that with this step forward in the realm of Federal regulation that it will be an incentive to provide similar State regulation where necessary so that there may be proper working conditions for all workers, whether engaged in interstate, State, or local occupations.

It has been truthfully said that this bill will only directly benefit a portion of the Nation's workers. This is true for several reasons: First, the jurisdiction of Congress to legislate is confined to regulation of interstate commerce, consequently all occupations of a strictly intrastate or local character are not within the regulatory power of Congress; second, most of the large industries whose products enter into the channels of interstate commerce already observe wage schedules, and in many cases hours of employment, that are equal to or better than required by the provisions of this bill; third, agriculture and allied industries are specifically exempted as seasonal in character and otherwise not within the particular object sought by this legislation; and fourth, occupations identified with railroads, steamship and water carriers are exempted from the provisions of the act, because these workers are already provided for under the terms of legislation already effective pertaining to these particular industries. There are other exemptions than those enumerated, but those mentioned cover, in a general way, the classes of workers who do not come within the present purposes of the act. But the fact remains that, notwithstanding the exemptions provided for, this legislation will be a forward step in the effort to eliminate substandard working conditions in those occupations and industries wherein practices detrimental to the physical and economic health and well-being of workers now prevail.

During the time the wage and hour legislation has been before Congress for consideration there has been considerable discussion. Varying viewpoints have been disclosed as existing even within the ranks of organized labor. These differences of opinion, however, relate more particularly to details or methods of administration rather than to the fundamental objects sought to be accomplished. In a similar manner, objections have been voiced by some business enterprises fearful that a strict interpretation of some of the provisions of the bill might create hardships to them not intended, and, arising because of the peculiar conditions in their industry as called upon to face in the manufacture of their particular commodity. But in no case has any serious objection been made to the underlying purpose of this legislation. It is encouraging to realize that there is such general accord with the effort now being made to provide better working conditions and improved standards of living for those who toil.

It would be strange if the general opinion was otherwise than favorable to this type of legislation. The great mass of our people, including leaders in industry, business, and finance, have little patience with that small minority which has been termed "chiselers." It is particularly at this minority that the bill, a modest and conservative approach to the great objectives set forth, is aimed. It is an attempt to begin to meet and not to avoid some of the most vital problems of American economic life. In doing this a few may suffer some inconvenience for a short time; but the fact that

a tremendous number of injustices will be cured by the bill fully justifies its enactment.

It is generally recognized that there never has been, and possibly never will be, a law of a general character passed, such as this, that will not cause some inconvenience in making adjustments to meet its provisions. To write a bill embodying the principles which this bill seeks to make effective and at the same time not inconvenience someone would be impossible. The most that can be done is to be fair and just, and this bill by its carefully drawn provisions does seek to do that, and has accomplished it to a commendable extent.

The thought has been expressed that this is not a proper time to pass legislation of this character. Individuals who express this opinion are not always those who are opposed to the bill in principle, but are frequently those who sincerely feel that in view of the present recession in business that it is unwise to adopt anything of a regulatory character that might hamper or handicap business in its efforts to reestablish normal business conditions.

I am not convinced that the passage of this bill at this time would be harmful to business recovery. I am inclined to believe it would be more harmful to have business suffer from the uncertainty that would follow if its passage is delayed, and it should remain a subject of discussion in the months ahead. It would mean a continuance of the unsettled condition that now exists. Businessmen have impressed upon me their desire to have the "rules of the game" settled so that they may know upon what basis they can proceed and without being continually handicapped and hampered by a state of uncertainty as to what will be the law.

In the drive for recovery we have had many remedies proposed. In my opinion, there is no one economic principle or panacea that can accomplish it. To solve the problem will require numerous and varied remedies. It is generally agreed, however, that increased purchasing power is of prime importance, and without which there can be no real, widespread recovery.

There is hope among the supporters of this measure that the enactment of this bill will be of material assistance in providing a measure of increased purchasing power, so necessary in this time of business recession. The bill seeks to provide "a fair day's pay for a fair day's work" on the theory that the application of this principle will increase purchasing power among a large class of American workers who have little or no purchasing power at this time. It will enable them, in turn, to buy more products from farm and factory. It will, therefore, give increased employment in industry and on the farm to those now unemployed. Thus, while it is not contended that this bill would be sufficient in itself to solve the basic problem of purchasing power, which must be approached from many angles and in many different ways, yet it does give promise of being a reasonable approach to the problem.

In conclusion, permit me to say that this bill does not purport to solve all the problems surrounding the conditions it seeks to correct. These undesirable labor conditions are of long standing and cannot be cured overnight. This bill, however, does attempt in a modest way to raise the wages of the most poorly paid workers and to reduce the hours of those most overworked. It seeks to enable them and their families to have a more desirable standard of living than now prevails. The beneficial results to follow the enactment of this legislation, however, are not confined to the workers whose standard of living it seeks to raise. It will also protect an employer, who is doing the right thing by his employees, by preventing competing, chiseling employers from undercutting decent minimum-wage standards or from stretching decent maximum hours of work standards. And last but not least, the bill does away with the evil of child labor. It will ban from the channels of interstate commerce goods produced at the cost of ruined lives of American children.

This bill, as a means to improve living and working conditions of those who now labor under substandard conditions, such as we know to exist in some instances, arouses my sympathy and claims my support to the end that we may have "fair labor standards," with particular reference to wages and hours of employment that will correct such conditions.

Wage and Hour Bill

EXTENSION OF REMARKS

OF

HON. A. J. ELLIOTT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 17, 1937

Mr. ELLIOTT. Mr. Speaker, as we consider this wage and hour bill let us be honest with the workers of this Nation and also the workers who are at present unemployed. This bill will not provide more jobs—it will only tend to protect the wage level and preserve fair standards of hours in many industries. The so-called business recession will not be halted by this legislation, and, as I stated before, the unemployed will not be provided with jobs. Our relief problem is our greatest burden, and we have administered great and ever greater appropriations for the W. P. A. and unemployment relief.

The recent unemployment census reveals that many of the unemployed are old and not wanted on jobs. It is a nasty, unhappy problem, that our great relief appropriations have not taken care of. We cannot play ostrich and stick our heads in the sand. Something must be done, and we, the Congress, are the ones to do it, and we can do it by enacting the general-welfare bill (H. R. 4199), which is now in the Ways and Means Committee. There is a petition on the Speaker's desk to bring this bill out of committee. One hundred and four of the Congressmen have signed this petition to release the bill from committee and if you have not signed, I urge you to do so now. When this bill is enacted the Nation's greatest burden, that of Federal relief spending, will be removed. It is estimated that 4,000,000 annuitants under this act would give up their positions, which will mean that 4,000,000 productive jobs will be given to younger people who are now unemployed. Business would be revitalized by a new and greater purchasing power. Enactment of this bill would help solve the farm-relief problem which we considered last week. Thousands of hospitals and charitable institutions, for the maintenance of which we are now heavily taxed, would be made unnecessary. The General Welfare Act will correct the Nation's economic disorder.

We have tried to assist people in all walks of life by legislation, but we have done nothing to provide for the welfare of the old people; those who have carried on and made it possible for you and I to have what we enjoy today. Let us consider humanity when we legislate.

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OF

HON. ALLEN T. TREADWAY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, December 17, 1937

Mr. TREADWAY. Mr. Speaker, I am heartily in favor of the establishment of minimum wages and maximum hours for workers engaged in industry. Sweatshops, starvation wages, and child labor cannot be defended. They have no place in the American scheme of things, nor has the so-called graveyard or midnight shift for women.

The fact that we have put up with these deplorable conditions of employment during the century and a half of our existence as a nation is no reason why we should continue to do so, or refrain from taking the necessary steps to remedy them.

Business and industrial concerns, for many years, have realized the necessity for improved working conditions and higher wage standards. The voluntary effort, by business itself, to correct the oppressive and unfair conditions under which men, women, and children have labored has carried us a long step forward. Unfortunately, however, a minority of business and industrial concerns have failed to "see the light," and have continued to bleed and oppress labor. Likewise, certain sections of the country, notably the South, have failed to keep step with social progress. This minority has made impossible of complete success the voluntary effort of business leaders to correct and improve employment conditions. It goes without saying that one section of industry, or one section of the country, cannot maintain high wage standards and improved working conditions, with the resulting increased cost of production, and at the same time compete with the products of the recalcitrant minority which can put out a cheaper article by paying starvation wages and working their employees for long hours.

Just as a minority in industry can prevent industry itself from remedying these evils, so a minority of States can prevent the more enlightened States from establishing maximum hours and minimum wages by State law. The only solution, as I see it, is uniform Federal regulation within the constitutional powers of Congress.

Mr. Speaker, the fact that I favor Federal regulation of wages and hours does not mean that I am necessarily committed to support any and every measure that is offered for that purpose. One can be in favor of certain principles and still be opposed to some methods for carrying those principles into practical operation. And just because a Member of Congress may oppose one method for carrying those principles into operation does not mean that he is opposed to other methods, which to his mind offer a better and more practicable solution of the problem.

During the consideration of the pending wage and hour legislation in the House, several different plans have been offered as substitutes for the plan presented by the Committee on Labor. Indeed, the committee has itself offered two different plans, first reporting the Senate bill with certain amendments and then offering as a substitute a complete new bill.

I am not in favor of either of the committee plans, for two principal reasons. In the first place, I am absolutely opposed to conferring discretionary authority to establish minimum wages and maximum hours on any board or single administrative agency set up in Washington. In the second place, I am opposed to the establishment of wage differentials as between different sections of the country, as to my mind this simply perpetuates the existing evils and discriminates against those sections of the country, including my own section, New England, which take a more progressive and enlightened attitude with respect to working conditions in industry.

It is not necessary to mince words. Let us be frank about it. Why have a large portion of the industries, which formerly gave employment to thousands of New England men and women, at fair wages and reasonable hours of employment, moved to the sunny southland? For no other reason than to take advantage of the low cost of operation resulting from the low-wage scale prevailing in the South and the longer hours of employment. The wage and hour bill recommended by the Committee on Labor would perpetuate the differentials now existing between northern and southern industry and continue the present unfair competitive advantage now enjoyed by the latter.

Two substitute plans have been offered to the committee bill. The first was the so-called American Federation of Labor bill, also referred to as the Dockweiler bill, which was offered by the gentleman from Indiana [Mr. GRISWOLD]. I was among those who voted for this substitute proposal, which was defeated by a vote of 131 to 162. This measure would have prescribed by law, with no discretion on the part of any administrative agency and no differentials as between northern and southern industry, a minimum wage of 40 cents per hour and a maximum workweek of 40 hours. This measure was prepared by, and had the support of, the American Federation of Labor, represented by its president, Mr. William Green.

The other substitute plan for which I voted was that offered by the gentleman from Ohio [Mr. LAMNECK]. I favored this plan over the committee bill because it would have put the regulation of wages and hours under the jurisdiction of a quasi judicial body in which the public has great confidence, namely, the Federal Trade Commission. This substitute plan was likewise defeated.

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Before a vote is taken on the pending bill, a motion will be offered to recommit the bill to the Committee on Labor for further study. I shall vote for that motion because I cannot support the bill as recommended by the committee. I agree with the gentleman from Texas [Mr. LANHAM] that the committee bill proposes the establishment of a dictatorship over labor and industry, with the identity of the dictator yet unknown and undisclosed. It is not a question of having to take the committee bill or nothing. The Committee on Labor can give the question further study and bring out a bill which everyone, or nearly everyone, can support.

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"Some Aspects of Labor's Fight Through the Ages"

EXTENSION OF REMARKS

OF

HON. JAMES A. SHANLEY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Saturday, December 18, 1937

LABOR IN ANCIENT TIMES

Mr. SHANLEY. Mr. Speaker, labor, like religion and liberty, has been the recipient of mixed motives since the earliest times. Man in the fields or in the shops has had to struggle against the plundering proclivities of small minorities of those who guide the haphazard destiny of our society. From time immemorial when he was rushed from those fields or the crowded, disease-provoking centers of population to fill the ranks of the plundering empires of the Assyrians or the Babylonians or later the Medes and the Persians, he

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I am not convinced that the passage of this bill at this time would be harmful to business recovery. I am inclined to believe it would be more harmful to have business suffer from the uncertainty that would follow if its passage is delayed, and it should remain a subject of discussion in the months ahead. It would mean a continuance of the unsettled condition that now exists. Businessmen have impressed upon me their desire to have the "rules of the game" settled so that they may know upon what basis they can proceed and without being continually handicapped and hampered by a state of uncertainty as to what will be the law.

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Wage and Hour Bill

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became part and parcel of systems that raised enormous sums from its subjects to sustain vast armies. In those barbaric days the laboring men had no position at all. He was truly fodder for battles' maw.

AMONG THE HEBREWS

The typical despotism saw the favored few, the great nobles and their friends, in luxury, while underneath the broad base of the pyramid widened out to include the poorest classes in abject slavery. Hammurabi, who lived about 2000 B. C., encountered one of the first pioneers in labor movements in the person of Abraham, who fired his fellow shepherds to set out to the northwest toward Haran and seek the promised land on the hillsides of Canaan. The escape from Babylonian tyranny was later followed by that of the extraordinarily vain and selfish Egyptian, Rameses II, who sought to build his temples with his predatory wealth. Enslavement, labor without pay, constant war to recruit slaves and resources, were the order of the day. With the advent of Moses, he encountered opposition but the Egyptian despot countered the Jewish pleas by forcing the Jews to find their own straw for the bricks. It is not until the deliverance that Jewish life presents redeeming pictures with the practice of the Hebrew landowners in leaving the grain in the corners of the field uncut, the scattered gleanings which fell from the hands of the harvesters as well as the fruit that fell from the vines and trees. The most touching story in the Old Testament is built on that practice in the tale of Ruth, who was allowed to glean after the reapers on the barley fields of Boas of Bethlehem even though she was a foreigner.

But Hebraic annals are filled with the efforts of the prophets to alleviate the condition of the oppressed for the prophets were always on the side of the poor, and even the authors of Deuteronomy tried to shape their law to protect the poor. Even the famous 7-year imprisonment for debt was softened to include a provision that at the end of that 7 years the master must not send the debtor away empty-handed but must give him food and clothes to sustain him in his search for work. But then came the awful days as tenant farmers on the estates of Nebuchadrezzar as told in the prophetic book of Ezekiel. So, too, under the successive tyrannies of Greek and Roman rules the children of Israel understood the cruelties of the then ruling dynasts. It can be said that 600 years before the birth of Christ absolutism held sway, supported by the unchanging influence and potency of arms and religion.

THE GREEKS

The first and epochal rescue from these days of servitude came with Solon, the wisest man in all Athens and the most profound political genius of antiquity. He found the poorest classes exempt from direct taxes and in return, so to speak, were excluded from office. He gave these classes a voice in electing magistrates from the classes above them and the right to call them to account. In every way he put the law above all other masters for he said it is the essence of democracy to obey no master but the law.

When Greece sank later into the abyss of decadence it was rescued by a prototype of Solon, the great Pericles, who resolutely struck away all the props that still sustained the artificial preponderance of wealth. He sought to diffuse power for all so that there should be independence for labor, security for property, the protection of the rich against envy, and the poor against oppression. When he went, the corroding effect of unlimited power took its toll. It seemed hopeless until the Gracchi attempted to find a remedy for the masses of poorer families, brutalized, starved, and driven to desperation by the enforced war service. They were ruled over by an aristocracy of 2,000 men who had divided the domain of the state to themselves. The Gracchi asked for an allocation of some of that land but to no avail with the result that that refusal with kindred insults prepared the way for Julius Caesar and his unparalleled series of conquests.

FEUDALISM

Withal the poor man still suffered as authority was shifted from one dictator to another, from one form of oligarchy to another until even down to the days of feudalism progress in the amelioration of the rights and condition of man were small. Even feudalism introduced a new form of master—the feudal landlord. The masses of people had no other source of wealth than the produce of the soil and were dependent upon the landlord for an escape from starvation. The power of the feudal lord became paramount over the freedom of his subject and challenged even the state, and the poor man was still between the jaws of the vise.

THE CRUSADES

As a matter of fact, one of the most effective means of giving new hope to labor was the opening of the east by the Crusades, which stimulated industry. The workers came by the thousands from the country to the town, for men could find a way of living without dependence upon the class that owned the land. Power, slipping from the owners of immovable wealth, came to those possessors of movable wealth in the rapidly growing cities.

THE BLACK DEATH

But the rise of the city brought problems of concentrated population to rival the warlike depredations of the Jenghiz Khan, the most terrible scourge that ever afflicted the human race, and Tamerlane. The black death of 1347 roared into these terribly concentrated places and the ensuing pestilence left the indelible marks on the unsanitary, wretched, crowded homes of the poor. Twenty-five millions, it is said, paid the penalty to this awful calamity of peace.

STATUTE OF LABORERS

But in its wake came labor trouble of the most sizable proportions in history. The employer saw that the scarcity of laborers due to the plague would give labor the upper hand, so they repudiated their former agreements by legislation. In England, for example, by the Statute of Laborers (1351), which made it a misdemeanor for any unemployed laborer to refuse to work for the wages paid before the plague. The peasants revolted. Tumult, violence, sacking of cities, abbeys followed. When the end came, as is always the case with revolts, the peasants were scattered to four winds, with the leaders pitilessly put to death. But it caused the landlords to agree to the commutation into money payment or rents for the personal services of the serfs or laborers. That gain at least was salvaged.

VISION OF PIERS PLOWMAN

The Chaucers and the Langlands arose in this period, and we find critical exposés of life of the day, but it remained for the latter in Vision of Piers the Plowman to paint an immortal, soul-stirring picture of the unhappy plight of the poor and oppressed. The hungry, the labor-worn peasant was doomed to a life of weary routine and discouragement, beset with the effects of the black death, and worn out by the long wars with France. World history racing through discoveries, occupies itself more with armadas and wars of religion. But little by little there was forming the slow, unwieldy, cumbersome movement for the man in the ditch, the galleys, and in the fields.

THREE INVENTIONS

Still with dissatisfaction, unrest, complaint among the working classes, skepticism increasing among the more educated and those fiercely independent, three mechanical giants arose to change the course of history—the printing press, the use of gunpowder, and the mariner's compass. The lands of the West and the East veiled in supposedly eternal mists and whirlpools, beckoned for exploration, and the ones who were not chained to the soil had their chance, but in the end it meant little at that time at home for the ill-clad, the ill-housed, and ill-nourished. While it produced a treacherous Pizarro here and there it did, however, lay the groundwork for new outlets for the teeming millions of Europe stagnated and in chains. To the poor at home it still meant the long religious wars which occupy so many pages in histories with the Treaties of Westphalia and of Utrecht meaning little to the underdog, who only thought of his worse plight after the long years of wars and disordered finance.

THE PREOCCUPATIONS OF HISTORY

Even as we recall our history we see the tens of pages dealing with warlike ambitions and religious polemics, with hardly a phrase or sentence for the rights of the bitter plight of the many. From the black death to the plague of London in 1665 disaster seems to be grinding down the submerged, inarticulate millions, and even the formal legal battles of habeas corpus, Bill of Rights, and even the Magna Carta seem remote from man's search for food and shelter.

LOUIS XIV

Men of elemental passions and offices like Peter the Great, who made a nation out of Russia by obtaining access to the sea, only accentuate the curse of irresponsible power. Even the so-called lofty nations had seemingly moments of forgetfulness when England secured by treaty from the French the sole, exclusive monopolistic right to ship annually 4,800 slaves to the Spanish colonies in America. It was not until the uncivilized plight of the French people tore the mask from their lives that the world was awakened to the personal element. When Louis XIV was told of the terrible plight of his people because of the burden of taxation, his reply to his marshal, Vauban, was an increase in the type and incidence of those taxes. The French people starved on grass, say the historians, and Fenelon said that France was one enormous hospital, and in a single generation 6,000,000 people died of want. But from these days of dire distress came the philosophers—Montesquieu, Voltaire, Rosseau, Didderto, and D'Alembert—obtaining public hearings and seeking to alleviate the hard lot of the many. Those thoughts for which the world had erected scaffolds were not accorded altars. The man in the street was getting places, but at a frightful cost. Still before him was the Napoleon regime, in all its terrors.

COMPROMISE AND CONCILIATION

But still the vast numbers of people had little say or influence. Why, in the English Revolution of 1688, for example, but 200,000 of the 5,000,000 people had a vote, and these voters were of the upper class. Yet in England the excesses of the French Revolution taught the omnipotent lesson of English history—the power of compromise and conciliation. England did it with reform bills and an increase in the franchise. What caused revolutions and nihilism in other countries was met by the English with concessions, and those compromises were epochal events in the rise of labor.

THE VICTORIANS

A great English churchman urged William Gladstone to relax the laws of landed property, as the poor law, which had saved England for a century, had fallen down. What were the four cardinal principles of the great prelate's plea to the most liberal of Victorian giants? They were—

1. Prohibit the labor of children under a certain age.
2. Compel the payment of wages in money.
3. Regulate the number of dwellings according to the population of parishes.
4. Establish tribunals of arbitration in countries for settlement of questions between labor and land.

These were not the creed of a modern labor leader or of a radical party of 1937 but of the Archbishop of Westminster, the son of a governor of the Bank of England in the Victorian seventies. A little later he was claiming "for labor and the skill which is always acquired by labor the rights of capital." He said, "It is capital in its truest sense."

COLLECTIVE BARGAINING

This progressive English prelate was a friend of Henry George, of W. T. Stead, the most forceful journalist of his day. That austere churchman, gifted beyond living men with the capacity for organization, became one of the most dynamic social-work reformers of his day. He fought for the dockers in their struggle to emerge from vassalage. He wrote to Tom Mann, one of the most powerful English leaders, that "the public authorities ought to find work for those who want work or relief for those who cannot. Why is a house called a workhouse?" he asked. "Because it is for those who cannot work." He formed the gasworkers' union. He said the bedrock of his principles was the right of unorganized and defenseless workers to organize for their self-defense and the right of every worker to a living wage.

STRIKEBREAKERS

He deplored the bringing in of men to fill the place of strikers as inviting bloodshed and bitterness for 50,000 men at work replacing the 50,000 out of work on strike would have meant conflict. He understood better than any man living the restlessness and ignorance of the workers, yet he knew that in their desperation to stay at work on the docks, they stained their graying hair lest they be turned off as old men. Everyone of these thoughts and efforts is the story of 50 years ago.

THE PURPOSE OF LABOR HISTORY

The great object in trying to understand this labor history is to get behind the men and to grasp their ideas. Ideas have a radiation and development, an ancestry and posterity of their own, in which men play the part of godfathers and godmothers more than that of legitimate parents. We want more than the picturesque scenery of the historians of sense. The false habit of dwelling on appearances, not on realities; of preferring the report of the bullet and the echo to the report.

LABOR'S FIGHT IN AMERICA

Significantly enough one of the most telling as well as one of the most indirect tributes to the rights of the masses of laborers who were virtually unrepresented in our colonial legislature and even in our Constitutional Convention, was the naming of Thomas Jefferson to write the Declaration of Independence. He had the only appeal to the cultivators of the soil.

JEFFERSON'S DEMOCRACY

Jefferson had set a fitting example in his own home State by fighting for and obtaining the abolition of the rights of primogeniture and entail, and thus the preservation of large landed estates was made increasingly difficult. In this particular era, with the distribution of the large Tory estates of the Pepperells, Phillipses, Penns, and Fairfax families, the common man had an excellent chance for securing his parcel of land. With the impoverishment due to military service and the absence of work this was a real chance. Jefferson gave it real impetus.

MODERN CONGRESSIONAL SUCCESSES

However, it was in the Fifty-ninth Congress that the first modern attempt to limit hours succeeded. That was the successful fight to obtain a maximum of 17 consecutive hours as a proper limit for the labor of railroad employees—but the reason was not the welfare of the workers but the safety of the passengers. That was in 1907, and that was the session in which Senator Albert J. Beveridge shocked his Republican colleagues with his progressive crusades for placement of meat-inspection costs on the packers and the dating of cans and his never-to-be-forgotten 4-day speech on child labor statistically bulwarked and eloquently delivered.

He shouted at the die-hards, "Does the Senate find that amusing—a girl going a mile or more across a wind-swept valley to begin work at half past 6 at night, and working until 6 in the morning for 3 cents an hour?" It was a voice crying in a congressional wilderness. An endeavor also to limit the use of injunctions in labor disputes was utterly overthrown as was the attempt to legalize the boycott by exempting labor unions from the operation of the Sherman antitrust laws.

REPUBLICAN INSURGENCY

The insurgency of the Republican liberals was on, and it numbered in this Congress in the Senate La Follette, Beveridge, Dolliver, Cummins, Bristow, and Clapp. They matched the powerful Aldrich machine in oratory and debate and parliamentary maneuvers but victory was always on the side of the heavier battalions.

LA FOLLETTE

In the Sixty-first Congress La Follette attempted to cut down the existing 17 legal hours of consecutive labor on

railroads to 14 but he failed. Nothing of a liberal nature came out of these efforts except a fertilization of minds for the progressive thought of Wilsonian Democracy which was really rendered still-born and almost abortifacient by the impact of the World War. However in the midst of all the martial legislation Senator La Follette did get legislation curing the slavery of the forecastle and making ship's officers amenable to the law. War emergency was properly responsible for the easy transit of the Adamson law establishing the 8-hour day for railroad employees especially with the threat of a strike. The Keating-Owens Act legislating against the use of any products of child labor in interstate labor commerce is significant though legal or judicial emasculation took its toll here.

THE TWILIGHT OF LABOR IN POSTWAR DAYS

The World Court, multilateral treaties, prohibition, scandals, Harding normalcy, Coolidge placidity, and stock-market lunacy filled the legislative picture in a nation of seeming prosperity that proved an opiate of delusion.

THE CRASHING DENOUEMENT

Then came the dawn, and labor and capital awoke to find the entire structure tumbling down on their heads; or was it a dream? It was no dream to see the unending lines of unemployed men, the stark idle plants, the gripping fear of chaos in banking circles, the proud denizens of the stock exchange humbled and bewildered, and the entire country in the clutches of panic and terror.

OUR INHERITANCE

The needs that rushed President Roosevelt into office in 1933 were based on the tremendous discrepancy which had grown up between agriculture and industry; the intolerable disproportion of incomes between the consuming and investing classes and the haphazard brutal organization or absence of it in industry; a mistaken outmoded tariff system, a vicious policy of foreign loans, and an uncontrolled credit system, which saw the emergence of the comet-like increases in checks and instalment buying, all side by side with maladjustments in transportation, public utilities, and even in the Government itself.

PERVERTED CORPORATE SURPLUSES

Enormous corporate surpluses were used in those days not to be saved for expected rainy seasons but were dumped into new and unnecessary plant expansions, into the call-money market of Wall Street, and gigantic stock bonanzas that defied reason and reasonable returns.

CHAOS

It was felt at that time that the enormous waste in our industrial system could not go on forever, with its unnecessary duplication of productive facilities; the urge for newer and more up-to-date structures, with the consequent scrapping of still useful equipment and structures—the dead-end trails from which neither industry nor labor could extricate themselves and the profligate wasting of our natural resources.

NEW DEAL LABOR HIGH LIGHTS

Labor has truly been benefited by the legislation that has come from our New Deal Congresses and their predecessor, the democratically controlled Seventy-second Congress. It was these sessions that put through the Norris-LaGuardia Act prohibiting the use of "yellow dog" contracts by employers and limiting the use of Federal injunctions in labor disputes by prescribing that they must be preceded by public hearings. From them came the N. R. A., which embodied the noblest ideals of fair treatment in all history—the spreading of work among the adult unemployed through the elimination of child labor, radical reduction of working hours, increasing the purchasing power of the masses through the establishment of minimum wages, the stimulation of labor-union organizations, the abolition of unfair competition among businessmen. We obtained the prevailing wage provision in the relief appropriations, compulsory unemployment and old-age insurance, the Government contracts bill setting wage and hour standards for workers on governmental contracts, the Strikebreaker Act barring interstate transportation under heavy penalty of men brought in to interfere with peaceful picketing in labor disputes, the Air Transport Act making provisions of the Railway Act apply to air carriers' employees, the railroad bill for displaced employees—to mention a few apart from the preponderant number of all bills benefiting the country as well as labor.

PROOFS OF DISPARITY

No better evidence of the acceptance of the need of liberal legislation has ever been better penned than that of the editorial of David Lawrence in the United States Daily for this week.

On his feature editorial page, signed by himself, appear his thoughts on the adamant need for recognition of labor's right by intransigent capital. His page is headed by the caption "Toward the Middle," and in the bank we read, "Business should accept reasonable intervention by Government; manufacturers in their speeches last week asked for confidence and a removal of uncertainty, but did not themselves present a policy of realism in world trade or labor relations."

He asked if capital "Is to remain unyielding on the 100-percent rightness of their views that all who differ with them must surrender honestly held convictions as being valueless?" Will the businessmen ever learn that the right of unionization is unilateral and hence none of the employer's affair? He submits Editor Lawrence answers that question by implication in another proposal—Does anybody think a committee of workmen dealing directly with an employer is as effective as a committee whose component members do not have to fear loss of job or discrimination if they talk perhaps too vehemently to the boss?

It may be too much to hope that some such reversal of thought may be present at some future day over our present fair labor standards bill. Until that day you, my colleagues, must go forward as pioneers and we must avail ourselves of every tunnel through the mountains excavated by our predecessors.

Dedication of Post Office and Federal Building at Salem, Oreg.

EXTENSION OF REMARKS

OF

HON. NAN WOOD HONEYMAN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Saturday, December 18, 1937

ADDRESS OF THE HONORABLE JAMES A. FARLEY, POSTMASTER GENERAL, AT THE DEDICATION OF THE NEW POST OFFICE AND FEDERAL BUILDING, SALEM, OREG., OCTOBER 16, 1937

Mrs. HONEYMAN. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following address of the Honorable James A. Farley, Postmaster General, at the dedication of the new post office and Federal building at Salem, Oreg.:

It is a genuine pleasure to come to Salem on a happy occasion of this kind, and I want you to know that I am most appreciative of the honor which you have bestowed upon me by inviting me here today for the purpose of participating with you in the dedication of your new Federal building.

The progressive and forward-looking policies which have long since been characteristic of the people in this section of the Pacific Northwest, and their high ideals of the purpose of government, have resulted in Oregon standing foremost in the fight for a new deal and a square deal for all the people. It is for this reason that in being in this enterprising city of Salem today, I feel that I am in the home of my friends.

In assembling here today for the purpose of dedicating this splendid new building, which is to be the home of the Federal Government in this city, we are marking another milestone in the civic and postal history of Salem. You have a civic heritage of which to be proud and as for your own post office, it ranks as one of the oldest in this section of the country, having been established as early as November 8, 1849, with J. B. McClane as the first postmaster.

While on the subject of your local postal history you might be interested in learning that postal service played a vital role in the early and romantic history of the old Oregon Territory. Postal service from away back in the days of the old Roman Empire has been one of the mightiest implements of human democracy and also in the development of states and nations in every corner of the globe. I doubt if anywhere in the history of this country postal service took a more conspicuous part in the development and expansion of a given area than it did here in the old Oregon Territory.

The problem of good postal service to the early settlers in this region was so important that an act of the old Territorial legislature was passed, creating a post office department and authorizing the appointment of a postmaster general for the Oregon Territory with full power and authority to conduct the movement of the mails as he saw fit throughout the Territory.

William G. T'Vault, editor of the old Oregon Spectator, the first newspaper published west of the Rocky Mountains, was named Postmaster General of the Territory. On February 5, 1846, in the first issue of the Spectator, Postmaster General T'Vault advertised for bids for carrying the mails once in 2 weeks on two routes. The Oregon Territory Post Office Department was doomed to failure, however, and a concerted public demand for the extension of the United States postal service in the Territory was made upon Congress. It was the settlers' memorials and other appeals to the National Legislature that caused Congress to insert in the act of 1850, which established numerous post roads in the United States, a clause authorizing the establishment of nine through post roads in this section of the Territory.

The mail service that was afforded those hardy pioneers of the old Oregon Territory less than a century ago, when the only mode of overland transportation was by pony express rider and stage coach, is in striking contrast to the many modern facilities which are provided in the Salem post office today.

This new Federal building which we are dedicating today is one of several hundred new post-office buildings that have been and are now being constructed throughout the country under the present administration's post-office building program. During the past 3 years Congress has provided funds for more than 1,400 new post-office buildings throughout the country. Eight hundred and forty-six of these buildings have been completed or are in the course of construction, and it is anticipated that the remaining projects will be placed under contract within the next few months. Every State, Territory, and insular possession shares in this vast building program, and I need not inform you of the tremendous impetus that this program of President Roosevelt has given to the building, heavy industries, and allied trades. It has resulted in thousands of men receiving employment, both at the site of construction and in the production of the raw materials that have been used in the buildings.

This particular project was authorized under the act of Congress of August 12, 1935, at which time $265,000 was allotted for the acquisition of a site and construction of this new Federal building here in Salem. On December 2, 1936, this amount was increased by $45,000, making a total of $310,000 available for consummation of the project.

This new building will result in the residents of this community receiving better mail service than they have had at any time in the past because of the enlarged and improved facilities, while at the same time it provides ideal working conditions for those public servants who work within its walls.

On arriving in Oregon it was pleasing to find that this State is enjoying a substantial measure of prosperity and that there is noticeable a fine spirit of optimism and courage whenever the future is discussed. The same tale can be told of every State in the Union. This country is moving forward once again, and the people have little time and less patience with those who like to dispute the evidences of their own senses. To those of you who recognize facts when you see them the reason for this present encouraging state of affairs is obvious. This country is doing well under the administration of President Roosevelt, who has handled the most trying problems with rare skill and understanding, and I know that the people of Oregon are grateful to him for the magnificent way in which he has fulfilled the promises made 5 years ago. You had faith in him then. You emphasized that faith last year, and we all know that your confidence in him is as great today as it was then.

The purpose of government, and its only legitimate purpose, is to maintain and, if possible, increase the contentment and prosperity of citizens generally. The task for which the Roosevelt administration was originally placed in power was to halt the downward spiral of business, decrease unemployment, substitute hope for despair, and not only to get the wheels of industry moving again but to take such steps as might be necessary to prevent any future return of such complete economic collapse as we had from 1929 to 1933.

As I said before, the success of any administration is dependent on the kind of government that administration has given the people. If it has satisfied the people, the party in power is continued in power. If it has failed, the people put another party in power, as they did in 1932 after our predecessors had shown an incapacity to meet a grave emergency.

This new post-office building is only one of the many things on all sides that offers visible evidence of the many things that have been undertaken and accomplished by that great humanitarian who now occupies the White House, your President and mine, Franklin D. Roosevelt.

Today a citizen can put his savings in a bank with the absolute assurance that his money will be there when he wants it. That assurance is backed by the financial resources of the Federal Government itself. I have reference, of course, to the Federal Deposit Insurance Act, which was enacted into law as part of the President's New Deal program and which guarantees bank deposits up to $5,000, a guaranty that the depositor never before possessed. The history of the collapse of 1929 and the subsequent banking crisis is too recent for me to have to remind you what this means to the many millions of our citizens. Never again will this country see those long lines of panic-stricken people standing outside banks hoping that they can get to the withdrawal window before it closes for all time.

With the aid and backing of his Government, the wage earner is today providing for his future security with the greatest of all nightmares, a dependent old age, gone forever. Perhaps of even greater importance is the President's determination that what happened in 1929 and the resulting 4 years of economic chaos must never happen again. Overextension of credit for unbridled speculation, palming off of worthless stocks and bonds, whose chief value is the paper they are printed on, all these are being eliminated as rapidly as possible. The day of the financial racketeer is over.

There is no need for me to cover the whole list. Everybody knows the work of the Civilian Conservation Corps, which gave thousands of young men a chance to get off the street corners and engage in a far-reaching conservation program which will pay rich dividends, not only in this generation, but in the generations to come. The Federal Government came to the rescue of thousands of communities with money for public improvements, already too long delayed. Thousands upon thousands of farms and homes have been saved through the intervention of the Government, and tremendous strides have been made by President Roosevelt and his administration in the fight against soil erosion and floods.

Thanks to President Roosevelt, the time is coming when the fact that this is the finest country in the world will really mean that to all and not to the privileged few.

He has brought this country through the greatest economic crisis in its history. Future generations will appreciate his greatness, even more than we do today, and the people of Salem will regard this useful and worthy addition to your institutions as a memorial to the wisdom, the humanity, and the farsighted public interest of Franklin D. Roosevelt.

A great deal is being said these days about Government in business. It is quite a controversial subject. Be that as it may, the United States Postal Service is the one business which is carried on by the Government with unanimous approval.

The Post Office Department is rendering a service which, although an indispensable governmental function, is paid for by the public in the same manner as you pay for services provided by private concerns, except, of course, that the Postal Service is not conducted for profit. While its primary purpose is the receipt, transportation, and delivery of the mails, it carries on other activities necessary to complete the regular functions of the mails, such as the registration and insurance of letters and parcels, and the c. o. d. facilities.

The Post Office Department wound up the fiscal year 1931 with a net postal deficit in round numbers of more than $98,000,000; the fiscal year 1932 ended with a net postal deficit of more than $152,000,000; and there was a net postal deficit in the fiscal year 1933 of more than $50,000,000. The deficit for 1933 was incurred notwithstanding that at the beginning of that year the postage rate on all first-class matter was raised from 2 to 3 cents, which increased the revenues of the Department approximately $75,000,000. The present administration assumed office in March 1933, 4 months before the end of that fiscal year and too late to exercise any marked effect on the finances of the Department for that year.

The fiscal year 1934 was the first full year of operation under this administration. At the beginning of that year the postage rate on local first-class matter was reduced from 3 to 2 cents. This reduction resulted in an annual loss of more than $20,000,000 in revenue. With postage receipts for the year $900,000 below the receipts for the previous year, the Department showed a net postal surplus of more than $12,000,000.

The fiscal year 1935 was ended with a net postal surplus of approximately $5,000,000.

The 40-hour-week law and the transfer of the custody of post-office buildings from the Treasury Department to the Post Office Department brought an increase in expenditures of $60,000,000 during the fiscal year 1936. Notwithstanding, the year ended with a net postal deficit of less than $17,000,000.

The latest financial reports of the Department, which I now have on my desk in Washington, indicate that for the fiscal year 1937 another net postal surplus will be shown.

Some critics have pointed out that while surpluses were shown for the fiscal years 1934 and 1935, the Department drew substantial sums from the Treasury to meet expenses in those years. In this connection, let me remind you that large sums were also drawn from the Treasury during the fiscal years 1931, 1932, and 1933, and that these sums, like those drawn from the Treasury during the fiscal years of this administration, were to cover the cost of services rendered by the Department free under the law, or at less than cost, or to pay aviation and merchant marine subsidies which the law required to be paid through the Post Office Department.

It was after taking credit for such so-called nonpostal items that the previous administration showed deficits ranging from

$50,000,000 to $152,000,000 a year, and it was after taking credit for such items that this administration has shown annual surpluses, with the exception of the fiscal year 1936, when the 40-hour-week law and the transfer of the custody of post-office buildings from the Treasury Department added $60,000,000 a year to the Department's expenses.

It has been a source of pleasure to have been able to participate in these ceremonies with the citizens of Salem. In making use of the modern postal facilities which will be found in this new building, may I express the hope that you will find every happiness and success.

Wage and Hour Legislation

EXTENSION OF REMARKS
OF
HON. DONALD L. O'TOOLE
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Friday, December 17, 1937

Mr. O'TOOLE. Mr. Speaker, the wage and hour bill now being considered by this House is to my mind the most important piece of social legislation in the program of our great President. For over 100 years the laboring people of our country have in many instances been persecuted and kept in almost a condition of servitude by grasping, greedy, and conscienceless tycoons of industry. The manner in which many of these individuals have treated their employees both as to wages and to the number of hours they compelled them to work would put Simon Legree to shame.

You have heard, during the course of the debate of this bill, instances where people are compelled to work as much as 100 hours a week for a paltry five or six dollars. These were not figments of the imaginations of the Members of this House, because the accusations were accompanied by records from various State departments of labor, plus records from some of the employers themselves.

In the great city of New York, from which I was elected, there are hundreds of thousands of unfortunate human beings who are earning less than $16 a week despite the fact that the standard of living in this metropolis is the highest of any city in the world. These people are compelled, due to their low earning power, to live in tenements that are not fit for human habitation. Likewise, they are compelled to limit their diet to food which is often harmful to their physical well-being. This condition exists not only in the city of New York, but is prevalent throughout the entire breadth of these United States.

How often in the last few days have we heard of sharecroppers, poor whites, and the many other classes who are compelled under the present economic system to live in almost degradation because of the fact that they are underpaid for the work that they do.

Gentlemen, this is the first Congress that has ever had the honesty and the courage to face this terrific problem which is a blot on the escutcheon of the most prosperous nation on the earth. Since we have had the courage to face the question, let us not do things halfway. Let us give to these people a wage and hour bill that will be substantial. Let us set a minimum wage that will make it possible for them to live in better homes, to eat more substantial foods, to clothe themselves fittingly, and to educate their children.

My thought is that many of the Members of this House who were opposed to this bill were opposed to it because of the fact that they have among either their clients or their set of social acquaintances mill owners and other exploiters of labor. If such is the case, to these men I now address myself and I beg them, in the name of this country and in the name of its people, to please cast all personal reasons aside and support this bill so that hundreds and thousands of children who are in this country may have the same opportunity to advance educationally, socially, and morally that they have had. Let us pay these people a wage that will make it possible to live in the homes that we are building under the great housing plan of our President. Let us raise the standards of this bill from 40 to 50 cents an hour and America will not only soon be out of the depression due to the greater spending power of its people, but will also see the greatest days of prosperity that the Nation has ever known.

I, therefore, ask you to vote for my amendment increasing the terms of this bill from 40 to 50 cents per hour.

A Year in Congress

EXTENSION OF REMARKS
OF
HON. EDWARD L. O'NEILL
OF NEW JERSEY
IN THE HOUSE OF REPRESENTATIVES
Saturday, December 18, 1937

RADIO ADDRESS OF HON. EDWARD L. O'NEILL, OF NEW JERSEY, DECEMBER 18

Mr. O'NEILL of New Jersey. Mr. Speaker, under leave to extend my remarks I include a radio address which I will deliver tonight over the network of the Mutual Broadcasting System:

Ladies and gentlemen, I have long felt that those who are the Nation's representatives could more thoroughly sound the attitude and opinions of the people they represent by holding in their districts, at periodic intervals, forum meetings to which all registered voters might be invited. Having announced my intention to try such a method of contact, I engaged for tonight the auditorium of the East Orange (N. J.) High School, but due to the work demanded by the special session of Congress it has become necessary to postpone the meeting until a date in February or March.

Through the courtesy of station WOL of Washington and WOR and L. Bamberger & Co., of Newark, N. J., for which courtesy I give my appreciation, I am able instead to speak from the Nation's Capital to the people of the Eleventh New Jersey District, whom it is my honor to represent in the Seventy-fifth Congress and submit in somewhat limited measure a report on the year in Congress. In a few days the Seventy-fifth Congress will adjourn its second, an extraordinary session called by the President of the United States for the purpose of considering certain emergent conditions.

PRESIDENT'S MESSAGE

The four most important points in the President's message are those which I will discuss tonight—taxes, wage and hour legislation, housing, and agricultural relief. They affect every person in the Nation. They are particularly appropriate, relating as they do to a general condition which becomes increasingly apparent every day. Now, those who will be critical of my thoughts tonight should know first that I am too young to be reactionary in the political sense of the word and that I am conservative only insofar as it can apply to a desire to hold fast to the great traditions of a great Nation, giving every opportunity possible for a finer, more decent living for the great numbers of the people. They should know that I believe in and advocate the widest possible civil liberty under the law.

CIVIL LIBERTIES

During the last 2 weeks two members of the President's Cabinet have spoken on fascism and civil liberties. I was glad to read their speeches and glad they said what they did. I think that we are all against fascism, but fascism is not the only form of state we must be concerned about.

Now if Spain wants Franco, Spain may have him. If Spain wants the Reds let Spain take the Reds, or the Reds take Spain. If the Germans are happy under Hitler—and I doubt it—they may keep him. If Russia feels that she is democratic now that Stalin has permitted an election, that's Russia's business. But when the smoothly cunning apostles of any of them come here to expound their subversive alien theories and to agitate civil unrest, it becomes your business and mine and make no mistake about it—they are here! They have their champions and spokesmen in high places and their battle plan is the "liberation of American democracy." Let me ask, ladies and gentlemen, where else in all the world are people so free of their Government as we are? Why then do we permit in our midst the organization and functioning of groups designed, under the cloak of advocates of civil liberty, to change and overthrow our form of Government.

"FOR A SOVIET AMERICA"

Recently in the city of New York the Communist Party held a convention. Banners strung about Madison Square Garden carried the slogan, "For a Soviet America." Three thousand men rose and with clenched fists upraised cried, "For a Soviet America." Do we—indeed do they who are not its leaders—know what it means? Closely allied with the Communist Party is a high-sounding "League Against War and Fascism." Now just being Amer-

ican—a real American I mean—presupposes that one is against war and fascism and the interesting thing about this organization is that it has never issued any pronouncement against another menace to Democratic Government—soviet fascism.

If this so-called League Against War and Fascism would change its name to the "League Against War and Civil War, Fascism, and Communism," that would be something, but that could not be, for that would mean a break in their united front. We will concede that communism is against war and fascism, but communism is not against civil war because out of civil war emerges the soviet form of fascism. For that we need look only upon the desecrated and torn land of Spain in her present sorrow because she did not see. Why, too, do we permit another flank in this united front to collect money here to prolong the strife in Spain? They are high-sounding, too, "The Friends of Spanish Democracy." Now, no matter which side wins in Spain, Spain will not know democracy, and a recent report by the Federal Government indicates that but a small percentage of the money solicited found its way to Spain. The rest was spent, and is being spent, here to spread the propaganda of the Soviet State.

LABOR'S FALSE FRIENDS

These organizations would make it appear that they carry labor's banner, and when labor finally realizes that they are but false and expedient friends and casts them out labor will make more progress by doing so than since the first workers guild of centuries ago until now. We must remember that our rights of free speech, free press, and assemblage are recognized by our Government, which itself is derived from the people; and all must understand, and those who do not must be taught, that liberty implies obedience to legitimate authority. Now, my friends, it is a fact well known that no Communist or "red," no agitator of any label, will make a convert of a contented, propertied worker. There are conditions and facts which must be recognized, not only by labor but by capital as well. If our form of society is to go on as we know and cherish it, then capital must cure the cause of social unrest, and the cure is a fair wage under decent working conditions, and the wage contract should as soon as possible be modified so that the worker will have a share in the profits, management, and ownership of industry. There are two extreme errors concerning profits—one is the liberalist error that capital is entitled to all of the profits; the other is the Marxist error that labor is entitled to all of the profits. In between is the golden mean that since both capital and labor share in the production of wealth each should share to some extent in the profits.

LIBERTY NOT UNBOUNDED LICENSE

Just as labor must not believe its antilaw and order leaders who teach that liberty is unbounded license, so must the employer know that capitalism has its responsibilities to the hands that produce the Nation's wealth. No workman will ever sit down on his machine if he knows that he can derive from working the machine a fair and decent wage. Capital and labor each has its responsibilities to the other, and the Government, derived of both, should be the protector of both.

For the purpose of enabling and extending that protection to industry, labor, and the whole Nation, the special session was called. The legislative items I mentioned in my opening each have a bearing on the well-being and security of the Nation. I am glad to recall an interview by a member of the staff of the New York Times, which appeared in that newspaper on Sunday, October 4, 1936, before my election to Congress, in which I stated my opposition to the capital-gains and undistributed-profits taxes. Both are inequitable and unjust and should be repealed or revised. The undistributed-profits tax destroys reserves necessary for expansion of plant and pay rolls. Feeling that action toward this end during the present session would have a most beneficial effect upon business and employment, I joined in an effort to require immediate consideration, but the urgency of other legislation and the long debates on the farm and wage-and-hours bills prevented it. It is reasonably certain that they will be acted upon shortly after the opening of the session on January 3.

During the special session a bill was passed to formulate a program for the farmers. After listening to the debate on the bill for nearly 2 weeks I cast my vote against the passage of the agricultural bill. The theme of this legislation is the philosophy of scarcity all over again. Under it the Government will pay certain considerations to the farmer for planting only so much of a given commodity in so much of the acreage of his farm. He may devote the acreage taken out of any commodity to grow certain other commodities but not other alternatives. He will have to plow with a lawbook in his hands.

In our cities this winter perhaps none will starve, but certainly many are going to be hungry. Many will not have sufficient with which to clothe themselves, and I am thinking how well could be used any surplus of food or cotton. Perhaps no single one of us knows the solution. But solution there must be, and it would seem the approach is not by way of the problem of so-called overproduction but to meet the problem of distribution. The principle is morally wrong and on that basis in my opinion cannot be either politically or economically right. I hope that it will be possible to balance the Budget and if it can be done without further injuring the least fortunate of the country I shall vote for it. But I do not feel that I will be able to subscribe to any program of curtailment that will involve further reductions in Government relief or W. P. A. activities unless private industry resumes and accelerates the absorption of the unemployed. It is my hope that the present major effort of the administration to lessen unemployment in the bulding trades, and provide employment for hundreds of thousands of others, will be enacted before the adjournment of the special session—the liberalizing amendments to the National Housing Act. The amendments make it possible for one to buy or build a home with 10 percent of the total cost as a down payment. Two million low-cost homes are needed in America. The broadening of the opportunity under the F. H. A. should put a real dent in that number. The Seventy-fifth Congress passed legislation to eradicate slum conditions and make possible the erection of decent, livable homes in their stead, and, realizing that a measure of emergency still exists for many who found it necessary to turn to the Federal Government through the Home Owners' Loan Corporation, steps are being taken to enact legislation reducing the interest obligation and extending the period of amortization.

The fourth point in the President's message is wage and hour legislation, the principle of which I have earnestly and vigorously supported. Passed by the Senate during the first session, an amendment was substituted in the House, and last night, after a week of debate that was no little of the time acrimonious, the substitute bill was recommitted to the House Committee on Labor. I voted to send the bill back to committee. The principle of the bill was sound—a minimum wage of $16 a week. If the provisions of the amended bill could have been invoked to put manufacturers in other sections of the country on a comparable basis of competition with the industries in my State, I would have voted for its passage; but for material improvement for worker and employer in the industrial sections of the East the bill held no promise. A wage bill allowing no differentials—the right to make exceptions sectionally and otherwise—should be written. Employers and employees in my district have both indicated their opposition to the terms of the bill, and with the pulling and tearing of a divided house of labor the common interest of labor and industry could not be served. Considering the gravity of the situation as a result of the sinking of one of our naval vessels in Chinese waters, those of us who are not charged with the responsibility of conducting the country's foreign affairs may well leave the supervision of policy and subsequent action to the President and to the Department of State. I had intended to discuss with you tonight the neutrality law, but for this reason I have omitted any observations on it.

I wish that the time would enable me to review the work of Congress in greater detail. You will observe, I am sure, how closely intertwined with your daily life is the Nation's legislation. What your Representative is doing should at all times command your lively interest—for your interest and in the interest of honest, representative government.

One of the privileges of Members of Congress is the designation of cadets and midshipmen. Tonight I wish to announce the designation of Russell J. Cooper, Jr., of East Orange, to West Point, and John P. Breslin, of Orange, to Annapolis. I congratulate them and hope that they will fulfill the never modest hopes of their parents and that they will serve their country well and faithfully.

It is nearly Christmas and I hope that the holy season will bring blessings to all of you. Let it be that those of our fellow citizens who celebrate their solemn religious feasts at other seasons of the year share now in our joys.

My first year in the Congress as your Representative has been a busy, happy one. Many thanks to those of you who made it possible for me to have the great honor of being your voice in the Nation. To all of you—a Happy Christmas and an abundant New Year.

Thank you and good night.

California's Interest in Foreign Trade

EXTENSION OF REMARKS

OF

HON. FRANK H. BUCK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 16, 1937

Mr. BUCK. Mr. Speaker, a copy of the annual report of the general manager of the California Fruit Exchange came into my hands the other day. I was particularly interested in the information given therein, showing that a remarkable increase in the volume of export shipments of California deciduous fruits had taken place during the shipping season just ended.

These exports, which extend all over the world, amounted to 1,337 carloads, an increase of 237 carloads over the year 1936, or an increase of over 21 percent. The f. o. b. value of this fruit in California amounted to $1,467,580. A vigorous sales campaign is now being conducted in important markets

of the world, with the design of making the name of California fruits a byword in foreign markets.

Since much of this increase had occurred in countries with which the United States had entered into reciprocal-trade agreements where tariff concessions had been given us on these products, I concluded that it would be of some interest to examine more fully into California's stake in foreign trade. As a result of this examination, it has become apparent to me that my State has an even greater interest in foreign trade than I had previously understood.

It developed that approximately one-fourth of the workers of the State gain their livelihood directly from producing articles sold abroad. Many other workers and businessmen are dependent on imported raw materials. Tin, for example, used in the tin-can industry, whose output in 1935 was valued at $44,305,000, is one of the essential imports utilized in California industry.

A third large group includes those engaged in transportation, shipping, port work, banking, financing, and other services which add time and place utility to both exported and imported products. These services constitute the connecting link between all groups of interests—producers, exporters, importers, and consumers. Finally, every citizen of California is interested in the peace aspects of liberal trade between nations.

IMPORTANCE OF EXPORTS TO CALIFORNIA

That California's prosperity and well-being are closely identified with foreign trade is not a subject for debate. This State has a vital interest in foreign commerce and consequently in the Government's trade-agreements program, which has for its purpose the modification of trade-strangling barriers. Through the negotiation of trade agreements with foreign countries the Government is providing a means for restoring the foreign trade of the United States as a whole, and California has a large investment dependent upon the success of this program. Because of its resources and geographical location California industries have been built upon the basis of exporting a comparatively large proportion of their production. From the early days California has had to look in two directions for the sale of her surplus products—to the eastern part of the United States and Europe and to the Far East. California was one of the greatest sufferers on account of trade barriers. It probably furnishes a larger percentage of more exported products than any other State. California producers of fresh, dried, and canned fruits in particular have seen the unfavorable effects of decreased foreign trade during the depression. In the past 2 years they have enjoyed a more normal level of export trade.

In the attempts of isolationists to minimize the importance of export trade it is frequently said that only a small percentage of the total production is exported. This may be true in a number of instances, particularly when the total production of the United States is included, but this over-all average conceals the importance of exports to a particular community or State. For example, figures show that about 26 percent of the production of canned sardines are exported from the United States. This represents a comparatively large proportion of domestic production, but 97 percent of the exported sardines are produced in California. In some instances, such as canned peaches and dried apricots, more than 99 percent of that portion exported from the United States originates in California. The whole economy of the State is built upon the necessity for exports. Past trade policies of the United States have not taken the true interest of California into proper consideration. The trade-agreements program, which, strangely enough, has not had the support of some members of the California delegation in Congress, is an attempt to gradually reverse the unfavorable policy so that the vital interests of the State may be safeguarded and promoted.

By means of mutually beneficial trade agreements with foreign countries, involving carefully considered adjustments of the American tariff on one hand and the reduction or removal of excessive foreign tariffs and trade barriers on the other, the Government is expanding foreign markets for both agricultural and industrial products. In every one of the 16 trade agreements, concessions have been obtained which are of direct benefit to California agriculture and industry. Furthermore, the people of this State are sharing the general economic improvement which may, to an important extent, be attributed to the stimulation of foreign markets for American agricultural and industrial products.

California produces by far the greater part of our commercial crops of apricots, artichokes, and olives; is the leading producer of asparagus, carrots, lettuce, avocados, cantaloupes, oranges, lemons, dates, figs, grapes, peaches, plums, and prunes; and is a principal producer of apples, grapefruit, strawberries, watermelons, celery, onions, potatoes, and tomatoes.

In the industrial field, petroleum products, agricultural, electrical, and other machinery, and motor vehicles, aircraft, and films are among important products of which California exports substantial quantities. California ranks third among petroleum-producing States; and refined petroleum products, together with crude petroleum, comprise the State's most important export. Valued at $138,491,000 in 1929, California's exports of crude petroleum and refined products decreased by 56 percent to $60,136,000 in 1932. Concessions have been obtained in a number of agreements on a relatively wide range of petroleum products.

There are those who desire to know something of the results of the program in terms of trade. The trade results of the program show an appreciably expanded volume of foreign trade in both directions. Exports of the United States have increased at a greater rate to the trade-agreement countries than to nonagreement countries. This is a practical test of the program which cannot well be dismissed.

During the first three quarters of 1937 exports to trade-agreement countries increased by 44.5 percent over a similar period of 1936; exports to the nonagreement countries increased by 33 percent. Imports from the trade-agreement countries for the first 9 months of 1937 increased by 27.4 percent over the corresponding period of 1936; imports from nonagreement countries increased by 44.4 percent. The greater relative increase in imports from nonagreement countries clearly indicates that the United States is not being flooded by imports as a result of trade agreements. This greater increase from nonagreement countries largely represents imports of raw materials, such as tin and vegetable oils, which keep the wheels of industry going in California and elsewhere.

The two currents of trade with agreement countries have been running somewhat parallel, with an increase in exports to those countries of $276,824,000, and imports from them of $202,933,000 for the first three quarters of 1937, over the corresponding period of 1936. This is the best tangible record of the results of trade agreements now available.

So much for the general picture. There may be those who want to know just how California has specifically benefited from the expanded trade. Fortunately there are some figures available which indicate rather definitely that California has been the beneficiary of some of these agreements in terms of specific increases of exports. The specific information given below does not purport to be the complete and full picture of the results of trade agreements, but is meant to furnish some illustrations.

In volume of trade and concessions obtained, the Canadian agreement was probably the most important agreement to the State of California. In the fiscal year 1929–30, the United States shipped to Canada $28,000,000 worth of fresh fruits and vegetables, but owing to drastic tariff increases adopted by both countries in 1930, this trade had shrunk to $11,000,000 in 1933–34. As a result of the Canadian trade agreement, the Canadian duties on fresh vegetables were generally cut in half, or from 30 to 15 percent ad valorem, while duties on fresh fruits were generally reduced by 25 percent. These lowered Canadian duties have greatly enlarged the market opportunities for California producers.

Encouraging increases in exports of products such as are produced and exported from California to Canada and other countries are indicated below.

United States exports to Canada (among those on which Canada reduced duties)

	Preagreement year 1935	First agreement year 1936
Oranges	$1,770,000	$2,066,000
Grapefruit	776,000	1,055,000
Grapes	627,000	903,000
Peaches	281,000	423,000
Pears	401,000	549,000
Plums and prunes	162,000	302,000
Nuts	443,000	771,000
Lettuce	450,000	665,000
Tomatoes	293,000	537,000

United States exports to Cuba (among those on which Cuba reduced duties)

	Preagreement year (September 1933 to August 1934)	First agreement year (September 1934 to August 1935)	Second agreement year (September 1935 to August 1936)
Milled rice	$2,000	$978,000	$843,000
Canned peaches, pears, etc	38,000	113,000	145,000
Canned sardines	71,000	128,000	231,000
Unexposed films and photographic paper	92,000	192,000	162,000
Radio apparatus	402,000	790,000	989,000

United States exports to France (among those on which France reduced duties or enlarged quotas)

	Preagreement year (July 1935–June 1936)	First agreement year (July 1936–June 1937)
Borax	$120,000	$206,000
Dried raisins	352,000	456,000
Dried prunes	2,324,000	2,710,000
Conserved fish (canned salmon)	3,000	166,000
Oranges	779,000	1,195,000

United States exports to Belgium (on which Belgium reduced duties)

	Preagreement year (May 1934–April 1935)	First agreement year (May 1935–April 1936)
Dried apricots	$120,000	$176,000
Fresh pears	71,000	127,000
Prunes	308,000	327,000
Canned fruits	144,000	194,000

IMPORTANCE TO CALIFORNIA OF IMPORTED RAW MATERIALS

The significance of import trade to the United States, and to California in particular, cannot be gaged merely by the value or volume figures standing alone. The ramifications of the movement must be studied in relation to industries which may or may not participate directly in foreign trade. The entry of crude materials or semimanufactured products for use in manufacturing branches of many domestic industries is often essential to their very existence. A point worth emphasizing is the fact that the ability of foreign producers to dispose of their raw materials enables those countries to purchase California products. Short-sighted "buy national" propaganda would, if really effective in this country and in foreign countries, destroy mutually profitable foreign trade and play havoc with many domestic industries, particularly those in California. The larger the sales of certain raw materials to us, the more foreign countries will be able to buy such export products as fruits, films, borax, copper, oil products, machinery, automobiles, and many other typical American commodities in which the United States excels in production. Such exports are exchanged for tin (probably the most important single import to California industries), nickel, rubber, copra, silk, and other basic raw materials drawn from every continent of the world. These imported products keep the wheels of industry going in many important lines of production. Thus, the indiscriminate talk of imports depriving wage earners of their jobs has no basis in fact. Every import gives some employment. This side of trade is too often overlooked by critics of the trade-agreements program. For illustration, without the imports of tin at least a half dozen important California industries would close down and unemployment would immediately result.

In this connection it may be pertinent to consider for a moment some of the ramifications of the importation of this one raw material. As indicated above, the value of the products of the tin-can industry in California amounted to $44,305,000 in 1935. That volume of business in itself is of substantial importance to the State of California. Moreover, the use of preserved foods, largely made possible by tin containers, has had an incalculable effect in the diversification of our modern life. It has greatly facilitated the industrial development of the United States. Tin containers make it possible for the palatable and appetizing California products to be enjoyed at all seasons of the year in the most remote corners of the globe.

The value of canned and dried fruits and vegetables, juices, preserves, sauces, and so forth, alone amounted to the stupendous sum of $174,012,000 in 1935. In that year the California fruit and vegetable canning and drying industry employed, on an average, more than 30,000 people. A large proportion of these workers depend on exports as well as on imported tin for their existence. Add to this the production of canned fish, condensed and evaporated milk, meat packing to some extent, paints, pigments, and varnishes, petroleum products, and vegetable cooking oils and one begins to realize the ramifications of one single imported product.

Imported materials for the industries producing rubber tires and tubes, soaps, chemicals, electrical machinery, and others might be similarly treated.

SHIPPING AND RELATED INTERESTS

The important ports and the shipping industry of California, together with the banking and financing of foreign trade, have much to gain through any program which will increase the movement of goods in international trade. The United States is attempting to rebuild its merchant marine. To do this on a sound basis the transportation system must have in-bound as well as out-bound freight. Without traffic in both directions, sea voyages turn out to be losing ventures. With freight moving in only one direction the rates would have to be very high. The transportation of imports and exports provides employment for thousands of workers. The dock workers and others are not interested in imports as distinguished from exports. They are interested in handling cargo, which means employment. The carriage of import freight from the chief seaports is just as important to railroads as carrying products to those same seaports for exportation. The financing and insuring of such shipments give business to banks and insurance companies all over the United States.

Shipping and these allied activities constitute important California activities. Transportation has become a structure directly or indirectly affecting many elements of the State's economy, particularly in the major business communities. In 1929 exports and imports aggregating $649,000,000 passed through the customs districts of San Francisco and Los Angeles. By 1932 this trade had been reduced in value to approximately $234,000,000, and the consequent repercussions of this tremendous decline were felt throughout the State. Statistics indicate that by 1935 California's total foreign trade recovered to about $334,000,000, and there are indications that this has further increased since trade agreements have gone into effect.

OTHER BENEFITS OF EXPANDED FOREIGN COMMERCE

There is another side to this question of the importance of trade agreements to the State of California. Greater industrial activity is promoted by a sound commercial policy such as the trade-agreements program involves. There is a direct interrelationship between prosperity of any section

of the country and prosperity of the country as a whole. Thus California stands in a strategic position to gain from benefits of the trade agreements to other sections of the country. For example, increased exports of automobiles from Detroit, Mich., may well set in motion a series of economic activities which means a greater demand for California raw materials and a greater consumption of California fruits and vegetables in this industrial center.

In addition to the obvious material benefits of foreign commerce, there is another side that is of intense interest to us all. That is the importance of trade as an agent of peace. The President, in a message to the recent Foreign Trade Convention at Cleveland, Ohio, said:

> The importance of the trade-agreements program as a movement for peace perhaps transcends the importance of the material benefits to be gained from it.

Millions of workers throughout the world are dependent upon foreign markets for a livelihood. To cut off those markets is to cut off their means of existence. There has been too much gambling of this sort with the livelihood of millions during the last decade. Other millions, in order to earn a living, must have access to raw materials not produced in their own countries. International trade—by permitting an exchange of commodities, and by making raw materials available to all—is the surest guaranty yet devised to stay the madness of war—a disaster for all. The citizens of California have a large stake in any program devised to promote and maintain peace.

The New National Housing Act

EXTENSION OF REMARKS

OF

HON. MARTIN F. SMITH

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Saturday, December 18, 1937

Mr. SMITH of Washington. Mr. Speaker, I have actively supported and am voting for this legislation to liberalize and enlarge the scope of the National Housing Act of 1934, of which I was one of the original sponsors.

In his message to Congress of November 27, 1937, President Franklin D. Roosevelt said:

> As a practicable means of encouraging and facilitating a more effective operation of private enterprise and private capital in the housing field, I am suggesting enlargement of the framework of the National Housing Act in the light of actual experience. This legislation, enacted by the Congress in 1934, provided a new financial mechanism applicable to all types of lending institutions that make loans for housing purposes. Enabling legislation giving effect to this new mechanism was subsequently enacted by all the States. Within the limits of the types of housing to which it applies, it has proved to be both popular and practical.

This act will encourage institutions making housing loans by insuring mortgages up to 90 percent of the appraised value not in excess of $5,400, and up to 90 percent on first $6,000 plus 80 percent of balance up to $10,000, and will make it easier for the borrowers by requiring a down payment of only 10 percent and an over-all carrying charge of but 5 percent, thereby substantially reducing the cost of financing the construction of new homes.

Mr. Speaker, President Roosevelt has repeatedly stated that one-third of the American people are ill-housed, and it is estimated that we need 800,000 new homes a year for the next 5 years just to catch up on the Nation's actual housing shortage. Eight hundred thousand new homes at $4,000 each, the estimated cost, would mean a capital expenditure of $3,200,000,000 per year, or a total of $16,000,000,000 in the next 5 years, in order to provide 4,000,000 new homes during that period, which are sadly needed.

BENEFITS TO LABOR IN THE LUMBER INDUSTRY

It is estimated that 800,000 homes, at $4,000 each, would require 6,000,000,000 board feet of lumber and 120,000,000 man-hours of work for loggers, sawmill workers, salesmen, clerks, and others.

BENEFITS TO LABOR IN ALLIED INDUSTRIES

It is estimated that approximately one-third of the entire capital expenditure, or more than a billion dollars per year would be paid in wages to carpenters, plumbers, electricians, painters, bricklayers, and others who would be employed.

Building experts have estimated the items of building materials which would be required in the construction of 800,000 homes per year to be as follows:

Cubic yards of stone or gravel	22,400,000
Linear feet of molding	1,520,000,000
Square feet of insulation	1,816,000,000
Barrels of lime	4,800,000
Gallons of paint and varnish	27,200,000
Sets of locks	10,400,000
Window and sash frames	16,000,000
Electric switches	4,800,000
Wall plugs	19,200,000
Light fixtures	9,600,000
Bathtubs	800,000
Medicine cabinets	800,000
Kitchen stoves	800,000
Water heaters	800,000

Mr. Speaker, I have mentioned but a few of the scores of materials and articles necessary to housing and home building and which will furnish jobs and employment for people who will spend their wages in making purchases from merchants and storekeepers. This will result in depleting the store stocks of goods and merchandise and create new orders to manufacturers and factories so as to replenish the stocks, providing more jobs and the payment of more wages and that revolving process and turn-over of business which cause prosperity and good times.

Mr. Speaker, the housing program made possible by this legislation will constitute one of the greatest achievements of this administration.

Industrial Expansion

EXTENSION OF REMARKS

OF

HON. THOMAS R. AMLIE

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, December 17, 1937

RADIO ADDRESS OF HON. THOMAS R. AMLIE, OF WISCONSIN

Mr. AMLIE. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech which I delivered recently over the radio:

I shall talk to you briefly tonight about the industrial expansion bill introduced in Congress last June by Congressman ALLEN of Pennsylvania; MAVERICK, of Texas; VOORHIS, of California; and me. This bill seeks to set up the machinery for coordinated, Nation-wide industrial expansion, designed to raise our national income immediately from $65,000,000,000 a year to $95,000,000,000 or $100,000,000,000.

When the bill was introduced I said, "When the next depression strikes, the Government will have to assume a degree of control heretofore unknown in this country. When that time comes the key to the whole situation will be the power of the Federal Government."

I am not going to essay the role of a prophet and seek to predict the seriousness of the present business recession. We do know that in the past 3 months industrial activity has fallen off as much as it fell off in the first 18 months following October 1929. We do know that half the gains made by the New Deal since March 1933 have already been wiped out. We do know that from 2,000,000 to 2,500,000 men who had employment last summer will be unemployed at the end of this year. This in itself should be enough to make Americans think seriously about a national plan of industrial expansion.

During the past few weeks Congress has been considering the so-called farm bill. The principal purpose of this bill is to reduce cotton production by 40 percent. From studies made of the living standards of professional people in San Francisco and skilled workers in New York City we know that if all the American people were to buy mattresses, sheets, towels, underwear, shirts, work clothes, etc., to the same extent that these professional people

and skilled workers are in the habit of buying them, we could use the total average annual output of cotton that has been produced in this country during the past 10 years. In other words, we are producing not more cotton than the American people need but 40 percent more cotton than they are able to buy. Congress, however, is devoting its attention not to the problem of finding a way whereby the American people can buy the things that they need and can produce but, rather, to the problem of cutting production down to the level of the effective demand.

What is true of cotton is true of almost every other line of activity in the United States. The only difference is that the men who own and control industry can cut their production by 40 percent or more, without the help of the Government, while the cotton, wheat, and corn farmer can do it only with the aid of the Government. While the Republicans join with us Progressives in denouncing this philosophy of scarcity mongering, their program is to let the monopolies contrive a scarcity of what they have to sell, and let the producer of raw materials and the farmers produce an abundance at ruinous prices. Scarcity mongering may be economic insanity, but the program of destroying the producers of raw materials for the benefit of monopolists is nothing short of criminal.

But is there no choice between the Republican program, of letting nature take its course, which in this case means letting monopolists ruthlessly exploit the producers of raw materials, and the efforts of the New Deal to help these raw material producers by achieving monopolistic scarcity for them as well? We believe that there is an alternative. We believe that the instruments created by the New Deal to achieve scarcity can also be used to achieve abundance. The Industrial Expansion Act, as we see it, is merely New Dealism put on the track headed for abundance rather than scarcity.

In the Industrial Expansion Act we have tried to work out a program in which the power of the Federal Government is used, not to force production down but to force it up; to force it up not only in one industry but in all industries. What we propose to do in this bill is to take one of the instruments made familiar to us by the New Deal and used in the A. A. A., namely, the processing tax, and use it to force production up to capacity. A Nation-wide plan would first be formulated that would call for the output, in terms of goods and services, not of $65,000,000,000 or $70,000,000,000 a year but of $95,000,000,000 or $100,000,000,000 a year. Industry as a whole would be persuaded to step up its production.

The constitutionality of the National Labor Relations Act was recently upheld by the Supreme Court; like the National Labor Relations Act, the Industrial Expansion Act is based upon the power of Congress to regulate interstate commerce.

A processing tax similar to that used in the A. A. A. would be levied upon the value added to goods in the manufacturing process. But to the manufacturer who steps up production, who steps up employment, who meets required wage standards, who agrees to abide by a program designed to maintain a stable price level, the Government will refund this processing tax. This method worked in bringing 3,000,000 farmers into line with a national program; it ought to be possible to use the same instrument to bring 3,000 great corporations into line. Most of the 300,000 corporations in the United States are small; the great bulk of all manufacturing and industry is conducted by less than 3,000 corporations, and less than 200 corporations conduct a majority of all business.

It would, therefore, not be necessary to make the terms of the Industrial Expansion Act apply to every little retailer, pants presser, or member of the service trades. This, as we see it, was one of the great mistakes of the N. R. A. From the viewpoint of increasing the total industrial output, it will only be necessary to cover the larger and more important industries.

But the Government under this plan would do more than merely use its power to compel compliance with a national program designed to achieve optimum production. It would also go out of its way to cooperate with all units agreeing to go along with this program. It would enter into contracts with each cooperating industrial unit. It would agree to take over at cost a part of the total output if it should prove to be unsalable. But it is a question whether this arrangement would be necessary. If, let us say, a manufacturer now makes 65,000 suits of clothes, while the national income is approximately $65,000,000,000, he would be just as safe in making 100,000 suits of clothes if he knew that, by stepping up production all along the line, the national income would be $100,000,000,000.

Let us assume, however, that it would become necessary for the Government, under this guaranty arrangement, to take over a substantial part of the total factory output. At the most, it would probably not exceed 1 or 2 percent of the total output. Certainly it would be better to have the Government buy up this surplus and distribute it in those areas which are largely outside the industrial and agricultural sections. In the United States, half of our farmers produce seven-eighths of the total agricultural output that reaches the market, while the other half, of approximately three and a half million farmers, produce only one-eighth of the total agricultural produce marketed. These farmers are, more properly speaking, subsistance homesteaders. They are, to all intents and purposes, outside the economic system. In addition to this group, we also have another large number of people who could not even be classed as subsistance homesteaders, and who still subsist on less than $100 or $200 a year. It will take a long time to find a place for these people within the industrial system, and in the meantime the United States could well afford to provide them with those commodities that every American family considers essential to the maintenance of an American standard of living.

It is doubtful, even if this plan were carried out, whether the cost to the Government would be more than the average cost for relief during the past 4 years. Since the plan as a whole would greatly increase the total national income, it would be relatively much easier to bear than present relief costs, and from a social and economic standpoint would be far more desirable.

With the Government guaranteeing to take over part of the finished product at cost, if it should prove to be unsalable, the cooperating manufacturer would be running less risk than he is now, under the prevailing uncertainties of a system that is highly competitive for the raw material producers, and monopolist controlled in the industrial and utility fields. It is contemplated in this program that of the increase in production, 10 percent would go in the form of profits, while 90 percent would be used for wages and reducing or maintaining the general price level.

The plan further recognizes that even if we were to achieve maximum production, we should still have three or four million men who would be unabsorbed even by capacity operation of our industrial plant, because of the technological advances of the past 8 years. A recent Government study shows that throughout industry as a whole the output per man-hour during the past 8 years has increased by 20 percent. As we see it, work must be provided for these men in a long-term program designed to rehouse the American people, and in a long-term public-works program designed to preserve our natural wealth and more effectively utilize our national resources.

If such a plan is ever to be carried out, it will only be as a result of initiative on the part of the Federal Government. In the first place, while we may have three or four million people who will never find employment in private industry, these people must be retrained before they can be employed on a long-term housing or public-works program. Only the Federal Government itself can undertake this program of retraining, and furnish the guarantees and assurances that must be provided if the American people are to be adequately housed at the end of a 20-year period, or if our natural resources are to be effectively protected and developed as contemplated by the Norris regional planning bill.

As the present recession deepens into a depression, and as the futility of the palliatives now being considered by Congress becomes more apparent to the people, as a whole, the time is fast becoming ripe when, with proper leadership, the support of the American people can be secured for the type of national planning contemplated in the Industrial Expansion Act.

The authors of the Industrial Expansion Act feel that this is the first effort that has ever been made in Congress to work out a plan designed to achieve abundance rather than scarcity.

Exemption of Government Officers and Employees From Taxation Should be Done Away With

EXTENSION OF REMARKS

OF

HON. ALLEN T. TREADWAY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Saturday, December 18, 1937

Mr. TREADWAY. Mr. Speaker, it seems to me that the time has arrived when some action should be taken to remedy the situation not only with respect to tax-exempt securities but also with respect to tax-exempt salaries.

There is a widespread misconception regarding the latter subject, however, which I should like to straighten out. I frequently receive letters protesting against the exemption of Federal salaries from the income tax. These protests are based upon a partial misunderstanding of the facts. Let me make clear that Federal employees pay Federal income taxes, just as State employees pay State income taxes.

However, according to the interpretation placed upon the Constitution by the courts, that instrument prevents one government from taxing the means and instrumentalities of the other government because, as Chief Justice Marshall said, "the power to tax is the power to destroy." Since governmental officers and employees come within the designation of "instrumentalities," the Federal Government cannot levy an income tax upon the salaries of State employees, nor can the States collect income taxes on Federal salaries. But as I have indicated, it is not true that governmental employees are exempt from both State and Federal income taxes.

I cannot agree with the reasoning of the courts in exempting Federal employees from State taxation, and State employees from Federal taxation, so long as the tax imposed is not discriminatory. I do not believe that by subjecting State employees to the same taxes that other citizens of the United States must bear there is any danger to the continued existence of the sovereign States. Likewise, the taxation of Federal employees by the States, at the same rates paid by other citizens, would in no way threaten the existence of the Federal Government.

So far as taxpaying ability is concerned, Government employees are no differently situated from other classes of citizens. They should be made to pay their fair share of the tax burden imposed by both the Federal and State Governments. There is no excuse whatever for a continuation of their present freedom from taxation, and I therefore strongly urge the adoption of a constitutional amendment to correct this condition.

While there are some who believe that the situation I have described can be remedied without any amendment to the Constitution, the Supreme Court has never reversed its earlier decisions, and its recent decision in the Dravo case clearly indicated to my mind that the amendment method is the only solution.

The Business "Recession"—Why It Is Here—What Must Be Done

EXTENSION OF REMARKS

OF

HON. ROY O. WOODRUFF

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Saturday, December 18, 1937

RADIO ADDRESS OF HON. ROY O. WOODRUFF, OF MICHIGAN, DECEMBER 18, 1937

Mr. WOODRUFF. Mr. Speaker, under permission to extend my remarks in the RECORD I submit the following speech which I today delivered over the National Broadcasting system:

Christmas of 1937 finds the Nation facing another business recession which may develop into a depression of major proportions. Unemployment is again increasing. Business is fearful. The Budget remains unbalanced. The Nation is $16,000,000,000 deeper in debt than it was on Christmas of 1932. In Congress and throughout the country everybody is asking why this new downward glide into the depths of fear and depression has taken place, and what is to be done to stop it. It is vital that the Nation learn the answers as soon as possible.

The present situation is totally at variance with what we have for 5 years been led to believe, namely, that definite plans for recovery were operating according to schedule, and that the dangers of a recession in the prosperity of the Nation had been permanently averted.

Time and again, responsible officials of the Government have asserted emphatically that the depression was over. Now we find it is not over. Time and again, responsible officials of the Government have declared the Budget could and would be balanced. Now it is admitted that the Budget cannot be balanced before 1940, if then.

We have been told the depression was conquered and that business was on a permanent and stable uprise, because "it was planned that way."

If you ask what has caused this set-back, it must be answered that fear and uncertainty have caused it. It must be answered that not only do capital, industry, and business have this feeling of fear and uncertainty, but that the consumers of this Nation feel that fear and uncertainty.

Rising prices, lowered purchasing power of our money, accompanied by a rapid decline of retail sales show that the fears that have been generated by experimentation, uncertainty of plan and policy, and danger of foreign entanglements, have gone deep into the public consciousness.

The next question you might ask is what condition or combination of conditions has caused fears so deep and widespread throughout the Nation as to produce these results.

The answer to the second question involves many elements. Thoughtful citizens recognize that the Nation today faces the absolute necessity of a frank discussion of these elements if the recession is to be reversed by removing the conditions and stilling the fears responsible for it.

I will briefly review some of the conditions which constitute the reasons for these fears and their resultant phenomenon of depression.

For 5 years business and industrial leaders of the United States have been assailed, abused, and accused of being conspirators against the welfare of this country.

For 5 years class hatreds, class hostilities, class prejudices, and class consciousness have been generated and nourished by political demagoguery.

For 5 years there has been a constant and unremitting drive for the regimentation and regulation of business, of agriculture; indeed, of every activity in which the citizens of this country are normally engaged. This drive has been conducted by an army of bureaucrats bent wholly upon perpetuating themselves in power by lavish and wasteful spending, regardless of the terrible cost to the people of the Nation. It is to be regretted this drive still continues.

For 5 years business and industry have faced a continuous campaign for punitive taxation.

For 5 years finance, business, agriculture, indeed, the whole national economy have been treated as guinea pigs in the laboratory of legislative experimentation.

Today it stands as a fact that finance and business and agriculture, the whole economy of the Nation, have been subjected to a succession of ill-advised experiments proposed, and, in most cases, executed by impractical theorists. Most of them flitted for a brief moment across the stage of affairs, added their bit to the fears and the confusions, and then retired into the limbo of the forgotten and unlamented, leaving the evils of their experimental works behind them.

For the greater part of 5 years there has been an unremitting campaign to drive prices to the levels of 1926, and yet with prices still 10 or 15 percent below the 1926 levels, it is now recognized that high prices have produced a rebellion on the part of consumers whose dollars have decreased in purchasing power, until today their incomes no longer enable them to live as Americans should live.

For 5 years this Nation has not known what our foreign policy was or might be from day to day. The mothers of America have wondered and worried about the danger of their boys being sacrificed on the bloody altar of war. Our citizens have not known when or how we might again be entangled in the madness that today makes of China a vast slaughter field, and of Spain an inferno. It is regrettable beyond words that this situation seems more acute today than at any time.

For 5 years, my friends, American industry, American agriculture, and American workers have faced the ever-increasing and widening threat of competition in our own markets with cheap foreign commodities produced by cheap foreign labor, and still the campaign for reciprocal-trade treaties goes on unabated.

For 5 years this Nation has been subjected to a constant series of alarms. A new "emergency," or a new "crisis" has been from time to time heralded by those in places of high responsibility; each time to be followed by a demand for new legislation to grant some "new instrument of power" to a branch of Government in which power has already been overcentralized.

These are facts, and there is not a single voice raised today to deny them.

The wonder is not that a business recession hit us when it did; the wonder is that it did not hit us long before.

It is always easy to boast, when all seems to go well, that "it is not luck, we planned it that way—and don't let anybody tell you differently"; and it is always easy, when trouble appears, to lay the blame to lack of cooperation by the other fellow.

Never in the history of this Nation has there been a more concentrated and unremitting campaign waged at the expense of the taxpayers for the centralization of all power in the executive department of the Federal Government.

Leaders of finance and industry and a very great and rapidly growing number of other citizens of this country have feared that we are driving toward an autocracy. In the opinion of many leaders in the Congress in both parties these fears are not unfounded.

Such are the reasons, in the main, for the fears which have produced this present recession.

Let me urge upon you that this is not now a time for incrimination and recrimination, nor for bickerings or skirmishes for political advantage. This is the time for all citizens of every class, of every political belief, of every economic and social philosophy to pull together to avert national disaster.

If we are to reverse the present trend, we must first allay the fears which have produced it. This can be done only by forthright declarations from the responsible leaders and officials of Government that persecution and strangulation of business are to cease; that punitive and paralyzing taxation is to be abandoned; that industrial disorders and lawlessness are to be met by firm resistance on the part of duly constituted officials sworn to execute the law and to uphold the rights of all citizens impartially; that we are not to be entangled in foreign wars; that American industry, American agriculture, and American wage earners are not to be

swamped and suffocated by an influx of cheap foreign goods; that actual attempts to balance the Budget shall replace empty promises; that incitement of class hatreds and class prejudices is to cease; that we are to return to that same, sound philosophy which holds that the interest of employers and employees are one, that the interests of producers and consumers are one, that the interests of all classes of our people are a common interest, and that one class of our citizens cannot be penalized for the benefit of another class without producing confusion and misfortune for all of us.

It is vital to the welfare of this Nation that there be brought about a better understanding, more friendly relations and a much higher degree of cooperation between capital and labor, with the full recognition on the part of both that the general public has rights which are paramount to those of any group and which not only must be preserved, but which cannot continually be violated without bringing ruin upon both capital and labor.

Price gouging and monopolistic practices insofar as they exist should be stamped out by the heel of ruthless and impartial justice.

We must restore agricultural buying power by giving the American farmer the American market to the extent that he is able to supply it; we must give the American farmer an American price for that part of his production the American people consume, thus assuring him his fair share of the national income. There must be an honest desire to achieve this condition—not merely action to secure some momentary political advantage.

Nothing has happened in America to justify this recession, insofar as potential production and potential consumption are concerned. But I would urge upon you who hear me today this fact: Under existing conditions, quarrels based solely upon partisanship between political parties, or quarrels between labor and capital, or between Government and business, are foolhardy and dangerous.

The solution for this problem is to be found in that fundamental philosophy enunciated on the hills of Galilee nearly 2,000 years ago: "Peace on earth to men of good will" can be applied to economic questions, to relations between government and business, to relations between capital and labor, to relations between States, and, finally, to relations between the nations of the world.

Of course, America can reverse this trend toward depression. Of course, we can attain that degree of cooperation that will restore prosperity. Of course, we have the intelligence and the energy and the resources to meet this situation, and with leadership with the vision and the nobility of purpose sufficient to rise above personal aggrandizement or political advantage, the tide can be turned quickly. We must demand that this be done; and if that demand is insistent enough, it will be done.

Housing Loans At 3 Percent

EXTENSION OF REMARKS

OF

HON. H. JERRY VOORHIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 16, 1937

Mr. VOORHIS. Mr. Speaker, we are about to consider amendments to the Housing Act. Of course, I shall support the bill reported by the Banking and Currency Committee along lines recommended by the President, for I see clearly the desperate need for the increased home construction which it seeks to bring about.

One major trouble with our economic system for a long period has been lack of balance in the production of the three basic necessities of life—food, clothing, and shelter. Food and clothing have both been produced in abundance and many farmers and textile workers have been terribly underpaid for their labor. But we have not been constructing the homes the American people need. Indeed, many authorities tell us we should construct 14,000,000 new houses in the next 10 years in order to have American families decently housed.

OUR BASIC WEALTH IS HOMES

Furthermore, homes are the basic wealth of any people—certainly of the American people. They are the best security, therefore, that you can have for loans, and good houses are a still more important "security" against disease, crime, and despair.

Now, under the new amendment, the Government will guarantee private loans at 5½-percent interest up to 90 percent of such loans. That is to say, the cost of financing housing construction, while somewhat reduced, still remains high; and also, in spite of the fact that no ultimate risk is taken by the private lender, still a very generous rate of interest is to be received. (It is understood, of course, that the Government would only step in in case the insurance fund built up through loan operations became depleted. Nevertheless, it remains true that the Government bears, in the final analysis, all the risk.)

IS OUR NATION SOVEREIGN OR NOT?

Our banking system today creates and loans out credit or money on the basis of partial reserves. Our Government does not. On the contrary, the Government literally pays to the banking system an interest charge every time it finds it necessary in the public interest to expand the volume of money in the country. In this respect, we have surrendered American sovereignty over to the banking system.

PARENTHESIS

(Now what ought ideally to be done is that our Federal Reserve Board should be given enough additional power and instructions so it could become a real monetary authority in the Nation. Today, under circumstances where banks have ample reserves but loans are not being made, the Board is, in the last analysis, helpless. It could have conducted open-market operations months ago in order to replace some outstanding Government bonds with cash in circulation. This would have helped. But the Federal Reserve Board can neither compel banks to lend or business to borrow. And today we only expand the amount of money in circulation when someone goes into debt. This is unsound.

The 12 central banks ought to belong to the Government. And the banking system should be required to keep its depositors' demand money inviolate and intact, to keep dollar for dollar of cash reserves behind demand deposits instead of lending out their depositors' money. The banks would, of course, have to be assisted in building up such large reserves. All this, however, would be useless unless in addition the Government monetary authority then brought into circulation year by year the amount of new currency which the business and banking life of the Nation required. History shows that our national capacity to produce and exchange goods has increased on the average of 4 percent a year throughout American history. Therefore, the United States Government should add an additional 4 percent to our available money supply each year. But it should do this without paying a cent of interest for the exercise of this fundamental right of every sovereign nation; it should put this additional purchasing power in circulation at the bottom, not at the top, of the economic scale. This 4 percent is a large part of the answer to the present argument over large social-security reserves, for generally it should be used to pay old-age pensions, in which case it would go immediately into circulation.)

WHY NOT DIRECT GOVERNMENT LOANS AT 3 PERCENT?

Until, however, we can get our monetary tangle straightened out we have to do the best we can. I have introduced a bill—H. R. 8687—which provides for direct advances of credit by the Treasury to the United States Housing Authority for the purpose of enabling the Authority to make loans for housing construction at 3 percent. Such loans are to be made to municipalities, counties, States, limited-dividend corporations, or consumer cooperative housing associations. The total outstanding at any time is limited to $2,000,000,000, and this may be reduced at any time that the Federal Reserve Board finds that the general price level has risen to that of 1926. The loans are to be secured by mortgages on the properties constructed as well as by 2½-percent bonds of the United States Housing Authority, both of which are to be deposited with the Treasury as security for repayment to the Treasury. The reserves which enable the Treasury to set up a credit account for the Housing Authority are, of course, many times what would be required of any banking institution, for the Treasury reserves include, realistically, the taxing power of the Nation, the great gold stock, and its unquestioned ability to sell its bonds.

This plan therefore amounts simply to a lending of the Nation's credit for low-cost housing in precisely the same

way that private credit is lent. Homes would be built. There would be income to the Treasury. Money would be put into circulation at the bottom of the economic scale where it will do the most good. If we really want recovery and if the present amendment to the Housing Act should not be as effective as we hope, I earnestly ask consideration for my measure or one similarly drawn.

Social Security for All and the Truth About Taxes

EXTENSION OF REMARKS

OF

HON. H. JERRY VOORHIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Saturday, December 18, 1937

RADIO ADDRESS OF HON. H. JERRY VOORHIS, OF CALIFORNIA, DECEMBER 13, 1937

Mr. VOORHIS. Mr. Speaker, because I believe it contains matter of vital importance to our Nation at this time I have asked permission to include in my remarks the following address, delivered by me over the Columbia Broadcasting network on Monday, December 13:

Congress has been wrestling with agricultural legislation. The House passed the Jones farm bill last Friday and we must now await action by the Senate. After that, the conference between representatives of the two Houses will determine the legislation upon which final action is to be taken.

Many people don't understand why farm legislation is necessary for the economic health of the whole country. Here is the reason: There are about 6,000,000 farmers in the country. Farmers sell their crops in the fall in competition with one another. A comparatively few people buy the crops of the farmers. The price is fixed not by the farmer sellers but by the speculator buyers. Moreover, the farmer has to depend on nature to determine the size of his crop and he has to plant it months before it goes to market. He is at the mercy of natural and economic forces he cannot control. In many cases, he is a tenant and in an alarmingly increasing number of cases he is pushed off the land he used to farm, as landlords introduce tractors in place of tenants. If we want to save the family-sized farm something must be done.

On the other hand, when the farmer buys he buys largely in a market that is controlled by the people that sell to him. His railroad rates are fixed by the Interstate Commerce Commission, his implement costs by one of our largest monopoly corporations, and so on.

Thus farm prices drop below the level of industrial prices and we have not only distress and loss of homes and farms, but a whole economic system thrown out of gear.

Farmers by themselves, except in the few cases where strong cooperatives have been formed among fruit growers, cannot do anything about this situation. That is the reason for farm legislation.

But it does not answer the question: What kind of farm legislation?

One thing is certain: Since already 300,000,000 acres of America's fertile topsoil have been washed away or otherwise destroyed, one feature of farm legislation has got to be a soil-conservation program. We have that now, and I believe the new bill improves it. Beyond that, what our farmers need and should have is a fair price for what they sell in the domestic market. We cannot do anything about world prices, of course.

One way to get higher farm prices is to try to regulate production. Another way—and, to my mind, a better one—would be to put a floor under farm prices, directly protect farmers from the manipulations of the speculative market, and say that below a certain fair price farm commodities could not be bought or sold on the domestic market. We do this for coal and for railroads. I hope we are going to do it for wages in the wage-hour bill this week. Why, then, not for the farmers? Had we that kind of program, no Treasury payments would be needed nor any production restriction except for soil-conservation purposes. We would need a Government corporation to take the surplus over and above domestic needs. The farmer would take receipts from this corporation for his surplus and take his chances on the price at which it could be sold on the world market. Some of this so-called surplus could, under these circumstances, be well and properly used to feed undernourished school children; and I believe if our farmers had price protection for what they sell on the regular market they would be the first to want to see this done.

And that brings me to the real point of what I wanted to say about this farm problem. For the farm problem is really one of developing the American market by doing the things that will enable Americans to buy what they really need of the farmers' crops.

The production planning section of the Department of Agriculture has made a careful study of the number of million acres now devoted to growing our various crops and of the amount of acreage that would be required to supply the American people with what they really need and would buy if they could. When I tell you that millions of families in America, lots of them in the heart of the Cotton Belt, cannot afford either cotton mattresses or cotton sheets, you will get some idea of the evident truth of my statement when I say that we would increase our consumption of cotton in America by at least 50 percent if our people had adequate buying power for even the basic necessities of life. These Department of Agriculture figures reveal, moreover, that we would need about 40 percent more poultry, 40 percent more dairy cattle, over twice as much acreage devoted to fruit, almost twice as much devoted to truck crops, about 50,000,000 more acres of harvested food crops, and 40,000,000 more acres of feed grains in order to produce enough food to give the American people a liberal diet.

Indeed, the farmers' problem would be solved if all the American people had adequate, steady buying power.

But they haven't. And until we adjust our national life to this machine age, it is just as unfair to expect the farmers to make all the sacrifice while we do nothing to keep the speculator from ruining him with his own abundant production as it is to expect the unemployed to make all the sacrifice while we do nothing but save money in order to reduce unpopular taxes.

So the constructive thing for Congress to do is to tackle this problem of providing an even flow of consumer buying power in the Nation. My own belief is that this problem has three main parts: First, establishment of a sound monetary system; second, development of a complete, adequate social-security system; third, emancipation of the Nation from the hold monopoly now has over it, and institution of a careful plan to bring about increased production of wealth. I do not believe any one of these measures will suffice. I think we need all three. And I believe they will mean more, not less, true freedom for the people of this Nation.

In this speech I do not propose to discuss our monetary problem except to say that the right to create money or extend credit on the basis of partial reserves is a sovereign right of the Government and ought to be used to maintain a stable price level for the benefit of all the people, instead of being unconstitutionally farmed out to manufacturers of check-book credit, which appears and disappears from circulation in a most disastrous fashion. Nor am I going to speak this afternoon about the Industrial Expansion Act, introduced last session in the House, which some of us believe is the answer to our need for increased production.

I do want this afternoon to discuss for a few moments the necessity for Congress pushing forward with the development of a system of social security and old-age pensions which will blanket the country. I have introduced an amendment to title II, the contributory old-age annuity section of the Social Security Act, which amendment provides for starting payments under that title in 1939 instead of 1942, and further provides that no monthly check to anyone who has made contributions to the fund through payroll taxes shall be less than $25. Admitting that this is by no means an adequate answer to our problem, it would help, because it would mean that after July 1, 1939, half our people, approximately, would receive as a matter of right, directly from the Federal Government, an old-age pension of between $25 and $85 monthly, depending on the size of each individual's contributions to the fund. The next two steps need to be, first, to blanket in all the rest of the population into this system; and second, to reduce the age of retirement to 60 years.

Now, I have no quarrel with the idea of a reserve fund, for with this reserve fund we could buy back our national debt and pay interest to our old folks pension fund instead of to holders of tax-exempt bonds. The second reason I believe a reserve fund, of reasonable size, is important is because it is necessary in times of depression to pay out more money than you are taking in, in order to stop the depression. If you have no reserves you cannot do this, and your taxes to support the pension payments will go down at the very time you need more money. My amendment would, of course, reduce the reserve fund somewhat, which I think would be a wise move. For, although I believe we will always need some reserves, I think we have to come a lot closer to a pay-as-you-go system than our present act provides. This is especially true since the taxes now come out of some of the very people's pay who ought, for national welfare's sake, to have more money to spend.

Now, suppose we look at the thing this way. If taxes were paid by all the people of America in accordance with ability to pay and then immediately paid out again to all the people's aged relatives or widowed mothers on a pro rata basis, there would not be a single bit of reduction in the Nation's buying power. On the other hand, there would be true security and a better distribution and all our farmers and our business would benefit as well as our people who now, after a long life of service to the Nation, find themselves in destitute dependence. I think the rest of the people of America could be blanketed into the system on some such basis as this, all taking their chances on receiving their share of whatever this special tax brought in. In effect, this is what the General Welfare Act proposes. I don't think people would feel about these taxes like they do about some other taxes. For these taxes for old-age and mothers' pensions and health purposes would just represent the spirit of the American people saying: "We are all in the same boat." People could honestly feel

that they were contributing to a great national insurance fund which would help not alone themselves some day but everyone in the whole country.

And this brings me to the last subject I want to discuss today, which is taxes. There are two ideas abroad in the land which I believe ought to be corrected. One is that most of America's taxes come out of wealthy people. And the other is that most of America's taxes go to the Federal Government. Neither of these statements is true. The reason we hear so much of these two ideas is that local taxes and State taxes fall on everyone very much more equally than Federal taxes do, and therefore people who are better off in our country and hence better able to make their voices heard feel Federal taxes most and have the biggest interest in seeing Federal taxes reduced. Another reason is that most of the taxes that poor people pay are hidden taxes and not direct taxes so that neither they nor anyone else knows they are paying them.

First, let me lay down a few principles of taxation which I believe are sound. The first is no government, Federal, State, or local, has a right to tax and then waste the money; but any government has a duty to tax in order to furnish such things as schools, education, police, or G-men protection, necessary public works, health service, or any one of a thousand things which government can furnish to the people cheaper than anyone else can do it. The second principle is that, so far as possible, whenever anybody pays a tax he ought to know he is paying it. The third principle is that taxes should be light on the consuming power of the people, light on active, competitive business, and heavy on idle money, on over-large accumulations of either individuals or monopoly corporations, and on values created by society as a whole rather than by the owners of those values. City land values fall in the last class. Buildings and improvements don't.

Americans pay about $12,000,000,000 a year in taxes. Of this amount the Federal Government gets about $5,000,000,000 and State and local governments the rest. These are rough figures, of course, but the 5:7 proportion holds good in any case. Furthermore, a great many of the most expensive governmental functions which used to be cared for entirely by State and local governments are being taken over by the Federal Government. Among these are the catching of criminals, some of our most basic public works like sewers, school construction and roads, unemployment relief. Every dollar the Federal Government now pays toward social-security benefits is a new kind of Federal expense never before undertaken. So I think I am safe in saying that the taxpayer gets a lot more for his Federal tax dollar than for any other tax dollar he pays.

Furthermore, as Fortune Magazine says in its excellent article on page 107 of the December issue, and I quote: "The stock cartoon of the spindle-legged taxpayer staggering under a tremendous tax burden usually refers to the Federal tax burden. The implication is that if the United States citizens' tax burden is to be measurably lightened, Federal taxes will have to be cut. But such a notion amounts to arrant self-deception."

The article points out that there are 175,000 local taxing bodies, aside from the States, in this country, many of them overlapping in their functions, and that the main hope of sensible tax reduction lies in coordination of local governmental bodies and their functions and simplification of the whole tax system. And the conclusion is drawn, and I quote again, that: "No intelligent appraisal of United States tax problems can fail to note that the biggest of these problems—from the standpoint of keeping the tax load as light as possible—are presented by the wasteful confusion of State and local tax systems."

Now, Congress does not want to levy any unfair taxes. For this reason the undivided-profits tax, which has perhaps been unfair to small corporations with heavy debts, will no doubt be modified to exempt such corporations. But neither do we want to repeal any taxes which are fair and just and which fall on just such large accumulations as helped to cause our 1929 depression. And if we do repeal such taxes, then we will be shifting the burden onto someone else, and it is likely to be the small local property owner or the consumer. Personally I believe we could well raise our inheritance-tax rates. But we won't gain anything as a nation by having the Federal Government cut its taxes and making the 175,000 local taxing bodies increase theirs. And the taxpayers will get less for their money, and the poor people will pay a bigger percentage of tax if we should make that mistake.

One more thought and I am through. An idea is going about that the Nation is divided between two groups—taxpayers and people living off the taxpayers. This is not true. Every person that rents a house or an apartment pays his share of the landlord's taxes. The workman with an annual income of $500 may well pay close to $100 in hidden taxes if he lives in a State that has a sales tax, and if he buys gasoline or tobacco. As a matter of fact, W. P. A. workers, especially in States that have sales taxes, have a perfect right to attend taxpayers' meetings and to raise their voices about the tax burden. But it is cruel, unfair, and absolutely untrue for the impression to be given that the poor people of America don't pay taxes. The only thing is they don't know it, and the people who do know don't tell them. We're all taxpayers, and we pay taxes for the privilege of living in a nation that is struggling—and I believe successfully—to keep her democratic life and also to solve by democratic means the basic economic problem of enabling everyone—yes; assuring and guaranteeing everyone—the right to earn a living.

Why Industry Should Support the Deane Plan

EXTENSION OF REMARKS
OF
HON. C. ARTHUR ANDERSON
OF MISSOURI
IN THE HOUSE OF REPRESENTATIVES

Saturday, December 18, 1937

Mr. ANDERSON of Missouri. Mr. Speaker, in spite of constant discussion as to the rights and responsibilities of industry in our economic life, one thought may have been overlooked, namely, that there is no such thing as industry. There are industries and there are industrialists, but, unfortunately, there is no entity that can function for or which can responsibly represent industry as a whole. When we speak of industry, therefore, we are speaking of that group which comprehends the owners and managers of capital invested in industrial production and distribution as differentiated from other groups, such as labor, agriculture, or the professions.

It may be accepted as a premise that industry in America desires the perpetuation of the profit system. Even though certain elements in industry advocate price control and other arbitrary restrictions to free competition, it is generally accepted that greater economic progress can be made under the competitive profit system than under any other known economic system that might be substituted therefor. Certainly but a very small minority in our Nation desire an overthrow of democracy and the profit system, provided they can be made to function to the well-being of the Nation as a whole.

What conditions, therefore, does industry require in order to make the greatest progress in fulfilling its function in our economic system, bearing in mind that if it is to be assured of the conditions prerequisite to its successful operation, it must assume a corresponding responsibility to the other groups functioning within the system? First, it requires the elimination of all restrictions to the accomplishment of the largest continuous economic profit. This involves the element of time. While it may be possible, under certain conditions, to secure an exorbitant profit margin temporarily, it can be secured only at the expense of continuity. And in order to sustain a consistently satisfactory profit there must exist a steady market for the goods or services produced. Therefore, industry will profit to the greatest extent by supporting methods that will sustain a consistent demand for its products.

In America the demand for products of American industry is a mass demand. Mass production cannot be sustained without mass consumption, which simply means that the purchasing power for the products of mass production must find its way into the hands of the mass consumers of the Nation. The mass consumers represent the largest portion, numerically, of our total population and consist overwhelmingly of those receiving wages and salaries in industry and trade. They function both as producers and as consumers. Therefore, it is to the interest of industry to see that its employees function as consumers of their products and are furnished with adequate purchasing power to absorb the maximum possible industrial production.

The matter of what is or what is not proper compensation for the individual worker can never be scientifically determined, but it is possible to determine scientifically whenever the total buying power of the Nation is insufficient to absorb the maximum possible industrial production of the Nation. And whenever the total buying power is insufficient to cause such absorption, it is to the interest of industry to see that such buying power is supplemented until it becomes sufficient. Otherwise industry cannot continue to produce at maximum capacity.

Whatever amount must be taken out of the total production of the Nation by industry and used to supplement otherwise deficient buying power does not reduce the profits

of industry; rather it sustains its profits at the highest economic level.

If you have an oil well from which you desire to pump the greatest volume of oil in order to make the greatest amount of profit, and you must divert part of the oil to keep up a head of steam under the pumps with which the oil is pumped from the well, the amount of oil which is diverted to run the pumps is immaterial, and the diversion of additional oil in order to maintain the necessary head of steam so as to sustain the pumping at maximum capacity does not reduce the profits of the owner of the oil well. Whatever the necessary amount of oil that must be diverted and used to keep up the head of steam will be the amount necessary to insure maximum production and profits.

A single enterprise or a single industry cannot transfer directly sufficient purchasing power in the form of wages and salaries into the hands of consumers to maintain the maximum market for its products, because an enterprise or an industry does not sell its products primarily to its own employees. Therefore, one industry attempting to stimulate the market for its products by raising the wages and salaries of its employees would accomplish only an indirect effect. But American industry as a whole, by supporting any scheme which would sustain mass purchasing power at all times sufficient to absorb the maximum production of the Nation would automatically assure itself of the opportunity for maximum profits.

These required conditions for the maximum prosperity of industry would be accomplished through the adoption of the Deane plan, which provides, first, a sensitive gage showing at all times the adequacy or inadequacy of mass buying power to absorb the maximum production of the Nation; and second, whenever it was shown that such buying power was deficient, would supplement automatically such mass buying power to whatever extent was necessary to permit of a continuation of maximum production. And this would be accomplished without any arbitrary restrictions as to production, prices, hours of labor, wages, salaries, and so forth. Thus the free competitive status of industry would be maintained.

The Deane plan provides for another prerequisite of industrial success. Free competition implies that the efficient operator will have the maximum opportunity for success. And by the same token, it implies that the inefficient operator will be unable to exist. Under any system of free competition, which implies the automatic elimination of the inefficient operator, the loss of buying power of the employees of the operators eliminated, as well as the lowered buying power of the operators themselves, has a deflationary influence on our economy, which, under certain circumstances, becomes a downward spiral leading into a depression. Under the Deane plan a means is provided to insure work to every individual willing and desirous of working. Coupled with the means provided to sustain the mass buying power of the Nation at all times, the deflationary effect of unemployment would be eliminated, and for the first time in our history, a means would be available of sustaining the purchasing power of the Nation while accommodating for shifts of workers from one industry to another and from one job to another.

Industry, therefore, should support the Deane plan as a practical method of meeting the three prerequisites for its profitable operation. First, guaranteeing it a sustained market for its products. Second, a method of halting, in its incipient stage, the deflationary effect of necessary shifts of workers—consumers—from industry to industry, or job to job; and third, free and unhampered competition.

With these conditions assured, the ultimate result would be the production and consumption of the largest quantity of goods and services at the lowest possible prices. This means the highest standard of living for the Nation as a whole, not only because of the direct effect in increasing the real buying power of industrial workers, but the indirect effect of such buying power in the absorption of agricultural products, and providing the farmer with the wherewithal to absorb the largest possible volume of industrial products. And the farm market, by reason of its size and importance, is a large factor in industrial prosperity.

THE DEANE PLAN AND EXPORTS AND IMPORTS

It has often been said that, as a nation, we cannot prosper unless we maintain a large export trade, the theory being that our producers must have an outlet beyond our shores for so-called surplus production. For instance, it is argued that our cotton farmers in the South cannot prosper unless we can sustain an export demand for cotton which has, up until the last few years absorbed approximately 40 percent of our total cotton production. In the case of a particular industry or a particular product this may be true if it is assumed that we have reached, within the confines of our Nation, the saturation point in the absorption of that particular product up to the total desires of our people. Taking cotton again, as an example, it would appear without going into any statistical analysis that if the mass of our people could increase their purchases of shirts, underwear, sheets, towels, and so forth, up to the point of desire represented by a decent standard of living we could probably double our present consumption of cotton and absorb it all in this country.

But regardless of whether or not the total production of our Nation is sufficient to yield a decent standard of living to the mass of our people, which it never has been in our history, the fact remains that considering our economy as a whole the export of products has no bearing on our economic health, for the simple reason that we cannot maintain exports in the absence of a corresponding volume of imports, as there is no possible means of foreign nations making settlement for our exports in the absence of our accepting goods and services or gold in exchange therefor.

In theory, under the gold-exchange standard, foreign balances could be settled substantially in gold instead of in goods and services, but, because the total amount of gold existing in the world is so small, the use of gold in settlement of balances was strictly limited, even before arbitrary political restrictions to its use were set up. At the present time settlement of balances in gold can be removed from consideration, and it must be accepted as a fact that over a relatively short period of time our imports must balance our exports in terms of goods and services, plus a small amount of capital exported by tourists, ocean freight, and so forth.

This being true, the only effect of exporting is to permit the barter of goods which we produce in excess of the quantity we wish to consume for goods which we do not produce but which we, as consumers, prefer.

For example, if a Nation produces goods and services in the course of a year to the extent of $100,000,000,000 and exports ten billions of such products, one of two things must happen—either we must take back ten billions of their goods and services in exchange, which means that we can consume one hundred billions, an amount equal to our production, or we must accept promises to pay, which, in view of our experience since the war, may be of doubtful worth. If such promises to pay are not met, either because we refuse to accept goods and services in payment or the debtors cannot pay in gold, the effect is simply that our Nation has labored as a whole for 12 months to produce one hundred billions worth of goods. We have made a gift to other Nations of ten billions and have secured the enjoyment from the use of only the remaining ninety billion, which would yield us a standard of living 90 percent as high as it might have been if we had not exported the goods.

This does not mean that we should not strive for the largest possible export trade but it does pose the question as to why it is desirable to promote the largest possible export trade. The answer is that it is not desirable because it increases our production per man-hour of labor, but that it gives us a wider choice of goods and services for a given amount of labor. For instance, a certain group of our people may have the ability to produce automobiles but cannot use all the automobiles they produce, so they trade

their production for laces, perfume, pottery, and other products which workers in foreign nations have the ability to produce and which they wish to trade for automobiles.

It may be argued that even accepting the correctness of the above statement a decline in export demand acts as a disrupting influence on our economy as a whole; that, if we had been exporting say 10,000 automobiles and the demand for them suddenly ceased the workers who had been making them would be thrown out of jobs with the resultant loss in purchasing power of our Nation as a whole. This is only partially true, for if we lose the export market for 10,000 automobiles there will be substituted therefor the demand for an equivalent amount of goods which we were importing in payment therefor, which would require additional labor to produce in this country. What does happen under such circumstances, however, is the creation of a situation requiring the shifting of workers from one industry to another and under our present system, there is no automatic means to facilitate such shifts. Therefore, during the period of adjustment a situation can easily arise which causes loss of employment and purchasing power which will reflect itself throughout our economy and initiate a deflationary movement which, at present, we have no automatic means of halting.

The Deane plan would act as a resistance line against any such deflationary movement in two respects: First, the minute purchasing power fell, it would be supplemented automatically from a central reserve fund which would sustain demand for the total production of the Nation; and, second, those workers who had been thrown out of jobs, if not immediately absorbed into lines of work which they had been following, would be guaranteed jobs on public work during the necessary period of readjustment. For the first time, therefore, we would have as part and parcel of our system an automatic mechanism that would tend to compensate for the constant adjustments that are necessary in our economic life, whether caused by shifts in export and import demand or otherwise, and which would support a consistent demand for the total maximum production of the Nation.

Perhaps one other factor should be mentioned, namely, that, accepting the premise that it is desirable from the standpoint of the greatest satisfaction of our people to promote the largest possible export trade, the way to accomplish such a result is to promote the largest possible import of foreign goods in order to provide the foreign exchange necessary to pay for our exports. The way to permit of the purchase of the greatest possible volume of imports is to sustain the highest possible purchasing power in the hands of our people at all times. This the Deane plan would do.

THE DEANE PLAN AND TAXATION

From the standpoint of the individual, taxes always seem high. This is because of the difficulty of appraising the benefit which the individual paying the taxes receives for his tax expenditures.

Taxes are levied for two purposes: (1) To support services which we recognize as vital to our welfare, such as police and fire protection, water, sanitary services, and so forth, and (2) to support Government organization in the form of compensation and expenses of public servants. The value of the former is more easily appraised than that of the latter. In fact the value of the latter is almost impossible to appraise accurately.

In times of depression when buying power is subnormal, taxes, which are in the nature of fixed charges, are very difficult to pay. At such times we very seldom find an increase in expenditure for those services the value of which we can appraise. On the other hand, we generally find an expansion of expenditures for Government organization, the value of which we cannot appraise. The psychological effect on the taxpayer is a dual one. First, the taxes are a much greater burden on his current income, and second, he feels that the value received for the taxes he pays has been lessened. In times of prosperity, the reverse is true as taxes do not ordinarily increase in proportion to increased incomes, therefore they become less burdensome.

Since taxes are ultimately reflected in prices—with the possible exception perhaps of income taxes—it follows that, relatively, taxes paid in times of depression tend to increase or uphold prices to a much greater extent than do taxes paid in times of prosperity. From the standpoint of economics, this is exactly the reverse of what should happen. In times of depression every possible means should be adopted for decreasing prices in order to increase effective buying power, whereas in times of prosperity it is desirable that prices increase in order to reduce effective buying power sufficiently to halt an incipient boom. It would be desirable, therefore, to eliminate all taxes in times of depression and tax only in times of prosperity, both from the standpoint of economics and of the psychology of the taxpayer.

One of the unique features of the Deane plan—embodied in H. R. 2464—is that the tax involved would be paid only in times of better than average prosperity and the proceeds of such taxation would be used to supplement declining purchasing power in times of less than average prosperity. This feature in itself is an innovation in taxation which should be most acceptable to the country at large.

The Importance of Fast Passenger and Freight Refrigerated Commodity Vessels Now in Intercoastal Shipping to the American Merchant Marine and National Defense

EXTENSION OF REMARKS

OF

HON. RICHARD J. WELCH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 17, 1937

Mr. WELCH. Mr. Speaker, events during the past few weeks should drive home to every American citizen the necessity for adequate naval protection on the Pacific coast of the United States. I have repeatedly called the attention of the House of Representatives to the lack of proper facilities on the west coast for the maintenance of our merchant marine and naval forces in time of national peril.

A large part of our merchant marine activities is the intercoastal traffic of both passengers and commodities. To carry on a part of this trade some of the finest vessels in the American merchant marine were built. They are ships capable of making 19 knots an hour or better, equipped to carry passengers, freight, and perishable commodities in refrigerated compartments. Notwithstanding the fact that under conditions as they have existed for many years these routes were maintained at a financial loss and they were maintained on regular schedule by several different operators.

During the last session of Congress legislation was enacted to equalize the Panama Canal toll charges between different classes of merchant vessels. We were told at that time that the passage of this measure would not work a financial hardship, but that such increased toll charges as might result would simply equalize the tariffs between the various classes of vessels.

In actual operation, however, this law has placed such a serious financial burden upon the operation of fast merchant ships of the type most needed for naval defense in time of emergency that one company has already withdrawn all of its passenger, freight, and refrigerated vessels from this service. It is very certain that other operators will be forced to suspend their operations of this particular type of vessel for the same reason. This is nothing short of a calamity to our intercoastal merchant shipping, which is an important factor in all Pacific coast merchant marine operations.

In its Economic Survey of the American Merchant Marine—House Document 392—the United States Maritime Commission, as late as November 10, 1937, stated:

> Even more important, perhaps, than its role in the development of commerce is the vital relationship that exists between the merchant marine and national defense.

It further says that shipping requirements—

> Place the merchant service in a position second only to that of the armed forces in the maintenance of an adequate defense establishment.

National naval defense, as I have repeatedly stated, is composed of a chain of three links, each interdependent upon the other and each of equal importance. They are the Regular Navy, the merchant marine, and shipbuilding and ship-repair facilities. The Pacific coast of the United States, aside from being the most probable place for armed conflict if that ever comes to this country again, is the most vulnerable to naval attack. It is, therefore, of utmost importance that our merchant marine on the Pacific coast be maintained at the highest point of efficiency possible and that we encourage private enterprise to reestablish the shipyards for the building and repair of vessels on the Pacific coast.

As a measure in this direction I have prepared an amendment to H. R. 8532, now under consideration by the Committee on Merchant Marine and Fisheries, which will tend to develop this intercoastal trade in fast vessels meeting the requirements of the Navy for national-defense purposes. This amendment will also encourage the building of new ships of this type on the Pacific coast, thus bringing back into existence the shipyard facilities which were at one time available on the west coast. The Navy Department is probably the best judge of the type of vessels best suited as naval auxiliaries needed for national defense, and for this reason the proposed amendment requires the United States Maritime Commission to consult with the Navy Department concerning the construction of such vessels in which the Federal Government might assist.

Amendments to Housing Legislation

EXTENSION OF REMARKS

OF

HON. CHARLES A. WOLVERTON

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Saturday, December 18, 1937

Mr. WOLVERTON. Mr. Speaker, the purpose of this legislation is to stimulate the construction and financing of housing throughout the country.

The bill amends in many particulars the present housing and slum-clearance legislation, now in effect, in an effort to liberalize the conditions under which loans may be obtained for such purposes, and thereby facilitate building construction as a step in the program to meet and solve the "recession" in business now being experienced throughout the country. I am satisfied that the building construction industry presents an admirable field for bringing about a considerable measure of economic recovery through the medium of private capital and Government cooperation.

The report of the Banking and Currency Committee of the House informs us that the Federal Housing Administration to date has insured mortgages under title 2 of the National Housing Act in excess of $1,000,000,000 with only 47 foreclosures, and has insured $640,000,000 of loans under title 1. This record demonstrates that the plan of the act is sound and practicable, and it is felt the amendments to the act, which are contained in this bill, will maintain the soundness of its operations and at the same time stimulate a large amount of new construction, which is such an important concern of industry, labor, and Government alike. It should substantially increase the employment of labor, both in the work of direct construction and among the industries which manufacture and sell building materials, and thus create purchasing power which is necessary in order to bring about permanent recovery.

Under the bill the cost of financing home ownership will be materially reduced and thus bring such ownership within the means of a large part of the people of the country.

In addition to the provisions covering the financing of new construction, the insurance of loans for the repair and alteration of buildings and the construction of small homes, both urban and rural, is revived under title 1 of the National Housing Act, which expired on April 1, last.

It is my hope, although I have some doubt, that the provisions of the bill will prove sufficiently attractive to the banks, insurance companies, and other lending agencies upon whom this bill depends to finance the loans necessary to make the bill effective for the purposes intended.

I am deeply interested in this type of legislation. I have voted for every housing and slum-clearance bill presented to this House during my membership herein. I have done so because of a firm belief that the construction of housing facilities has not kept pace with either the needs or growth of the population and that this condition has had a retarding effect on the recovery of other industries and trades. There is a definite shortage of housing throughout the country, particularly of houses which can be purchased or rented at a price within the means of families of moderate means.

Furthermore, there is a generally recognized need for improved living conditions in the congested districts of most of our cities. The conditions in many such are indescribably bad. The health and morals of those compelled, because of economic conditions, to live under such conditions and in the midst of such surroundings are adversely affected. The need from this standpoint has been so clearly and frequently demonstrated that there is no need for me to further emphasize it at this time. While there has been some advance made in correcting these conditions, yet notwithstanding all the time and effort that has been expended, the conditions to which I refer still continue to exist. This in itself is sufficient to claim my continued interest in seeking to provide every possible means that will help remedy the situation. Consequently, my vote will be cast in favor of this bill.

National Defense Through Patriotic Education

EXTENSION OF REMARKS

OF

HON. CLARENCE CANNON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 8, 1937

ADDRESS OF HON. VIRGINIA ELLIS JENCKES, OF INDIANA, TO THE STATE MEETING OF THE REPRESENTATIVES OF 60 CHAPTERS OF THE D. A. R. IN THE DISTRICT OF COLUMBIA, NOVEMBER 19, 1937

Mr. CANNON of Missouri. Mr. Speaker, when Mrs. Roosevelt said yesterday in a national broadcast that there should be more women in public office I have no doubt that she had particularly in mind the women who have served as Members of the National Congress. When the first woman was elected to Congress in 1916 it was freely predicted that she would be the last, but the number has grown with every session. In all, 25 women have served in Congress, 21 in the House and 4 in the Senate, 10 Republicans and 15 Democrats; and so valuable has been their contribution to the Congress and the Nation and so effectively and efficiently have they served their districts and constituencies that they have established a permanent and increasing ratio in both Houses, and the country is all the better for it.

One of the most distinguished women now serving in the House and one of the most valuable Members of the Seventy-fifth Congress, Mrs. VIRGINIA E. JENCKES, of Indiana, recently

addressed the State meeting of the Daughters of the American Revolution in the District of Columbia. Her address is so interesting and so timely that I ask leave to include it as an extension of my remarks, as follows:

Madam Chairman and friends, I am happy to have this opportunity to meet with the representatives of 60 District of Columbia chapters of the Daughters of the American Revolution and discuss a subject which I know is of great interest to all of us, not only as members of the National Society of the Daughters of the American Revolution, but as women who have assumed leadership in our different communities.

I was asked by your gracious chairman to discuss the subject National Defense Through Patriotic Education.

I agreed to meet with you if I would be permitted to handle this subject frankly and without gloved hands. I asked for that privilege because I have had, as a Member of Congress, an opportunity to observe at close range definite evidences of unpatriotic education or propaganda which will destroy our national defense if not restrained.

Now, right at the start, I want to state that the address I am about to make is not a political speech. If you will consult your dictionary you will find the word "politics" defined as "the science of civil government." That is what politics is: the science of civil government.

I was sent to the Congress of the United States because the citizens of my congressional district were intelligently interested in the science of civil government, and they wanted someone here in the Congress to represent them who would, in a fearless and aggressive manner, stand for those ideals which our forefathers established in the early days of our Republic, and which have guided our American citizens ever since.

My paternal great-grandfather was Capt. Henry Van der Burgh. He was a captain in George Washington's army. After the Revolution, he was appointed circuit judge of the great Northwest. He established his headquarters at Vincennes, Ind., and that is why VIRGINIA JENCKES is a Hoosier from Indiana.

Captain Van der Burgh administered justice in a manner which was an important factor in developing that great area, a most influential section, of our Nation. As circuit judge he maintained those same high ideals which he fought for under the command of George Washington.

And on the wall of my office in the House of Representatives Office Building hangs a photostatic copy of the original certificate of membership in the Society of the Cincinnati, which George Washington issued to Capt. Henry Van der Burgh, and which George Washington personally signed.

That certificate is a constant inspiration to me, as a Member of Congress, to preserve and maintain those ideals established by George Washington and my paternal great-grandfather, Captain and Circuit Justice Henry Van der Burgh.

So you see, I cannot, and I will not, sit idly by and witness or permit the development of unpatriotic and dishonest propaganda which will, if not curbed, destroy those ideals our forefathers fought and died for. And I want the Daughters of the American Revolution to know that I did not inherit my position as a Member of Congress. I had to stand the test of public approval by going through a hard-fought primary election three times, and by campaigning through three general elections. Six times have the citizens of my congressional district spoken for me at the polls, and six times they have approved of my efforts to maintain in the Nation's Congress those same fine ideals which have been responsible for the development of our Nation.

The citizens in every congressional district want those ideals preserved, and the people soon will demand that type of patriotic service from their elected servants, no matter what the political faith of the Representative or Senator may be.

Now, what is national defense and what is patriotic education?

National defense does not consist entirely of a large and efficient Army, Navy, marine, and aviation force. These are only the last resorts of a national defense, and we should always maintain them to the greatest degree of efficiency.

The true and real national defense exists only in the minds and hearts of the people, who appreciate the blessings they enjoy under the form of government established by our forefathers.

The words "As ye thinketh, so it shall be" apply to the development of national defense. We must develop in the thoughts and hearts of the American people a true understanding of national defense by patriotic education in all of its forms.

First, we must maintain respect for the symbol of our form of government.

The American flag, known as the Stars and Stripes, is the symbol of our Government.

Its display is evidence that the Government of the people prevails.

In every crisis our Nation has faced the distressed people have rallied around the flag, standing by our elected and appointed standard bearers until we brought victory to our forces or overcame the crisis which confronted us.

We were taught to love and revere the flag of our Nation, not for its material form, but for what it represents. The flag represents the blessings we enjoy under our form of government. No recipient of those blessings should refuse to salute and revere the Stars and Stripes. Those who refuse to do so are ignorant of what the flag stands for, or else they are creatures of and converts to the subtle propaganda which decreed that the Stars and Stripes on flagpoles on Federal buildings were not artistic and should not be placed on Federal buildings which were built with the taxpayers' money.

This same propaganda also let the three steel flagpoles in front of the Union Station in our Nation's Capital rust and remain flagless for a period of over 6 months, which covered the time I personally observed this unpatriotic neglect. I made inquiry why this condition prevailed and was unable to get any information why those flagpoles were flagless.

I was sent from one executive to another, and finally I found a well-developed arrangement to keep the American flag off public buildings and out of sight of the American people. I denounced this in vigorous terms. I was subjected to ridicule, but I would not quit, and finally the public became aroused; now, the Stars and Stripes are displayed every day on those poles.

That is an example of one woman's efforts on behalf of patriotic education. What could 600,000 Daughters of the American Revolution accomplish, if they would only get active?

Foreign nations are jealous of our prosperity. Foreign philosophies and formulas are being secretly propagated right here in Washington and throughout America, to change our form of government. Foreign governments have paid propagandists active here in Washington. It has been so for a number of years, but now it is highly developed.

We women thrilled and gushed over the beauty of the Japanese cherry blossoms which bloom each spring around the Tidal Basin in Washington. The American people accepted these Japanese cherry trees from the Japanese Government many years ago as propaganda to develop good will toward Japan.

That good will was developed. But now that good will has been violated.

The Japanese cherry tree does not bear fruit. Its blossoms are not as beautiful as the blossoms of the fruit-bearing American cherry trees. Nevertheless we Americans advertised Japan, and every spring our Nation paid tribute to Japan via the Japanese cherry blossoms.

With the Japanese cherry blossoms came the Japanese schoolboy with his camera, photographing everything in sight. We do not arrest or beat Japanese citizens who like to photograph Federal buildings.

Japan became strong. Japanese propaganda won over many unsuspecting Americans. But Japan evidently covets our prosperity and liberty, because Japanese Government agents deliberately bought United States Navy secrets from a miserable unpatriotic ex-lieutenant commander of the United States Navy named Farnsworth. Japanese Government money turned ex-Lieutenant Commander Farnsworth into a traitor to his country.

Yes, he was arrested, indicted, tried by a proper legal court, and sentenced to the Federal penitentiary at Atlanta, Ga., where he is now incarcerated.

Now, here is an open-and-shut case of what foreign propaganda is doing to our national defense. Did the Japanese Government disown this vile act? No, indeed. I was advised by Secretary of State Cordell Hull that Japan did not "make any representations or express any regrets" in connection with this case.

This is a flagrant violation of the friendship we Americans have for the Japanese people.

Now, what are we going to do about it? If we Americans were alert in the maintenance of a true national defense, we would, through proper legal action, root up every Japanese cherry tree on Federal property, saw them up for firewood, and replant them with American cherry trees, whose blossoms are more beautiful, and whose fruit is edible, and might be picked and given to our poor American citizens.

The American cherry tree is a symbol of truth. George Washington is alleged to have immortalized the American cherry tree by admitting the truth to his father when he chopped one down.

The Japanese cherry trees in Washington have developed, through the unfriendly, deceptive activities of the agents of the Japanese Government, into a symbol of deception, traitorism, and disloyalty.

So when the Japanese cherry blossoms bloom next spring, think of ex-Lieutenant Commander Farnsworth, the ex-United States Navy officer, who sold United States Navy secrets to Japan, and who is now trying to get a parole.

Then, ask your friends to stop gushing about a Japanese symbol of propaganda which makes traitors out of weak characters in our citizenry.

It is this same type of propaganda which is causing the Japanese forces to murder defenseless women and children in China. Yes; we women shudder when we see news photographs of Chinese children with their arms and legs shot off by Japanese shells. But remember the beautiful approach to our unsuspecting friendship which Japan made when the Japanese cherry trees were presented to the city of Washington. That was a start; the finish of this propaganda effort is not in the arrest and conviction of traitor ex-Lieutenant Commander Farnsworth; there are hundreds of other propaganda efforts which Japan has no doubt planted in this country and which have not been discovered. Are we going to be blinded into a state of carelessness of our patriotic responsibilities by the alleged beauty of the Japanese propaganda cherry blooms? Just make that a subject for discussion in the 2,500 chapters of the D. A. R. and let's have the answer.

I have a high regard for the Japanese people, but I abhor and detest, and I appeal to every American woman to abhor and detest, those agents of the Japanese Government who made a traitor out of ex-Lieutenant Commander Farnsworth.

I am opposed to boycotts. We American women are the consumers of Japanese silk. Let us not boycott Japanese silk, but let us use more American-grown cotton. American scientists and inventors have made it possible to develop American-grown cotton into fabrics and other materials more beautiful than Japanese silk. Our great humanitarian President, Franklin Delano Roosevelt, has invited the attention of the Congress to the surplus crop of American cotton.

I appeal to the 600,000 daughters of the American Revolution, organized in the 2,500 chapters throughout the Nation, to immediately launch a "Use more cotton" campaign in order to save our cotton growers. This is a form of patriotic education which will really develop our Nation.

Of course, you know that we cannot raise cotton in Indiana, but we women in the non-cotton-producing States want to help our sisters who live in the Southern States where cotton is the principal crop.

If every American woman would use 5 additional pounds of American-grown cotton each year, it would absorb the surplus of American cotton and bring prosperity to Dixie.

As you all know, I am greatly interested in our American school system.

We have a most patriotic and a most efficient school system here in America. Nevertheless, it was necessary to expose the attempts of propagandists to plant the Marxian theory via schoolbooks, and other means, in the public schools in the District of Columbia. A congressional hearing developed the fact that the Board of Education of the District of Columbia employed a "professor" to teach "character education," at $50 per day, who was at the same time associated with the University of Moscow.

Public indignation caused his removal. Communism is contrary to the ideals set up by the founders of our Government. In the constitution of the Soviet Government is a provision which requires all citizens of Russia to practice international propaganda and revolution, in order that the Marxian theory might prevail all over the world.

For many years recognition of Russia by the United States was refused because of this provision.

In addition, the Communists claim that all religion is opium. All industry is nationalized in Russia. Many other provisions in the Communist form of government are contrary to our American form of Government. When Russia was recognized by the United States, it was necessary to exact a promise from Russia that Communistic propaganda would not be practiced in the United States. Also was mentioned in the treaty a small item of the repayment of $400,000,000, which Russia owed the United States. These provisions were put into the treaty. And what has happened? We have not received the payment of the $400,000,000 owed to the United States, and Communistic propaganda has increased in the United States a hundredfold.

Here is where we need national defense. Here is where we need patriotic education. What are the 60 chapters of the D. A. R. in our Nation's Capital going to do about it? What will the 2,500 chapters of the D. A. R. throughout America do about it? That $400,000,000 would feed a lot of our destitute Americans this winter if Russia would pay it instead of using it for ammunition and armaments.

Do not underestimate the viciousness of the Communistic movement here in the United States.

When I became active against the indoctrination of communism in our public schools, I received all sorts of threats against my life by telephone and by mail.

I was told that Communist money would be sent to my congressional district to defeat me at the polls. False stories were circulated among the school teachers in my congressional district. However, these fine school teachers in my congressional district knew me, and they would not turn against me. Then I was advised that the Communist Party was going to send Mr. Browder, the Presidential candidate on the Communist ticket, to my home town of Terre Haute to defeat me. Mr. Browder came to Terre Haute backed up with plenty of money.

But he did not defeat me, because the Democratic and Republican citizens of my congressional district want our American ideals maintained, and they will not be swayed by dishonest propaganda of any kind.

Now, I want to say to this group of Daughters of the American Revolution, that I bear no ill will toward Russia. I accord the Russian people the right to have any kind of government they want to have in Russia. While I regret the violation of the treaty they made with the United States by not paying us that $400,000,000 we need so badly to reduce taxes, yet that is something for our American diplomats to handle.

I also accord the right of any group of American citizens who call themselves Communists, to organize and try to change our form of government in accordance with the Constitution of the United States, and their rights as American citizens. While I differ with them and will oppose them at every opportunity, nevertheless I will defend their right as American citizens to make the attempt in a lawful and open manner.

But what I am most aggressively antagonistic to, is the undercover, subversive propaganda methods which are being used to make our Nation communistic. Of course, they haven't a chance, as long as the people are alert and awake, and as long as we American women exercise our responsibilities to our Government by registering at the polls and voting. Our vote is a national defense of the first line. So let's vote on every issue at every election. We can trust the affairs of our Nation to our American citizens who are patriotic enough to go to the polls and vote.

Of course, the 60 chapters of the D. A. R. in the District of Columbia should also be interested in the defense of your homes in the District of Columbia. One of the most important defences of your home is getting the right to vote for the citizens of Washington. You Daughters of the American Revolution should undertake the task of asking your 600,000 sisters throughout our Nation to demand that the citizens of Washington be given the right to vote, and correct this civic outrage, which should not be tolerated.

Would our forefathers tolerate taxation without representation?

Indeed they would not. Well you do not need to have VIRGINIA JENCKES tell you that the citizens of our Nation's Capital are victims of taxation without representation. It is un-American. It is a vile blot on our form of government. I appeal to the 60 chapters of the D. A. R. in Washington to organize in your chapters a committee to be known as the "representation or no taxation committee." Then appeal to the 2,500 chapters of our great organization to take the necessary action which will give the citizens of Washington the right to vote.

Here is a very definite phase of national defense that we have overlooked, and if we are to maintain the ideals of our forefathers we must become active at once in this cause.

Here in Washington we need another type of defense. I am going to make a personal appeal to the Daughters of the American Revolution in Washington to become active.

We all know that fire and flame are mankind's greatest enemy. We organize paid and volunteer fire departments to combat fires. Here in Washington we have a very fine paid fire department. The efficiency and loyalty of the men in the District of Columbia fire department have saved millions of dollars for our citizens.

Just recently the Congress voted $100,000 for new equipment. I am happy that I had an opportunity to help get this appropriation.

But new equipment isn't enough. We must correct an un-American situation which prevails in the fire department of the District of Columbia.

The firemen are forced to work 75 hours per week. Think of that. These men must be away from their families 75 hours at a time. This long siege of service is most unfair. It is a relic of bygone days. Here we have the Congress discussing a 40-hour week for all workers, yet the District of Columbia government compels these loyal and faithful public servants to stay on duty 75 hours at a time.

No one knew that this unfair situation prevailed. The firemen were too loyal to complain. They subject their persons to all sorts of hardships and dangers in order that our homes and possessions might be protected.

And what do we do for our firemen to show our appreciation?

We compel them to stay away from their families 75 hours at a time, and I feel that this is not fair.

I have introduced a bill which is now before the Congress, which will place these firemen on a more equitable working basis. I am going to appeal to the D. A. R. to become interested. I want you to become interested, from a defense-of-the-home viewpoint. You know, the home is the initial unit of government. If we have good homes, if we have happy homes, if we have prosperous homes, we have a good, happy, prosperous Nation.

Now, let's defend our homes from evil influences of all kinds. Let us surround our homes with every sort of protection. We must reduce the hours of duty which our firemen are subject to, as a defense measure against the enemy of the home—the flame. So, please, as a home-defense measure, get active and help me to enact H. R. 7710, which I have introduced, into law.

Now, in conclusion, the message I want to leave with you is this: Don't wish for a national defense, vote for it.

Remember, American women cast 50 percent of the vote in every municipal, every State, and every national election.

Women are not as partisan as men are when measures affecting the home are considered. What is good for a Democratic home is also good for a Republican home. So let us work for, and vote for, those things which we women hold near and dear—the home and the family.

I thank you.

The Spirit of Christmas

EXTENSION OF REMARKS

OF

HON. EDITH NOURSE ROGERS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Saturday, December 18, 1937

RADIO ADDRESS BY HON. EDITH NOURSE ROGERS OF MASSACHUSETTS, DECEMBER 18, 1937

Mrs. ROGERS of Massachusetts. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by me today over the radio:

I am delighted to have the opportunity at the Nation's Capital to greet you who are listening to this program, and to each and every one of you I wish happiness, contentment, and a larger measure of security.

This holiday season is not unlike those of the past few years. We are living in very troubled, trying times, amid seeming disaster, crime, strife, and confusion. Each day seems to bring some new crisis in our national affairs, some seemingly unsurmountable obstacle that must be overcome. Your Representatives and Senators in Washington are deeply concerned in these problems. Each one of them is giving of his best thought and effort toward keeping our country remote from the quarrels and strife of other nations of the world.

The real American spirit of Christmas is an inherent feeling of peace and friendliness for our neighbors of the world. We do not want war. We do not care to flaunt our strength upon any nation. We are satisfied to be left alone, to solve our problems in our own way. We are most tolerant toward others, but we want them to know that we protect our own, and that we are prepared to do so. The true Christmas feeling is to be as helpful and as understanding of others as possible—and in that I am sure you will all concur, for it is typical of America and Americans.

Did you ever stop to think what this life would be with Christmas blotted out from the past, the present, and the future? Think back to your childhood days, and remember the thrills of Christmas morning, when the stockings were opened before the fire. Remember the many happy gatherings of your family at Yuletide, when from far and near came the ones you had not seen for so long a time? Remember the glow of satisfaction that has come to you with the realization that you have helped to make some unfortunate person's Christmas more cheerful? Remember the fine spirit of Christmas shown by our boys during the dark days of the World War? Then you will realize how great and how good a thing is this Spirit of Noel. Without it we would have a drear, unattractive existence. You and I know of persons who plan all throughout the year just for Christmas—their lives point toward this holiday season when they can make somebody happier and more contented. And no sooner has the holiday passed than they are planning for the next—living a life of helpfulness, of consideration for others—and receiving in return the peace of mind brought to them by the knowledge of having done the right, unselfish, useful thing.

Have you ever happened to think that Christmas comes in the darkest days of the year? That just before Christmas the days are shortest and the nights seem endlessly long? That Christmas is the turning point of the year, when the world casts off its somber shroud and turns to face the coming year with a welcoming smile and a happier heart. Just how happy that heart will be this year depends upon you. Wherever we are, in the city or in the country, in tenement house or farmhouse, we have the opportunity to make somebody happier, to lighten somebody's burden. It need not be by a gift—a helping hand over some difficulty is worth just as much—a kind word, a helpful thought, often is worth more than presents. Consideration for the feelings of others, understanding of their problems, tolerance of their ideas—that is all that is necessary to make this holiday season better.

As you and your family get together at this Yuletide, I want to take this opportunity to ask you—all of you—to pray for peace—to devote just a little of this Christmas time to a plea for better understanding among nations, and among the people who go to make up these nations. Never has there been more need for fervent prayer than now. The terribly anxious, heartsick days of the great World War are all too fresh in our minds to want war—or anything that resembles war. To appreciate this, we have only to visit one of the many veterans' hospitals and see the patients there—men who are still suffering from the wounds of battles of the last war, and who will suffer until they die. Ask any one of them what he thinks of war. The answer is obvious.

Whenever a bill affecting peace or neutrality is brought before the great Committee on Foreign Affairs of the House of Representatives, of which I have the honor to be a member, I feel the tenseness of responsibility which comes over everybody on that committee. There are no political party lines when the Nation's safety is at stake. Every one of us wants to do the best possible thing for our country. We want our Nation to be respected among other nations, yet we want it to be tolerant and understanding of the problems of our neighbors. We have never waged a war of aggression—and we never will. We have never flaunted our strength nor bullied smaller nations to submission—and we never will. We have, and we shall, demand and expect other nations to respect our rights and the privileges of our citizens. No true American would expect less than this. We can and must have peace without subservience to the will and demand of other nations. Firmness will bring about the same result. Only by adequate preparedness can we enforce that peace. We can have peace with dignity, without loss of respect, without cringing. That is the kind of peace that is due America, and that we intend to have.

As we look about us we rejoice in our form of government, our liberties, our privileges. We are proud that our Government, by its Constitution, protects it inhabitants, whatever their race and nationality. We are glad in the thought that those of every religion are free to worship as they desire.

In these days of stress and strife we are thankful and happy to be Americans, free to speak and free to think and act according to our beliefs. The thought of the restraint placed upon the citizens of other countries makes us realize how fortunate we are to be living in a country whose ideals are high and whose laws are just. Ours is the greatest and fairest Nation in the world. We must strive with all our might to keep it so. Your legislators have a vitally important task to bring about legislation to improve the conditions of the people of their country, to take care of the unemployed and put them back to work. Never before has there been so great a need for wise counsel and strong determination. It is a time when we must look forward for the good of the many. It is a task that requires much of the Yuletide spirit of deep understanding of the problems of others. We need your help, your suggestions, your cooperation. With it the task will be so much easier.

In this brief message, I bring you of the North, the South, the East, and the West my sincerest hopes for tolerance, for broadness of thought, for freedom from bigotry, for understanding. In other words, I bring you the earnest desire for peace on earth, good will toward men.

I thank you.

Amendment of the Federal Housing Act

EXTENSION OF REMARKS

OF

HON. EDWARD L. O'NEILL

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Saturday, December 18, 1937

ARTICLE FROM THE NEWARK EVENING NEWS, DECEMBER 18, 1937

Mr. O'NEILL of New Jersey. Mr. Speaker, under leave to extend my remarks I include the following article from the Newark Evening News of today, indicating the experience of a financial institution in New Jersey in their operations under the National Housing Act. I am sure that it is indicative of the general experience under this act throughout the Nation. The amendments we have just passed will broaden the scope of the activity of the Federal Housing Administration and result in further benefit to the Nation:

PROSPECT PARK BANK REPORTS NO F. H. A. LOSS

The Prospect Park National Bank reports out of a total of 314 F. H. A. loans aggregating $1,224,932 there were not only no defaulted cases but "not even a single threat of loss."

This record indicates, in the opinion of Thomas E. Colleton, State F. H. A. director, that "the factors relative to the credit reputation of the application considered by the F. H. A. before insuring a loan are vitally pertinent to successful mortgage experience." He points out that the average loan insured by the Newark office has been about $4,500.

"Our mortgagors for the most part," said Colleton, "are men and women who have been attracted by the rent-like monthly payments which include taxes and insurance. They want to be able to budget their expenses according to their income and experience with these mortgagors is definite proof of the credit acceptability of the average citizen. We believe that this F. H. A. experience emphasizes the soundness of Mr. Average Man as a credit risk and fully justifies the confidence that the mortgagees are willing to place in him. Not only lending institutions but business interests as well, seem to be favorably impressed by applicants receiving F. H. A. credit approval and consequently F. H. A. approval often proves helpful to the mortgagor in business transactions other than the mortgage itself."

F. D. and Congress on a Teeterboard

EXTENSION OF REMARKS

OF

HON. LAWRENCE J. CONNERY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Saturday, December 18, 1937

STATEMENT BY JAMES MORGAN IN THE BOSTON GLOBE OF NOVEMBER 28, 1937

Mr. CONNERY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following statement

from the Boston Globe of November 28, 1937, by Mr. James Morgan, one of my constituents:

[From the Boston Sunday Globe, November 28, 1937]

F. D. AND CONGRESS ON A TEETERBOARD—THE PRESENT RIVALRY FOR CONTROL BETWEEN WHITE HOUSE AND CAPITOL IS AS OLD AS THE CONSTITUTION

(By James Morgan)

Some of the good people who were troubled a brief while ago by what they called the abdication of Congress and the dictatorship of the President may be somewhat bewildered now by the scenes at Washington since the opening of the special session 2 weeks ago. It should reassure them to know that whatever confusion there may be is strictly constitutional. The two Houses, in trying to get back to the Constitution, have found the checks but still are fumbling for the balances which that great charter is supposed to have provided for our Government.

The independence of the legislative and executive departments and the separation of their powers is the oldest myth in the amazingly extensive mythology that our young Nation has accumulated. Realists that they were, the founding fathers themselves must have been well aware that is was a fable—that Congress or the President would have to take the initiative, take the lead in order to make the scheme of government work. But they also knew that they could not agree which it should be. Even if they could have decided the issue, the decision could not have been written down in black and white without dangerously exalting one department and perhaps fatally depressing the other.

A LONG DUEL

The question was treated at the Philadelphia convention with what Edmund Burke termed a wise and salutary neglect. It remains a fighting question after 150 years. Congress and the President ever have been engaged in a struggle for leadership, except in a few blank and unhistoric intervals. It has been a long duel between opposite ends of Pennsylvania Avenue, with each trying to get the drop on the other and impose its mastery.

That is what we are seeing these days, and we can watch the conflict with an understanding patience if we remember that the framers of the Government planned it so. It is a vulgarity to reduce to the terms of a transient quarrel between the Capitol and the White House and of a mere brawl between personalities this ancient and irrepressible controversy bequeathed by the Constitution itself.

It has been a determined and often an embittering struggle this, which our institutions impose. The more masterful Presidents, beginning with Washington, nearly all those who look down upon us from the walls in the gallery of fame, won the battle. The others in the Presidential line who lost it lost their liberty of action and remained subordinate to Congress.

Most of this group received the Presidency on terms that required their subordination either to the Legislature or to more powerful leaders. Madison and Monroe were the appointed executors of Jefferson's political estate and Van Buren of Jackson's. Tyler, Polk, Taylor, Fillmore, Pierce, and Buchanan were only regents for the slave-holding oligarchy. Grant, Garfield, Benjamin Harrison, and Harding were the chosen instruments of politically stronger men.

A MODERN INSTANCE

A more recent example to the same point is offered by Taft. The melancholy fate of his Presidency was not so much in himself as in his stars. Theodore Roosevelt chose him as a deputy to carry out "my policies"; but Presidents are born, not made.

Among the defects of T. R.'s qualities was his reliance on his own strength to bend men to his will. Almost all the abler men of his administration and of Congress in his term were inherited by him as legacies of the McKinley-Hanna regime, and he coaxed or drove them to serve him. He did not raise a crop of new men. Root, Knox, Cannon, Aldrich, Penrose, and leaders of that stamp never were for him, but in his love of the strenuous life he rejoiced to make them do his bidding.

When the big stick was no longer over their heads, inevitably those men returned to their native bent. And they carried Taft with them into what amounted politically to a counter revolution. With them also went the Republican Party, and that relapse into standpatism a quarter of a century ago and more is what ails the party today.

INVISIBLE GOVERNMENT

With Speaker Cannon the czar of the House and Senator Aldrich, of Rhode Island, "the manager of the United States," we had what was called an invisible government. Indeed, we had been for much of our national existence under the leadership of unseen and irresponsible men behind the throne and the closed doors of committee rooms, representing not always the public interest but more often powerful private interests.

Even when Presidents led, their sway over Congress generally was exercised clandestinely. They were careful to keep up an appearance of respect for the constitutional fiction of the separation and independence of the Executive and the legislature.

The same situation existed in the governments of our States and of our cities. Everywhere leadership was hidden as a guilty thing, and it operated by subterfuge and stealth. In the period of moral decadence following the Civil War it was taken entirely out of the hands of our elective officials, legislative and executive, in some States and in many municipalities. It was seized upon by strong-jawed and strong-armed bosses and boodlers, who built up political organizations and machines which made a mockery of elections.

The bidding of those bosses was done by puppet legislatures and councils, Governors, and mayors. Selling franchises and other special privileges in statehouses and city halls and protection and immunity at police headquarters and even in the courts they converted government into a racket. It was the first great American racket on which the swarm of crooks, thugs, and big shots of our time patterned their racketeering in private business.

A YOUNG MAN'S DISCOVERY

A lean, studious young man of the generation which saw that monstrous evil rise and flourish like a cancerous growth in our body politic decided to make a study of its pathology while he was taking a postgraduate course at Johns Hopkins University in boss-ridden Baltimore. He published his findings in 1885, under the title of "Congressional Government," and it was the thesis on which he won his degree of Ph. D. the next year. He announced the discovery that committees, machines, and bosses had only rushed in to fill a vacuum created by our constitutions and city charters.

In Europe the executive and the legislature are one and the same thing. Here they are separated, with neither and no one authorized to direct the Government as a whole. Consequently the headless affair in Washington, in State capitols, and city halls had fallen under an unauthorized, irresponsible bossism of one kind or another. The conclusion of the youthful discoverer was that a President, a Governor, a mayor, as the only elected official known and responsible to all the people, must lead if that necessary job were not to be left to some party machine or managing politician in the control of selfish private interests.

WILSON'S TEST OF HIS THEORY

After somewhat more than a quarter of a century the author of that theory was himself President of the United States and in a position to subject it to the supreme test. It worked most successfully. He regularized, rationalized Presidential leadership. Woodrow Wilson is among the three or four original political thinkers that we have had in the Presidency, but he never afterward out-thought himself in that academic essay, which he wrote when he was 29.

With the advent of Wilson at Washington, the relations between the Executive and the Legislature ceased to be surreptitious. Presidents had been keeping away from the Capitol, except when summoned there for an hour to sign the last-minute business of an expiring Congress. The rest of the time they carried on a more or less back-stair diplomacy with the lawmaking branch a mile away, as if it were some rival power in Europe.

Going in person to deliver his message to Congress, as no predecessor had done in a century, Wilson assumed the attitude of a Member at large of both Houses. From time to time he sauntered unheralded into the seldom-used room of the President in the Senate wing, where he talked over pending problems with his party leaders.

He brought into the open the necessary task of coordinating two coordinate branches of the Government. The Federal Reserve System, the Federal Trade Commission, the Clayton antitrust law, the Child Labor, the Seamen's, the Farm Loan, and the Federal Aid for Good Roads Acts are among the products of that teamwork in his first administration, before the World War threw his Presidency off the track of progressive legislation.

After the Senators had overthrown Wilson on the issue of the League of Nations, they took control of the Presidency with their nomination of Harding. Coolidge did not attempt to recapture the leadership. Nor did Mr. Hoover grasp the reins at the outset of his term, when the Smoot-Hawley tariff was in the making. That omission doomed his administration even before the depression came to crown its misfortunes.

THE TEETERBOARD

Our Government, as it was left by the Constitution, may be likened to a teeterboard. At one end is the huge bulk of Congress and at the other is the President alone. To the naked eye that looks like an unequal game, with one man pitted against 531 Senators and Representatives. But he is weighted with the prestige and the patronage of his office, which keeps officeholders and office seekers pulling for him. Indispensable to him is the weight of public opinion. There the single man in the spotlight of the White House has an advantage over a multitudinous Congress, enveloped in a cloud of the dust of its own raising, and prone to degenerate into a leaderless mob.

The present uncertainty about leadership at Washington is due to the people having got off President Roosevelt's end of the teeterboard on the court issue, which left him up in the air. If and whenever they show unmistakable evidence of returning to him in behalf of any program, Congress will be up in the air.

The President has yet to raise an issue that will rally the people to him again impressively. True, the Gallup poll serves notice that he has suffered no net loss of popularity since his landslide victory in 1936. But Congress doubts if his program is as popular as the author's personality. It is distracted by the business recession and fearful of the political consequences of that slump. This may be Mr. Roosevelt's opportunity to get the reins firmly in hand again and unify his party and the country. Meanwhile the weather-wise at the Capitol are anxiously searching for signs in the horizon as they approach the midterm election in 1938.

The Wage and Hour Bill

EXTENSION OF REMARKS

OF

HON. EARL C. MICHENER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, December 17, 1937

Mr. MICHENER. Mr. Speaker, in a speech made earlier in the week on the wage and hour bill, I stated the reasons why I could not support this legislation. Among other things, I called attention to the fact that the enactment of the President's bill, now before the House, would absolutely ruin many small industries throughout the country.

I have received a letter from the American Boiler & Foundry Co., of Milan, Mich., which letter is pregnant with information applicable to this discussion. Upon my request, Mr. F. E. Ross, the president of the company, has given me permission to make the letter public. Milan is a splendid village of more than 2,000 inhabitants, and is typical of the small towns throughout the Middle West where small industries flourish, where the workingmen own their own homes, are the best citizens in the community, and whose real purpose in life is to be good citizens, own their own homes, and send their children to school. The residents of the small towns and the countryside are the bulwark of our social and economic stability. In these circumstances it is well that Congress has the benefit of just how a small industry can be operated under existing law. Mr. Ross' letter is in part as follows:

We employ 150 men, most of whom are skilled to some extent. These workers receive from $6 to $10 per day for 8 hours' work.

We have felt right along that the solution to our present problem (the depression) is not a high hourly scale, a high daily rate, a high weekly pay, but a high yearly income for our men, so we attacked the problem from this angle. How well we have succeeded is evidenced by the number of weeks we have been able to operate our plant at full production.

Since September 1935 we have not had a shut down. We ran at full production from September, following Labor Day, to December 31, 1935, at five 8-hour days per week. Beginning then, we went on a 6-day schedule and operated on this schedule almost the entire year 1936, giving our men 290 working days for the year. This year we have worked every week, 6 days per week, until October 15, or rather the third week, when we went to a 5-day schedule for the balance of the month. November our schedule was 3 days. The latter part of November we made contracts so that we are now back on the 6-day schedule, 48 hours per week, and will operate on this basis for the next 6 months and in all probability will continue for the balance of the year 1938.

In taking business such as we do, we must meet competition and at the same time deliver the goods to the customer. With all the taxes that are piled on us, such as social security, employment insurance, and the hidden taxes, we are fortunate if we make a profit. For the past 2 years we have made a little over $50 per day for every day that we have operated. Now, if we have to pay time and one-half for all extra hours over 40, and as our pay roll is nearly $1,000 per day, you can readily see that it would be pointless to run our plant any hours over 40 or the minimum allowed. Our profit is more than lost if we operate 6 days, or 48 hours per week, and if we don't, we can't take care of our customers, so we lose the business; so in any event we are more or less between the devil and the deep blue sea, providing the wage and hour bill passes as set up.

Due to our method of handling men and our manner of giving them steady employment, they are with us 100 percent. We have had absolutely no labor trouble during all the labor turmoil that has been going on all around us. Our men are putting their trust in the management, and we can't let them down. If for any reason the present fine balance between orders and production is disturbed, the chances are our men will be in the same boat that a great many other men are who work a few weeks and then are laid off for weeks without pay.

It may occur to you that due to having such a fine operation we could add 20 percent more men and work our men 5 days per week instead of 6. This is not so easily done as a certain amount of skill is needed to do our work and we find it hard to pick up the skilled workmen. Another drawback is lack of buildings to house the men and since the surplus law has been passed we have not been able to sow back any of the small profits we have made into our business. We are badly cramped for room as it is.

When we cut our employees' working hours from 48 to 40 we are cutting his pay one-sixth. Are they going to be satisfied with a weekly pay check and a yearly pay check 16⅔ percent less than they have been receiving? We are paying top wages in our industry. No manufacturer of boilers, tank heaters, or furnaces is paying a higher daily wage than we are, and our yearly wage greatly exceeds any of them. Our men even tell us that our wage scale is the highest in the State for our industry. We hope that when the bill passes the House will see to it that the blow that will surely fall on small industry will be cushioned to a point that a knock-out will not be administered.

The United States needs more communities like Milan and more institutions like the American Boiler & Foundry Co. Here peace and harmony prevail. The man in the office and the man at the bench have a common problem, and are attacking that problem with a common viewpoint. Cooperation and mutual benefit is the objective. This Black-Connery-Norton wage and hour bill would put institutions like the above company out of commission. It must not pass.

Banquet of Young Democratic Clubs at Baltimore, Md.

EXTENSION OF REMARKS

OF

HON. GEORGE L. RADCLIFFE

OF MARYLAND

IN THE SENATE OF THE UNITED STATES

Monday, December 20 (legislative day of Tuesday, November 16), 1937

ADDRESS OF CHAIRMAN JAMES A. FARLEY, OF THE DEMOCRATIC NATIONAL COMMITTEE, AT THE ANNUAL BANQUET OF THE YOUNG DEMOCRATIC CLUBS OF MARYLAND, BALTIMORE, MD., NOVEMBER 17, 1937

Mr. RADCLIFFE. Mr. President, I ask unanimous consent to have printed in the Appendix a very interesting and instructive speech delivered by Hon. James A. Farley at the annual banquet of the Young Democratic Clubs of Maryland, Baltimore, Md., on November 17, 1937.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

There is something about the atmosphere of Maryland in general and Baltimore in particular that makes a Democratic speaker feel at home. I know you have your local rows and intraparty quarrels and that you are as emphatic in fighting out these discords as if the fate of the Nation was dependent on the success of your individual faction.

Doubtless, you think that your State is peculiar in this regard. Now I have just returned from a journey from one seaboard to the other, so I feel that I am in a position to tell you that I did not find a State where the same condition did not prevail—and has always prevailed.

Because you are young Democrats and, because, as in all enthusiastic organizations rivalries and differences may arise among you, I am going to talk to you briefly on the subject of political family feuds.

My first injunction to you is not to take these things too seriously.

As chairman of the national Democratic organization I am a political pacifist. It is part of my job to try to compose differences and promote harmony, but do not think that I am unaware that healthy rivalry among State leaders has its advantages. The stronger men and women feel about political developments within the party the better qualified do they become for the big battles that are truly national.

I have frequently stressed the necessity, if our country is to have the sort of government we desire, of a sturdy minority party. The reasons for this are obvious. No group or organization is good enough or wise enough to administer the affairs of this great country without the spur of constructive criticism. Our Government, as you are so often reminded, is a government of checks and balances. My belief is that this principle should be in just as full effect in politics as in government.

We want the Democratic Party to be always on its toes; we want to give our country the best officials that can be selected, to insure that our candidates when elected shall always administer the direction of affairs—national, State, and city—in the best interests of the people. In the long run, this policy is the only one by which democratic rule can be perpetuated. Whenever this policy is departed from by reasons of apparent expediency, or because of the selfish purposes of individuals or groups, we get into trouble. The people have an uncanny way of discovering what is going on

and taking their own means of remedying the fault. So there is little of evil and much good in the existence of a stout minority, watching the majority, criticising it when it falls down, holding it to the strict performance of its duties and obligations.

That is all right, provided the friction does not extend beyond the primary battles or convention fracases. You may be sure that the opposition party will not fail to make the most of it, if we do not keep our house clean. It is better politics to have the bad spots, if there are any, pointed out by Democrats, and corrected, than to leave a dump of political ammunition handy for the enemy when it comes to the real battle at the polls.

This philosophy is as applicable to Young Democratic clubs as to old Democratic machines.

I am not speaking of Maryland especially, but of the whole sisterhood of States. Commonwealths and communities do not often change administration without a definite reason. I have observed very many elections won and lost, but rarely has a change occurred unless the party in power has failed to give the sort of administration the people desired.

It is no part of my job to act as referee in party disagreements or discords. Every community knows its own problems and must judge for itself as to the qualifications of candidates. The sole task of the Democratic national organization is to give what help it can to the men and women chosen by their own constituencies to represent them at the polls and later in the Government.

Our task is easy if the people chose the right sort of candidates; it is most difficult if they chose unwisely.

Let me say this for your great State. It has had its full share of factional difficulties, but its history is illuminated by the names of the illustrious men it has picked to serve it at home or at the National Capital. I will not undertake to read the long roll of the great statesmen Maryland has contributed to the public service. You know your own political family tree far better than I could picture it.

The fact that Maryland has had so many splendid public servants is in itself evidence that its people have usually realized the principle I have been talking about, but still I hope you will bear with the sermon I seem to be preaching.

Factional differences are nothing new. Practically every one of the distinguished men on the roster of your history was the center of an intense political struggle. That result alone, I think, bears out my theory that out of local strife emerges national fame; out of the welter of bickerings about candidates and party leaderships, comes most frequently harmony and public service at its best.

Your State has a marvelous tradition of dignity and wideness of vision. It is up to you young Democrats to carry on this tradition. Ever since Revolutionary days this principle has survived and I know of no Commonwealth that exceeds Maryland in the respect it merits and enjoys throughout the Nation. You are conservative without being reactionary; progressive without being radical. You have kept pace with the ever-advancing sentiment of true democracy.

Men and women cannot become wrapped up in local contests without becoming concerned with the broader politics. Here you find less of that spirit which elsewhere is so prevalent of ignoring politics except, perhaps, 'on election day. I do not recall ever hearing in Baltimore a successful man boasting that he neither knew nor cared anything about politics. I have frequently heard that sentiment expressed elsewhere. It is as if the business of choosing our form of government, and the officials who administer that government, was something undignified if not absolutely reprehensible. Politics, like every other form of human activity, is as good or as bad as people make it. Those who are content to leave it in the hands of others have little right to complain if things go contrary to their desires. Actually politics is every person's business. The habit of your Maryland men of affairs in carrying out the example of their ancestors—and really taking part in politics and government—is, I believe, one of the reasons that your State stands so high. I wish that the Maryland policy was general throughout the Union.

Now, let me talk a little about national matters. In the past year I have been in nearly every State. I have talked with our own leaders and, in fact, with the leaders of almost every branch of society. I am prepared to report to you that the present administration at Washington is as popular today as it was a year ago, when Roosevelt and the Roosevelt policies carried every State but two.

Of course, there are some grouches. There are bound to be. But I think you will find that all, or nearly all, of the opposition that is making so much noise is confined to the group that has always opposed the President. I mean by this, individuals and groups like the Liberty League, now masquerading as the League to Uphold Constitutional Government, who think that any change is an evil and any effort to improve the condition of the great mass of our population is in some way prejudicial to their own interests. Now, mind you, these men are not all conscious that that is their motivating thought. Even the most extreme reactionary may be quite sincere in his belief. He may seriously figure that a system that empowers him to make greater and greater profits, regardless of his employees or any other element of the population, should be the aim of our Government. There is no use to argue with this particular group. You may point out with all the economic statistics that can be gathered that their prosperity cannot be real or permanent unless the whole country is prosperous.

You may prove that a low standard of wages means a lack of purchasing power; that farmers struggling against bankruptcy cannot buy the things the sale of which is the basis of the great fortunes. There always remains the group which considers an increase in wages as a calamity and almost a personal affront.

They are inclined to believe that the great depression came like a change in weather, without any cause that could be calculated, and with no degree of responsibility attaching to them. The actual and simple fact was that the farm population had fallen out of the purchasing class. As the farmers were able to buy less, mills had to manufacture less. So began the era of unemployment. And with every new batch of employees laid off from their jobs business plunged further and further downward. In other words, it was completely demonstrated that great fortunes for the few and near starvation for the many was an impossible situation.

It was this administration's job to straighten things out and get our commercial and industrial machinery functioning again. And I think you will all agree with me that it was a successful job. Unfortunately, some of these people conceived that the whole purpose of the New Deal system was to put them back to their old eminence of income and nothing else.

Yes; I ran into quite a number of eminent citizens who seem to have forgotten where they were 7 or 8 years ago as contrasted with where they are today. All they can think about is how much it has cost and is costing.

There is no question that it has taken a great deal of money to accomplish the change. But what is that compared with what it it would have cost had the Roosevelt administration followed the lines of the preceding regime and done nothing? Does anybody suppose that 10,000,000 unemployed and their families would have starved patiently and peacefully? Does anybody think that had the do-nothing policy been proceeded with these businesses, that are again flourishing and paying dividends, would have survived the convulsion of another year of unrelieved misery?

The Budget was out of balance when Franklin D. Roosevelt came to the White House. It is more out of balance now. I marvel if any thinking person can sincerely compare the inconvenience of an unbalanced Government Budget with what might have happened had things been allowed to drift indefinitely.

Well, the expenses of the Government must be brought back within the bounds of the Government's income, and the only way the Government can raise its revenue is through taxes. It may not be necessary, and probably will not be necessary, for taxes to be increased. Congress is now in session and will wrestle with that very problem. I am quite sure that if the people with the largest incomes will quit their complaining and do their legitimate share of paying for the processes that have kept them economically alive, not only will the Budget be balanced within a comparatively short time but that we will enter into an era of steadily diminishing tax rates.

Leaving out the mourners and wailers, I found in every State that I went into abundant confidence within our party and unshaken faith in our President. The effects of the rising or falling of the stock market diminishes as you go West. In New York, for example, every Wall Street tremor is regarded as a major happening. In most of the Western States the people do not even read the stock market reports. They are content to know that their own business is moving along at a fair pace, and that the farmers are getting reasonable prices for their produce. They are willing to believe that, just as the administration has met the problems of the past, it will meet the problems of the future.

That the Democratic Party will remain in power for a long time is regarded as a certainty not worth arguing about. We must realize that it is our party that will handle the serious domestic and foreign questions at present or that may arise. And it has got to do it all alone. No help is to be expected from the Republican Party, for that party has no program and no policy. Its daily prayer is that something may turn up that the Democrats are unable to solve and that they then may profit by our embarrassment. They had some sort of convention in Chicago a week or two ago and the only decision of that G. O. P. gathering was to keep on doing nothing for another year or so. Presumably then they will try to patch up some kind of declaration which they hope will give the people the semblance of an idea of their intentions. It is not difficult even now to forecast about what this declaration will amount to.

They will deplore whatever the administration is doing, will view with alarm what they expect it is going to do, and wind up by assuring the people that only in a return to power of the Republicans lies the slightest chance for national salvation. This, of course, will be preliminary to nominating Mr. Hoover, or Governor Landon, or Senator Vandenberg, or somebody else on that order to go through the motions of a campaign in 1940.

I know there are some people who cling tenaciously to the belief that because public questions stir up opposing interests and bring to light conflicting views, the practical course is to sidestep the issue and to seek popular approval by the simple process of avoidance.

Despite the wish that it might be so, political problems rarely dissolve from inattention. If portents of danger are ignored too long, the situation may become aggravated to an alarming degree.

In any event, the Democratic administration could not, if it wished, adopt such a policy. The problems are here; they are on our doorstep. Congress is now in session, studying a tax bill with a view to straightening out certain phases of the measure that have been found fault with. It has before it a wage and hour

bill, a bill for crop control, and various acts dealing with conservation, and simplification of our processes of government. Whether we like it or not, these things have to be handled. Some means must be found by which the recurring conflicts between capital and labor may be minimized, if they cannot be prevented. Some method must be devised to avoid the destruction of the purchasing power of the farmers, because if we learned anything through the last depression, it was that farm bankruptcy meant national bankruptcy, and so on down the line.

Now, nobody presents these measures for enactment for the fun of the thing. It is simply that the Democratic administration believes that evils are not cured by delay, and these measures are forced upon us by necessity.

It will be the task of Congress to pass the laws in workable shape. In whatever form they issue, you may count on their being subjected to frantic assault by the foes of the administration. It is always doubtful if any legislation when first enacted into law is perfect. Every public policy can be improved upon after it has been in operation long enough to demonstrate its strength and its weaknesses.

One thing is certain—that there is nothing in the prospective measures, any more than in those which have been put into effect during the past 5 years, to frighten anybody. Up to date, each succeeding law that went on the statute books, since President Roosevelt's advent to the White House, has been hailed by his enemies as promising certain destruction to all our American institutions. And yet, year after year, our conditions have improved and the good old country has wagged along, getting closer to comfort and content.

That is why I am able to tell you young Democrats and old Democrats tonight that in every section of the country the New Deal maintains its popularity. The people are grateful to our President and thankful that his industry, wisdom, and courage have transformed a Nation in despair into the happiest, freest, least-fearing state on the entire globe.

Dedication of American Kemmel Memorial Near Ypres, Belgium

EXTENSION OF REMARKS

OF

HON. ERNEST W. GIBSON

OF VERMONT

IN THE SENATE OF THE UNITED STATES

Monday, December 20 (legislative day of Tuesday, November 16), 1937

ADDRESS OF THE HONORABLE BRIG. GEN. J. B. P. CLAYTON HILL, D. S. M., FORMER REPRESENTATIVE OF MARYLAND IN THE CONGRESS OF THE UNITED STATES OF AMERICA, MEMBER OF THE AMERICAN BATTLE MONUMENTS COMMISSION, NEAR YPRES, BELGIUM

Mr. GIBSON. Mr. President, I ask unanimous consent to have published in the Appendix of the RECORD an address delivered by the Honorable Brig. Gen. J. B. P. Clayton Hill, D. S. M., a former Representative of Maryland in the Congress of the United States, at the dedication of the American Kemmel Memorial near Ypres, Belgium, August 8, 1937.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

One of the American battle areas in Belgium was near battle-wrecked Ypres, where the Twenty-seventh and Thirtieth Divisions participated in an advance in the opening phase of the Ypres-Lys offensive of August 1918.

These two divisions served throughout their stay in Europe with the British Army. During the summer of 1918 they were trained at the front by attaching small units to British organizations, and about the middle of August they assumed complete charge of adjoining divisional sectors in the line just south of Ypres.

On the 30th it was discovered that the Germans were retiring from the Lys salient and the British reoccupied Mont Kemmel. The Twenty-seventh Division was directed to move forward the next day in cooperation with a like movement by the British units on its right, while the Thirtieth Division was to advance the southern portion of its front to capture Voormezeele and keep abreast of the left of the Twenty-seventh.

Both divisions pushed forward to their objective before daylight of the following day, and the Twenty-seventh continued to make small gains until September 2, during which time it had captured Vierstraat Ridge and pressed the Germans back about a mile.

The Twenty-seventh Division was relieved on the night of September 2–3, and the Thirtieth on the night of September 3–4. Both divisions entered the line again about 3 weeks later north of St. Quentin in the fierce battles for the possession of the Hindenburg line.

When on April 16, 1918, General Pershing discussed with General Foch the organization of an American Army, General Foch remarked that the enemy was very aggressive, and referred to his severe attack against the British on the Lys between Lens and Ypres, which began on April 9 and was still in progress on the 16th. General Pershing said, "The German offensive in the Lys was another formidable attempt to break the British lines. The attack was made up the north and south of Armentières on a front of 24 miles by 27 German divisions." It was during this April German offensive that Marshal Haig issued his order of April 11. "Three weeks ago today the enemy began his terrific attacks against us on a 50-mile front. His objects are to separate us from the French, to take the Channel ports, and destroy the British Army." Marshal Haig concluded the order with the following words: "There is no other course open to us but to fight it out. Every position must be held to the last man; there must be no retirement. With our backs to the wall, and believing in the justice of our cause, each one of us must fight on to the end. The safety of our homes and the freedom of mankind alike depend upon the conduct of each one of us at this critical moment."

"The freedom of mankind." That is what the Second American Army Corps, comprised of the Twenty-seventh Division and the Thirtieth Division, fought for here.

General Pershing decorated the Chief of Staff of the Fourth British Army, Maj. Gen. Archibald A. Montgomery, with our D. S. M.; and General Pershing's citation of the now field marshal, Sir A. A. Montgomery-Massingberd, expresses what the Twenty-seventh and Thirtieth Divisions did here, as well as what the Thirty-third division did. General Pershing's citation of Field Marshal Montgomery-Massingberd was, "As Chief of Staff of the Fourth British Army he directed the operations of the Second American Army Corps with distinguished ability, displaying military attainments of the highest order. The officers and soldiers of the Twenty-seventh, Thirtieth, and Thirty-third United States Divisions are justly proud of having served with their English comrades against the common foe and of having shared with them in the successes which were due, in no small degree, to his capable direction."

Our soldiers who fought here fought under the inspiration of Pershing, Haig, and Montgomery, and at all times there was, like an aura, about them the spirit of Albert, King of the Belgians, that great knight of right, and his Queen. General Pershing recorded in his diary at Chaumont, Wednesday, January 2, 1918: "Visited King and Queen of Belgium and their army at Adinkerke on Saturday." Of this visit General Pershing has recorded, "During my visit I got a much clearer notion of the spirit of the Belgian Army and of its tenacious resistance, which had been of such importance to the Allies by delaying the German advance." General Pershing has also said, "During my brief visit I was particularly impressed by the extreme simplicity of the home life of the King and Queen, living there, as they were, in a very modest country place within sound of the enemy's guns and almost within range. The Queen often went into the trenches to cheer the troops, and the fine bearing of Their Majesties through it all made them outstanding heroic figures of the World War."

Unfadable glory for the Second Corps to have served in Belgium, the land of King Albert and Queen Elizabeth, those outstanding heroes of the World War.

Action of Courts on Decisions of National Labor Relations Board

EXTENSION OF REMARKS

OF

HON. ROBERT F. WAGNER

OF NEW YORK

IN THE SENATE OF THE UNITED STATES

Monday, December 20 (legislative day of Tuesday, November 16), 1937

STATEMENT IN REFERENCE TO THE DECISIONS OF THE NATIONAL LABOR RELATIONS BOARD WHICH HAVE BEEN PASSED UPON BY THE COURTS

Mr. WAGNER. Mr. President, I ask unanimous consent to have printed in the RECORD a statement in reference to the decisions of the National Labor Relations Board which have been passed upon by the courts, showing that the courts have upheld 18 out of 20 decisions of that Board which have been submitted to the courts.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

COURTS UPHOLD N. L. R. B. IN 18 OF 20 CASES

In connection with the announcement of the latest decision of the circuit courts of appeals upholding an order of the Board under the National Labor Relations Act (*N. L. R. B.* v. *Carlisle Lumber Co.*, decided Dec. 13, 1937 (C. C. A. 9th)), the Board issued a summary of litigation under the act.

The Board's orders have been substantially or fully upheld in 18 out of 20 cases heard by the courts and fully decided on the merits thus far under the procedure of the statute, after hearings by the Board, including three cases decided by consent decree.[1] In the 18 cases in which the Board's orders were upheld, the courts ordered reinstatement of some 740 employees, some 414 with back pay.

In not a single case have the Board's fact findings been reversed in whole. The Board's findings of fact were modified in only one case, as to three of the employees involved, but were affirmed as to four others in the same case, and the company required to bargain collectively with the complaining labor organization (*Agwilines, Inc.*, v. *N. L. R. B.*, Dec. 22, 1936 (C. C. A. 5th)).

In all five of the cases upholding the constitutionality of the Wagner Act in April 1937, the Supreme Court also found that the Board's findings as to unfair labor practices were supported by substantial evidence.

Since the Supreme Court decisions, there have been 10 rulings by circuit courts of appeals. Of these, five affirmed the Board's orders in whole, three affirmed Board orders subject to modification as to certain aspects of the affirmative relief granted; one set aside the Board's order in whole, on an issue of law depending upon facts arising subsequent to the Board's original decision (*N. L. R. B.* v. *New Jersey Ferry Co.*, June 18, 1937 (C. C. A. 3d); one, by a divided court, refused enforcement of the Board's order requiring the reemployment with back pay of five persons who had gone on strike (*N. L. R. B.* v. *Mackay Radio & Telegraph Co.*, Oct. 19, 1937 (C. C. A. 9th)). The result in the case last referred to is opposed by that reached by different judges of the same court in the Carlisle Lumber case.

In no cases have the Board's orders been set aside because of defects in the Board's procedure. In the Jones & Laughlin case the Supreme Court said of the statute:

"The procedural provisions of the act are assailed. But these provisions, as we construe them, do not offend against the constitutional requirements governing the creation and action of administrative bodies. See *Interstate Commerce Commission* v. *Louisville & Nashville R. Co.*, 227 U. S. 88, 91. The act establishes standards to which the Board must conform. There must be complaint, notice, and hearing. The Board must receive evidence and make findings. The findings as to the facts are to be conclusive, but only if supported by evidence. The order of the Board is subject to review by the designated court, and only when sustained by the court may the order be enforced. Upon that review all questions of the jurisdiction of the Board and the regularity of its proceedings, all questions of constitutional right or statutory authority are open to examination by the court. We construe the procedural provisions as affording adequate opportunity to secure judicial protection against arbitrary action in accordance with the well-settled rules applicable to administrative agencies set up by Congress to aid in the enforcement of valid legislation."

Forty-four cases are now on file with various circuit courts, brought by the Board for enforcement or by the employer involved for review. The Board contemplates authorizing additional enforcement proceedings in other instances where its orders have not been complied with.

Following is a summary of the individual cases passed on by the courts under the act:

N. L. R. B. v. *Associated Press.* Order affirmed, United States Supreme Court, April 12, 1937. One employee ordered reinstated with back pay.

N. L. R. B. v. *Washington, Virginia & Maryland Coach Co.* Order affirmed, United States Supreme Court, April 12, 1937. Eighteen employees ordered reinstated with back pay.

N. L. R. B. v. *Jones & Laughlin Steel Corporation.* Order affirmed, United States Supreme Court, April 12, 1937. Ten employees ordered reinstated with back pay.

N. L. R. B. v. *Fruehauf Trailer Co.* Order affirmed, United States Supreme Court, April 12, 1937. Seven employees ordered reinstated with back pay.

N. L. R. B. v. *Friedman-Harry Marks Clothing Co.* Order affirmed, United States Supreme Court, April 12, 1937. Nineteen employees ordered reinstated with back pay.

N. L. R. B. v. *National N. Y. Packing & Shipping Co.* Order affirmed, second circuit, November 2, 1936. Five employees ordered reinstated with back pay.

Agwilines, Inc. v. *N. L. R. B.* Order modified and affirmed, fifth circuit, December 22, 1936. Board's findings of discrimination against four employees affirmed; further proceedings directed for clarification of order for reinstatement with back pay. The company was also required to bargain collectively with a labor organization designated by its employees. Board's order set aside as to reinstatement of three other employees.

N. L. R. B. v. *Tidewater Express Co.* Order affirmed, fourth circuit, May 10, 1937. Two employees ordered reinstated with back pay.

Renown Stove Co. v. *N. L. R. B.* Order affirmed, sixth circuit, June 2, 1937. Two employees ordered reinstated with back pay.

N. L. R. B. v. *Alaska Juneau Mining Co.* Consent decree entered, fourth circuit, May 26, 1937. Company ordered to cease and desist from dominating or interfering with any labor organization of its employees or from contributing financial or other support to it; to reinstate 11 employees with back pay; to offer reinstatement to a maximum of 116 employees who had been on strike; and to withdraw all recognition from and completely disestablish its relations with a company-dominated labor organization.

N. L. R. B. v. *Penna. Greyhound Lines.* Order modified and affirmed, third circuit, June 15, 1937. Company ordered to reinstate five employees with back pay; to cease and desist from dominating or interfering with an employees' association and contributing financial support to it; and to cease and desist from urging, persuading, or warning its employees to refrain from joining the labor organization of their choice. The Board's order was set aside insofar as it required disestablishment of employees' association. Petition for certiorari granted November 8, 1937.

N. L. R. B. v. *Delaware-New Jersey Ferry Co.* Order that respondent bargain collectively with a labor organization set aside, third circuit, June 18, 1937. Petition for certiorari denied November 8, 1937.

Jeffery-DeWitt Insulator Co. v. *N. L. R. B.* Order affirmed, fourth circuit, June 16, 1937. Company ordered to bargain collectively with a labor organization designated by its employees and to offer reinstatement to a maximum of 129 strikers in preference to those hired during the strike to the extent of available jobs. Petition for certiorari denied October 18, 1937.

Clinton Cotton Mills v. *N. L. R. B.* Consent decree entered, fourth circuit, July 3, 1937. Company ordered to cease and desist from discrimination, from requiring its employees as a condition of employment to join a company-dominated labor organization, from checking off dues of such organization and allowing organizing in its behalf on company time and property without according similar privilege to another bona fide labor organization, and from dominating or interfering with the formation or administration of any labor organization or contributing financial or other support. The company was also ordered to offer reinstatement with back pay to 96 employees, to withdraw all recognition from a company-dominated labor organization, and to disestablish it as representative of its employees, and to announce that a closed-shop contract made with such organization is void and of no effect.

N. L. R. B. v. *Pacific Greyhound Lines.* Order modified and affirmed, ninth circuit, July 16, 1937. Company ordered to reinstate two employees with back pay; and to cease and desist from interfering with its employees in their self-organization, from urging, persuading, and warning them to refrain from joining the labor organization of their choice, and from dominating and interfering with a labor organization and contributing financial and other support to it. The Board's order was set aside insofar as it directed the company to disestablish an employees' association. Petition for certiorari granted November 22, 1937.

N. L. R. B. v. *Bell Oil & Gas Co.* Order affirmed, subject to further proceedings, fifth circuit, July 21, 1937. Board's finding of discrimination against one employee affirmed; further proceedings directed for clarification of order for reinstatement with back pay.

N. L. R. B. v. *Santa Cruz Fruit Packing Co.* Order affirmed, ninth circuit, July 31, 1937. Thirty-one employees ordered reinstated with back pay. Petition for certiorari granted December 6, 1937.

N. L. R. B. v. *Mackay Radio & Telegraph Co.* Petition for enforcement of the Board's order denied, ninth circuit, October 19, 1937. The Board's petition for a writ of certiorari is pending.

N. L. R. B. v. *Alabama Mills, Inc.* Consent decree entered, fifth circuit, November 5, 1937. Company ordered to cease and desist from discrimination; to offer immediate employment to 38 employees who had been on strike and to offer employment as positions were or became available to 92 other such employees; and to pay upon the order of the Board's regional director $31,000 in back pay to the employees.

N. L. R. B. v. *Carlisle Lumber Co.* Order affirmed, ninth circuit, December 13, 1937. Company ordered to cease and desist from discrimination; to cease and desist from dominating and interfering with an employees' association or any other labor organization of its employees and contributing financial or other support to it; to offer reinstatement with back pay to some 150 striking employees in preference to persons hired during the strike, to the extent of available jobs, the employees whose labor was not needed to be offered employment before any new employees were hired; to bargain collectively upon request with a labor organization designated by its employees; to withdraw all recognition from an employees' association as representative of its employees; and to inform each employee who had entered into a "yellow dog" contract that such contract was invalid under the act and that the

[1] In one case not included, the circuit court set aside the Board's order wholly on constitutional grounds prior to the Supreme Court's decisions in April upholding the Wagner Act (*Foster Bros. Mfg. Co.* v. *N. L. R. B.*, Oct. 6, 1936 (C. C. A. 4th)). The Board's subsequent petition for rehearing was denied on the ground that it was filed too late.)

company was therefore obliged to discontinue such contract and to desist from enforcing it. The court granted 20 days in which either party could apply for leave to adduce additional evidence before the Board or its agency with respect to the amount of back pay.

In addition to the foregoing decisions on final orders to cease and desist and to take appropriate affirmative action, the courts throughout the country have established the Board's right to proceed with hearings and elections free from injunctions. Since the fall of 1935, out of a total of 95 suits to enjoin the Board or its officers from proceeding in accordance with the act, in only three, all in the first circuit, do restraining decrees remain outstanding. In every other circuit (except the third, which has not passed on the issue) and in the District of Columbia, the courts of appeals have held that in view of the adequate remedies provided in the statute, equity lacked jurisdiction to grant an injunction. In a number of these cases the circuit court of appeals reversed decrees of the district courts granting temporary injunctions. The Board's petition for writs of certiorari to review the adverse decisions of the Circuit Court of Appeals for the First Circuit was granted by the Supreme Court on October 11, 1937; *A. Howard Myers et al.* v. *Bethlehem Shipbuilding Corporation, Ltd.*; *A. Howard Myers et al.* v. *Charles Mackenzie et al.*

Survey of Business Conditions

EXTENSION OF REMARKS
OF
HON. SHERMAN MINTON
OF INDIANA
IN THE SENATE OF THE UNITED STATES

Monday, December 20 (legislative day of Tuesday, November 16), 1937

ARTICLE FROM THE NEW YORK TIMES

Mr. MINTON. Mr. President, I ask unanimous consent to have printed in the RECORD an article dealing with a survey of business conditions in the United States by Fred Y. Presley, president of the National Industries Corporation, published in the New York Times.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From New York Times]

PRESLEY EXPECTS REVIVAL IN SPRING—FINDS FACTORY OPERATIONS BELOW SALES TO CONSUMERS, WITH STOCK REPLACEMENT NEAR—AN "INVENTORY RECESSION"—HEAVY BUYING EARLY IN 1937, DUE TO STRIKE FEARS, HELD CAUSE—NEW DEAL ABSOLVED

It seems tolerably clear that the present decline in business is primarily an inventory recession, although there have been other less important contributing influences, according to Fred Y. Presley, president of the National Investors Corporation, who has just completed a comprehensive survey of conditions.

It is common practice for business to accumulate excessive inventories in anticipation of higher prices, and it is not unusual, following such junctures, for periods of expanding economic activity to be temporarily arrested, he said.

The building up by business generally of inventories substantially in excess of current or near-term consumptive requirements in the early months of 1937 was not motivated by advancing commodity prices, Mr. Presley finds, but was largely the result of apprehension lest threatened strikes would interrupt the operations of leading industries supplying them with materials and merchandise.

VARIOUS FACTORS INVOLVED

"Business came into the fall months heavily over-inventoried in the face of rapidly declining commodity prices," Mr. Presley said. "At the same time, stock prices were declining precipitously, there was considerable fear of possible adverse developments arising out of the Oriental and Mediterranean situations, there were increasing misgivings concerning Government interference with private enterprise, and it was becoming evident that the optimistic forecasts of a large autumn business would not be realized.

"With recollections of their plight of 1930 still fresh in their memories, when they continued to operate at high levels despite declining orders and declining commodity prices, business acted immediately to reduce inventories by sharp curtailment of production programs. A virtual moratorium on buying by manufacturers and distributors enveloped the country, out of which developed a decline which in intensity is unprecedented in this country under conditions which obtained.

"The present decline in business should not run beyond the spring months of this coming year on the basis of fundamental economic conditions, although it is virtually impossible to forecast within such narrow time limits, in view of the fact that the rampant optimism which usually obtains when business is expanding and the unreasoned fear which prevails when business is contracting tend to defer turning points in economic activity.

INVENTORIES RUNNING DOWN

"Factory operations throughout industry are running substantially below sales to the consuming public. Consequently, a period is being approached where it will become necessary to replace depleted inventories, at which point the recovery of business which began in the summer of 1932 should be resumed.

"It is unreasonable to attribute this decline in business to Government interference and regulation. It is obvious that certain legislation, more particularly the undistributed-profits tax which has operated to restrict replacement and expansion, has proved unwise and unsound, and business has a right to expect early modification of reforms which have adversely affected industry.

"The relation of capital and labor is at the very root of the present period of business unsettlement, and the reestablishment of a healthy and sustained period of economic prosperity is heavily dependent upon recognition of each other's inherent rights under our existing social and economic system."

Mr. Presley pointed out that the present decline in business did not develop out of the same set of circumstances that preceded and accompanied previous periods of major economic depression, since money rates are low and bank reserves enormous; prices of high-grade bonds have declined only slightly from the record levels reached a year ago; general wholesale commodity prices have risen only moderately from the depression low levels, although certain leading raw-material prices advanced sharply and were approaching untenable levels; there has been virtually no new-issue market; and industrial production was only beginning to get back to normal levels in the spring and summer of this year, following 7 consecutive years of decidedly subnormal industrial activity.

California Gas Rates—Argument Before Supreme Court of the United States

EXTENSION OF REMARKS
OF
HON. ROBERT M. LA FOLLETTE, JR.
OF WISCONSIN
IN THE SENATE OF THE UNITED STATES

Monday, December 20 (legislative day of Tuesday, November 16), 1937

SUMMARY (BASED ON TRANSCRIPT) OF ORAL ARGUMENT OF OSWALD RYAN, GENERAL COUNSEL OF THE FEDERAL POWER COMMISSION, DELIVERED BEFORE THE SUPREME COURT OF THE UNITED STATES ON NOVEMBER 11, 1937, ON BEHALF OF THE FEDERAL POWER COMMISSION, AMICUS CURIAE, IN THE CASE OF THE *PACIFIC GAS & ELECTRIC CO.* v. *RAILROAD COMMISSION OF CALIFORNIA*

Mr. LA FOLLETTE. Mr. President, I ask unanimous consent to have printed in the RECORD a summary, based on the transcript, of the oral argument of Oswald Ryan, General Counsel of the Federal Power Commission, delivered before the Supreme Court of the United States on November 11, 1937, on behalf of the Federal Power Commission, amicus curiae, in the case of the Pacific Gas & Electric Co. against Railroad Commission of California.

There being no objection, the argument was ordered to be printed in the RECORD, as follows:

The interest of the Federal Power Commission in this case, as counsel for the California Railroad Commission has indicated, arises from the fact that the Pacific Gas & Electric Co., appellee, charges that the California Railroad Commission denied the company due process of law when it fixed a rate for its gas service in California without taking into consideration evidence of the cost of reproducing the utility property. The three-judge district court apparently agreed with the company's contention.

The Federal Power Commission, under the 1935 Utility Act, was granted jurisdiction to fix the rates of electric energy sold at wholesale in interstate commerce. Some of the magnitude of the task thus given to the Commission may be seen from the fact that more electric energy is transmitted today in interstate commerce than was generated in the entire United States in 1913. About 1,511 electric utilities, with capital assets estimated at $17,000,000,000, are operating today in the United States. Of those companies, 300, involving assets in the approximate amount of $10,000,000,000, are clearly within the jurisdiction of the rate-making power of the Federal Power Commission, while 261 of additional companies, with assets estimated at $3,000,000,000, have been classified by the Commission as indeterminate, and may upon investigation be found to be subject to the Commission's jurisdiction.

The Federal Power Commission has been moved to appear in this case because of its conviction that if the rule of law laid down in *Smyth* v. *Ames* is to be a limitation upon the Commission's rate-making power, the effective administration of this important power, which the Congress has committed to this Commission, will be well-nigh impossible * * *.

The rule of rate making which requires consideration of reproduction is administratively, economically, and legally unsound. It has placed upon regulatory commissions, State and Federal, the most burdensome, complex, expensive, and futile task imposed in the history of public regulation in this country.

The experience of public regulatory bodies proves that the matter of determining reproduction cost in a rate case is nothing more than dignified guesswork, involving not a rational judgment by the Commission but a guess based upon the independent guesses of two or three sets of appraisal engineers who have reached their conclusions by elaborate, hypothetical calculations applied to tangible and intangible property. A study of the record, set forth in our brief of 123 rate cases reported through the years 1928 to 1933, inclusive, shows that in those cases there was an average variation in the reproduction cost estimates of 51½ percent. In several instances the utility's appraisal was 100 percent in excess of the Commission's appraisal, and in one case the utility's appraisal was 450 percent in excess of the estimates of the Commission's engineers.

Such a method of ratemaking has at times led to results which were glaringly inconsistent with the facts of the company's financial record. Under the rule of *Smyth* v. *Ames*, public utility rates may be legally confiscatory no matter how successful or prosperous the company may be, if the rate fixed is less than a fair return on the "fair value" of the property. No more fatal indictment can be presented against that method of ratemaking which requires consideration of reproduction cost as a cardinal element in the rate base than that which is offered by the strange spectacle of successful and prosperous utilities claiming to be the victims of legal confiscation. The minority report of the New York Commission on the revision of New York Public Service Commission law, issued in 1930, tells us that the presidents of two highly prosperous New York utilities testified that it was the policy of their companies to charge rates lower than those to which they were constitutionally entitled.

This Court, in its notable decision in *Lindheimer* v. *Illinois Bell Telephone Co.*, was confronted with another such claim of confiscation under the rule of *Smyth* v. *Ames*. You found in that case that the company's record of successful and prosperous operation did not sustain the claim of confiscation. But this Court had the benefit of 12½ years of experience of that company's operation under the challenged rate when you applied the test of actual experience to that rate. The regulatory commission in the ordinary rate case does not have the benefit of such evidence of experience. Denied the aid of experience, it must be guided by theoretical computations which the facts of experience, had they been available to the Commission, might have shown to be at war with realities.

The so-called fair-value rule of rate-making, with its emphasis on reproduction cost, is productive of enormous expense and delay. The Illinois Bell case required 12½ years. The recent case of the *Ohio Bell Telephone Co.* v. *Public Utilities Commission of Ohio*, decided by this Court in the last term, was in process 14 years.

It cost the Interstate Commerce Commission and the railroads something like $178,000,000 to partially fill the requirements of this valuation process. I hesitate to estimate the size of the appropriation the Federal Power Commission will be compelled to ask of the Congress if this Commission, in fixing the rates of electric energy sold wholesale in interstate commerce, is to be governed by the same rule of law laid down by this Court in *Smyth* v. *Ames*.

A number of the State commissions have become so discouraged with the valuation process, which has been made necessary by this rule of law, which requires consideration of reproduction cost that in many instances they have abandoned the regular procedure of formal rate-making in an attempt to accomplish adequate results. They have resorted to rate-fixing by informal negotiations—the plan of conference, compromise, and bargaining. The New York Commission, in its 1931 annual report, stated that: "Consumers have appreciated that it is better to secure a reduction in rates promptly, even though it may not be as large as should be made, in their opinion, and even though it may not be as large as might be ordered by the Commission after a rate case had been conducted, extending over months and perhaps years, and possibly to be litigated in the courts * * *."

The basic legal defect underlying a rule of rate-making which lays emphasis upon the reproduction cost of a utility property is that such method fails to recognize the object sought to be attained—reasonable rates to the consumer and just compensation to the utility on its investment in property dedicated to the public service. A method so inaccurate and speculative in its results is not a means which bears a real and substantial relation to the end here sought to be attained. The prudent investment method of rate-making supplies such a means.

The method of rate-making which seeks a fair return upon prudent investment or historic cost is administratively sound and workable. When *Smyth* v. *Ames* was decided in 1898 there were no available accounting records on which this court could have relied to determine the actual investment in the property. Nor was there any public control over the company's capitalization. This court had no practical opportunity at that time to apply the rule of historic cost or prudent investment.

But the past 39 years have brought us a long way from that day when the financial transactions of public utilities were subject to no public regulation and were shrouded in mystery. Today 39 States, in addition to the District of Columbia, have provided accounting control over electric and gas utilities and the Federal Power Commission prescribes the accounts of all electric utilities which own or operate facilities for the transmission or wholesale sale of electric energy in interstate commerce. Today 32 States of the American Union, in addition to the District of Columbia, have jurisdiction over the securities issued by these public-utility companies. Thus we now have upon our statute books the implementing measures which make the prudent investment rate base administratively as practicable as it is economically sound. We now have the opportunity to establish a rate base based upon recorded facts instead of speculative opinions.

We submit that the rule of *Smyth* v. *Ames*, however much it may have been justified when applied to the facts of another generation, has no justification in economics or in law when applied to the realities of the present day. In the recent case of *Nebbia* v. *New York*, this honorable Court gave us the criteria of due process of law within the meaning of the Constitution. The Constitution, the Court said, demands that the statutory enactment shall not be unreasonable, arbitrary, or capricious, and that the means selected shall have a real and substantial relation to the object sought to be attained. We submit that the prudent investment method of rate making fully complies with the due process of law test which was laid down by this Court in that case. It is reasonable. It provides as a definite rate base the prudent investment of the company in the utility property; and it permits a rate which will preserve that investment and provide a compensation for its use.

In the course of Mr. Ryan's argument, he was questioned by Mr. Justice McReynolds with regard to his position. Mr. Ryan stated that he did not contend that the method of applying a fair return upon prudent investment was the only constitutional method, but that such method was a constitutional method.

"Mr. Justice McREYNOLDS. Do you want this Court to overrule a decision going back 39 years and accept the prudent investment theory for valuing this property? * * * I am asking you: Do you want us to throw out these series of 39 years of cases?

"Mr. RYAN. Exactly so.

"Mr. Justice McREYNOLDS. That will upset everything that has been done. What do you mean by "prudent investment"?

"Mr. RYAN. The actual money investment made in the property used and useful in the public service.

* * * * * * *

"Mr. RYAN. If your Honor invests $100,000 in a public-utility enterprise, you are entitled under the fourteenth amendment to a return on that $100,000 sufficient to preserve that investment intact and sufficient to pay you for the risk involved in the enterprise.

"Mr. Justice McREYNOLDS. Well, that seems to me to be merely assumption. The owner of a utility is entitled to the value of his property, just like a house. How are you going to determine the value of a house that is condemned, for instance?

"Mr. RYAN. I think the difference between your Honor and myself is that you are assuming this to be analogous to condemnation. I do not understand that this is in any way like a case of condemnation under eminent domain. Your $100,000 is being dedicated to public service. This is not property that the public is taking. The investment is being dedicated to a public function—a function which this Court in the Moffatt Tunnel case called a 'function of the State * * *.'"

Unveiling of Bust of John Marshall

EXTENSION OF REMARKS

OF

HON. MATTHEW M. NEELY

OF WEST VIRGINIA

IN THE SENATE OF THE UNITED STATES

Monday, December 20 (legislative day of Tuesday, November 16), 1937

ADDRESS OF HON. J. F. T. O'CONNOR, COMPTROLLER OF THE CURRENCY, AT HUNTINGTON, W. VA., JUNE 3, 1937

Mr. NEELY. Mr. President, I ask unanimous consent to have printed in the RECORD an unusually able address delivered by Hon. J. F. T. O'Connor, Comptroller of the Currency, on the occasion of the unveiling of the bust of John Marshall at the Centennial Anniversary Celebration of the

founding of Marshall College at Huntington, W. Va., June 3, 1937.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

It is an honor to participate with you in celebrating the centennial anniversary of Marshall College. The few who assembled here to establish a school for their children builded better than they knew. It was called Mount Hebron during its infancy, and when it reached its majority in 1858 the name was changed to Marshall College. The lamp of learning lighted at Mount Hebron 100 years ago has never been extinguished. Its rays have penetrated the fogs of ignorance and superstition. The sons and daughters of this great Commonwealth have benefited from the sacrifice of the early fathers. Those who have contributed to the success of this college appreciated the fact that if a democracy were to succeed it must be based upon the intelligence of its citizens.

The name of John Marshall was a proper selection. His family was a part of your own soil. Thomas Marshall, John Marshall's father, was born 100 years before Mount Hebron was founded. John was born in Germantown, Va., in 1755, the oldest of 15 children, and in those adverse circumstances he showed an early love for learning, especially English literature, poetry, and history, and at the age of 12 he knew large portions of Pope's writings and was familiar with Dryden, Shakespeare, and Milton. At the school of the Messrs. Campbell in Westmoreland County he became acquainted with James Monroe, a fellow student. After his enlistment in the Army expired in 1779, he returned to Virginia and attended law lectures delivered by Chancellor Wythe, of William and Mary College, and he was admitted the following year to the practice of law. He won immediate recognition at the bar, and his early efforts in the courts attracted the attention of the great lawyers of his day.

The General Assembly of Virginia passed an act during the war which provided that Americans in debt to British creditors might be absolved of their indebtedness by paying the amount of their debt into the State treasury. The treaty of 1783 provided that creditors on either side should meet with no lawful impediment to the recovery of the full value in sterling money of all subsisting bona fide debts theretofore contracted. The validity of the act was challenged in *Ware* v. *Hilton*, and the case was argued in the circuit court of the United States in Richmond before Chief Justice Jay, Judge Iredell of the United States circuit court, and Judge Griffin of the United States district court. The American debtors were represented by Patrick Henry, John Marshall, Alexander Campbell, and James Innes, attorney general of Virginia, while Andrew Roland, John Wickham, Star, and Baker were counsel for the English creditors. The arguments were reduced to writing and have been preserved. Marshall stated: "The case resolves itself into two general propositions: First, that the act of the Assembly of Virginia is a bar to the recovery of the debt, independent of the treaty. Secondly, that the treaty does not remove the bar. That the act of the Assembly of Virginia is a bar to the recovery of the debt introduces two subjects for consideration: First, whether the legislature had power to extinguish the debt? Secondly, whether the legislature had exercised that power?" He further contended: "It will be allowed that nations have equal powers; and that America, in her own tribunals, at least, must, from the 4th of July 1776, be considered as independent a nation as Great Britain. Then what would have been the situation of American property had Great Britain been triumphant in the conflict? Sequestration, confiscation, and proscription would have followed in the train of that event; and why should the confiscation of British property be deemed less just in the event of the American triumph? The rights of war clearly exist between members of the same empire engaged in a civil war." Marshall contended that Virginia had the power of confiscation and had exercised it. He then pointed out that at the time of entering into the treaty of 1783 the defendant owed nothing to the plaintiff and that the treaty did not revive the debt in favor of the plaintiff.

At the session of 1782, Marshall took his seat in the General Assembly of Virginia as a member from Fauquier County. Cornwallis had surrendered at Yorktown in 1781 and all of the intricate problems which follow in the wake of a disastrous war were present. One of these problems was the payment of salaries to officers and soldiers about to be disbanded. There was no money in the Federal Treasury, the States were little better supplied, and public credit was at an exceedingly low point. The failure of the various States to comply with the request of Congress for voluntary contributions for the relief of the situation would indicate to all students of government the necessity for a strong central authority. Some of the States which had made great sacrifices to pay their quota of the contributions to the public service had resorted to issuing paper currency for this purpose and their own immediate wants. More than $300,000,000 in paper money issued by the Continental Congress became worthless—"not worth a Continental." The expression applied to this paper money has survived 150 years.

Marshall was reelected to the General Assembly of Virginia in 1784 and 1787, and was a member of the Convention of Delegates at which the Constitution was submitted for ratification in Richmond on June 2, 1787. Marshall was one of the strongest supporters of this new Constitution. It is interesting to observe that during the debate he proclaimed a doctrine, which he afterward expounded as Chief Justice of the Supreme Court of the United States, and which is recognized as one of the most important decisions in constitutional law. In his debate in the convention of Virginia urging the adoption of the Constitution, Marshall said: "If they (referring to Congress) were to make a law not warranted by any of the powers enumerated, it would be considered by the judges as an infringement of the Constitution which they are to guard. They would not consider such a law as coming under their jurisdiction. They would declare it void."

None of the States battled over the adoption of the Constitution more vigorously than Virginia. Virginia's first senators, William Grayson and Richard Henry Lee, were both opposed to its adoption, and the Virginia delegates took a like position in the Philadelphia Convention, notwithstanding the fact that Virginia was the birthplace of Washington and that Washington himself presided over the Convention. Virginia did not give its approval to the adoption of the Constitution until after it had received news that 9 out of 13 States had already given their consent. The controversy did not end with the adoption of the Constitution and the establishment of the Federal Government. The State which should have been first in its allegiance to the great Virginian opposed almost every important measure of his administration and was one of his bitterest critics.

The next great service rendered by Marshall to his country was as one of the Envoys Extraordinary and Ministers Plenipotentiary to France, together with Charles Cotesworth Pinckney and Elbridge Gerry. This Commission was appointed by President Adams. They arrived in Paris October 4, 1797. Corruption permeated the French Government from the highest to the lowest places, and it was fortunate that a strong delegation had been selected. Premier Talleyrand did not receive the delegation but sent a representative, who stated that the Directory was much exasperated at some parts of the address of President Adams, which must be softened and changed before the envoys could be received; and in addition a sum of money would be required for the use of the Directory, which would be at the disposal of M. Talleyrand; and also a loan from the United States to France would be insisted upon. It required the greatest sagacity, self-restraint, and courage to deal with the situation, but our envoys were equal to the task. When Talleyrand discovered that they could be neither bullied nor bribed, he received them and listened to their mission. This gave a new character to international diplomacy.

In 1799 Marshall took his seat in the United States House of Representatives. His first act was the sad task of announcing the death of George Washington. As a Member of the House, he opposed the Livingston resolution, which would have condemned President Adams for surrendering to British authorities, under the terms of the Jay treaty, Thomas Nash claimed as a British subject upon a charge of murder on the high seas aboard an English frigate. Nash falsely claimed to be an American citizen. Marshall contended that the case properly came under the terms of the treaty; that the act was properly an executive act and not a judicial act, and therefore did not interfere with the judicial department of the Government. He also voted to repeal the second section of the alien and sedition laws.

Congress adjourned May 14, 1800, and Marshall resigned his seat to accept the appointment of Secretary of State 1 month later. As Secretary of State he promulgated a vigorous and sound foreign policy. In a dispatch he said to Minister King: "The United States do not hold themselves in any degree responsible to France or to Great Britain for their negotiations with one or the other of those powers but they are ready to make amicable and reasonable explanations to either. The aggressions, sometimes of one and sometimes of another belligerent power, have forced us to contemplate and prepare for war as a probable event."

While Marshall was Secretary of State the country entered into one of its bitterest political campaigns, and the precedent established has been faithfully followed ever since.

The star of Thomas Jefferson was then appearing on the horizon, rising toward the Presidency. Alexander Hamilton and Thomas Jefferson were leaders of the two opposing philosophies of government. Marshall was a supporter of the Hamiltonian theory. A reading of Marshall's letters would make it appear that they might have been inspired by jealousy. In a letter to Hamilton, Marshall said: "To Mr. Jefferson, whose political character is better known than that of Mr. Burr, I have felt almost insuperable objections. His foreign prejudices seem to me totally to unfit him for the Chief Magistracy of a nation which cannot indulge those prejudices without sustaining deep and permanent injury." The opposition and seeming bitterness of President Adams and Marshall toward Jefferson perhaps accounts for one of the most important events of our history.

Chief Justice Ellsworth was in failing health, and it was known he could not serve during the next Presidential term. At the request of Adams he submitted his resignation, and Marshall was appointed Chief Justice of the Supreme Court on January 31, 1801, thus defeating Jefferson, the incoming President, in his desire to make the appointment. Marshall took office February 4, 1801, but continued to act as Secretary of State until March 5.

Time will not permit a review of all of the important decisions written by John Marshall while Chief Justice of the Supreme Court. A few should be mentioned. Perhaps one of the most celebrated is the decision in the case of *Marbury* v. *Madison*. Just before his term of office expired President Adams appointed, and the Senate confirmed, 42 justices of the peace for the District of Columbia. When Jefferson was inaugurated he directed Madison, as Secretary of State, to issue commissions to 25 of those appointed, but to withhold the other 17. Four of these brought suit

before the Supreme Court to compel the delivery of their commissions. When the case came to trial, the appointees had practically lost interest in the case; the terms had nearly expired; and a number of the appointees had declined to act. Yet out of this unimportant case, the issues of which had largely become moot, Marshall seized the opportunity to announce one of the most far-reaching principles of constitutional government ever rendered by our highest Court. Marshall held that the delivery of the commissions was not necessary to the consummation of the appointments; secondly, he decided that section 13 of the Ellsworth Judiciary Act of 1789 was unconstitutional, and he pointed out that the Court was given nothing but appellate jurisdiction. Marshall, however, omitted the words and immediately follow the same sentence: "With such exceptions * * * as the Congress shall make."

This language had for 14 years been constructed to mean that while Congress could not take from the Supreme Court original jurisdiction in the cases especially named in article 3 of the Constitution, Congress could add other cases to the original jurisdiction of the Supreme Court. In declaring section 13 unconstitutional, the Court held that the application of Marbury and others must be dismissed.

While there is no authority in the Federal Constitution giving the Supreme Court of the United States power to decide an act of Congress unconstitutional, the Court assumed this power and made this case one of the most important decisions ever rendered by the Supreme Court. The case was interesting from another angle. First, Marshall, as Chief Justice, had passed upon his own act of omission or negligence while he was acting as Secretary of State and Chief Justice of the Supreme Court. Secondly, he decided a controversy on its merits and decided that the appointees were entitled to their commissions notwithstanding his failure to deliver them. Thirdly, he decided that section 13 of the Judiciary Act of 1789 was unconstitutional, although none of the attorneys raised this question in their briefs, and finally the Court really passed on a moot question. The ethics of the legal profession have changed considerably, and no judge today would pass upon his own act. In this instance it would seem that Marshall was both judge and jury, and, after determining the issue, he held the question was not properly before the Court because the section was unconstitutional.

Another great opinion rendered by Marshall was in the Dartmouth College case, in which the facts were these: A charter was granted to Dartmouth College in 1769 by the Crown, on the representation that property would be given to the college if chartered; and after the charter was granted property was actually given. In 1816 the Legislature of New Hampshire passed three acts amending the charter, which amendments the trustees would not accept. They resorted to the aid of the State courts, where judgment was given against them; then they appealed their case to the Supreme Court. Marshall said in part: "This is plainly a contract to which the donors, the trustees, and the Crown, to whose rights and obligations New Hampshire succeeds, were the original parties. It is a contract on the faith of which real and personal estate has been conveyed to the corporation. It is then a contract within the letter of the Constitution and within its spirit also." In this case Daniel Webster appeared as one counsel.

Another point of constitutional law was raised in the celebrated opinion rendered in the case of *McCulloch* v. *The State of Maryland*. The constitutional power of Congress to incorporate a national bank was before the Court. It was true the Constitution contained no such specific authority, but its advocates contended that Congress had the authority to make all laws that were necessary and proper to carry into effect the powers enumerated in the instrument. The Bank of the United States was incorporated April 1816 and the following year a branch was established at Baltimore. In 1818 the Legislature of Maryland passed a law taxing all banks or branches thereof which were not chartered by its legislature. The branch bank refused to pay this tax, and McCulloch, the cashier, was sued for it. Judgment was rendered against him in the Maryland courts, whence the case was carried before the Supreme Court, and the decision of that tribunal was looked for with great interest. Marshall said, in part: "Although among the enumerated powers of government we do not find the word bank or incorporation, we find the great powers to lay and collect taxes, to borrow money, to regulate commerce, to declare and conduct a war, and to raise and support armies and navies." Marshall's famous statement with reference to the power of the State to tax is set forth in these words: "That the power to tax involves the power to destroy; that the power to destroy may defeat and render useless the power to create; that there is a plain repugnance in conferring on one government a power to control the constitutional measures of another, which other, with respect to those very measures, is declared to be supreme over that which exerts the control, are propositions not to be denied. If the States may tax one instrument employed by the Government in the execution of its powers, they may tax any and every other instrument. They may tax the mail, they may tax the mint, they may tax patent rights, they may tax the papers of the customhouse, they may tax judicial process, they may tax all the means employed by the Government to an excess which would defeat all the ends of government. This was not intended by the American people. They did not design to make their Government dependent on the States."

Those who gave the name of Marshall to this college ought to be commended. There is no better way to commemorate the services of great men and women of this country than to link their names with institutions of learning. The services of Marshall will always remain as an inspiration to young America as well as to the older generations. He stands as an example of courage, perseverance, and self-sacrifice. He ranks high among the founders of the Nation; he early formed definite habits of thinking which crystallized his character. To these principles he remained adamant. As a lawyer he knew the drudgery incident to the careful preparation of an argument in court. As a legislator he studied the fundamental principles upon which a democracy must be founded. As a Member of Congress he rose to the defense of a President who was carrying out the duties of his office. As an envoy he outwitted the craftiest statesmen of France. As Secretary of State he gave the first outlines of a strong foreign policy. As Chief Justice of the Supreme Court of the United States he rendered decisions which have influenced and molded the character of the American Nation. John Marshall, born of humble parentage in Virginia, rose to a position of power and prominence equal to that of the Presidency. These are some of the thoughts that the unveiling of his bust a few minutes ago have inspired in me. His memory will be an inspiration in the years to come to the thousands of students of this college, who will take with them into the world the influence of this great American which is still a vital living force in our Nation.

The Regional Conservation Authority Proposals

EXTENSION OF REMARKS

OF

HON. WALTER M. PIERCE

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Monday, December 20, 1937

SPEECH OF JOEL DAVID WOLFSOHN, EXECUTIVE SECRETARY, NATIONAL POWER POLICY COMMITTEE, BEFORE THE NATIONAL RECLAMATION ASSOCIATION, CASPER, WYO., OCTOBER 14, 1937

Mr. PIERCE. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech of Joel David Wolfsohn, executive secretary, National Power Policy Committee, before the National Reclamation Association, Casper, Wyo., October 14, 1937:

With the help of water you are pioneering in its effective conservation and utilization, maintaining and expanding the fertile domain of our Nation and continuing an increasingly efficient activity in a development which has a far-reaching effect upon the rest of the people. Reclamation as it was envisioned by your western leaders when the first laws were enacted on the subject represents more than merely providing water for irrigation of new lands. It was in reality a first step toward regional planning, its objective being maximum utilization of land and water resources.

Regrettably, many people do not have as clear an understanding and appreciation of the importance and significance of reclamation as is desirable. However, I believe you will agree with me that there is an increasing interest in this field, a growth of sympathy and a realization that a nation such as ours needs fruitful utilization of all its resources if our people are to enjoy a sound and wholesome standard of living.

It is superfluous for me in your presence to remark upon the splendid work of the Bureau of Reclamation, now so ably captained by Commissioner John C. Page. Because the Bureau has established and maintains an excellent record of achievement, reclamation has made progress and has earned the good will of the people, particularly those who understand the problems of conservation.

In the old days when reclamation was in its infancy, though it has been a fast-growing child, water-use projects were, generally speaking, local or private enterprises. They were relatively simple in their development. However, as time went on the projects grew not alone in complexity, but in the extent and nature of their influence.

It was realized that making arid or semiarid land productive was an end in itself but that the means to that end, namely water, had more than one use. And, further, that its use had a direct relationship to the development of the watershed from which the nourishment for the soil was taken. Thus, there grew up a feeling that direct utilization of water included not only planning for a reclamation dam and canal, but also the enhancement of the area served by the river. Then, too, when it became necessary because of elevation to pump water to the lands which were to benefit therefrom it came to be realized that hydroelectric energy might be the major byproduct of an irrigation system. Water that had been passed through the turbine of a power plant was still good for the irrigation canal.

Local projects touched on broader fields with increasing importance in problems of a social and economic nature. Men of

vision began to realize that all of this activity had to be intelligently direct and coordinated, lest mere enthusiasm and submission to local demands result in economic waste. Although we are a nation of tremendous natural resources, nevertheless, it became evident that these resources, even as one's personal resources, are not inexhaustible, and that conservation must be intelligently planned. There was a further realization that the very magnitude of the contemplated projects was such that they could not be accomplished by cities or States or water districts alone. Cooperation was called for, and cooperation was secured. It became increasingly evident that we had gone beyond even the broad boundaries of State lines.

In many other branches of our national life we have realized the necessity for regional controls. I need not enumerate the compacts that have been entered into between States for various purposes and the cooperative arrangements that exist, nor yet the divisions into which our Federal Reserve System and our Army Corps, aye, even our judicial system, is subdivided. Suffice it only to refer to the Colorado River with its compact between the States for the development of that basin; and the Pacific Northwest, where the States of Washington, Oregon, and Idaho have joined forces for planning and development.

Within the Reclamation Bureau there is a long-established record of cooperation with other branches of the Government and with the States in an effort to achieve a common purpose, namely, the enhancement of our national life through the aid of water and proper land utilization.

Generally speaking, however, water development throughout the United States has been haphazard and without apparent long-range plan. The result has become noticeable in various penalties and defects which might perhaps have been avoided by careful planning. Increasingly it has become evident to us that water is a precious natural resource and that depending upon what control we assert, it may be valuable or costly. The National Resources Committee, established by President Roosevelt under the chairmanship of Secretary of the Interior Harold L. Ickes, approached this problem with full realization of its importance, seeking to develop a policy which would promote public safety and health, the economic welfare of the people, and further the establishment and maintenance of a high standard of living. Its endeavor was to lay down a pattern for the maximum integrated use of water while observing the rights of the several States and of the Nation.

As a result, and it is an example of cooperation between State and Federal Government, the National Resources Committee in February of this year made public its drainage-basin study, a report of some 500 printed pages, filled with its findings regarding the Nation's water problem. Obviously, this was not intended to be nor could it be an answer to all the questions raised, but it was a start. One of its principal purposes was to focus the attention of the people on the problem to stimulate thinking.

It drew the conclusion that: "No fixed or final water plan is possible. Future water requirements in most areas can be estimated only approximately and for comparatively short periods. They will be affected by changes in density of population, in land use, in industry, and in social conditions. * * * Any water plan, no matter how frequently revised, must remain forever incomplete. Continuous planning is necessary. * * * Nevertheless, a framework of a national water plan is proposed that will permit early constructive action on sound lines along a broad front; a plan, moreover, that can be adjusted, filled in, and extended to meet changing conditions. A beginning has been made; the end can never be reached." It now is reviewing this first report with a view to submitting a revised program to the President prior to January 1938.

The National Resources Committee has not confined itself to water alone. It has demonstrated that land use requires planning; that mineral resources must be considered from the long rather than the short or immediate view; that production, transportation, consumption, science, technology, and population are intertwined in the development of America as a nation. They found that local media often are too close to their own problems to realize their relationship to broader aspects, but, that only through regional coordination and planning would it be possible to establish any sort of workable and feasible program for the conservation of the Nation's resources of whatever kind.

I think you will grant that these questions are no longer to be surrounded by boundaries of a municipality or a township or a county or even of a State. And, although a number of agencies, both Federal and State, are engaged in the field of water and soil conservation, coordination was not complete or fully effective, particularly in the field. From this grew the feeling that the vastness of the empire which is the United States demands regional treatment. And the regions must be flexible, depending upon their subject.

This view was crystallized in the message which President Roosevelt sent to the Congress on June 3 of this year, urging the establishment of national planning on a regional basis for the prudent use of our resources. In that message he declared that—

"Taking care of our natural estate, together with the stopping of existing waste and building it back to a higher productivity, is a national problem. At last we have undertaken a national policy.

"But it is not wise to direct everything from Washington. National planning should start at the bottom; or, in other words, the problems of townships, counties, and States should be coordinated through large geographical regions and come to the Capital of the Nation for final coordination. Thus the Congress would receive a complete picture in which no local detail had been overlooked.

"It is also well to remember that improvements of our national heritage frequently confer special benefits upon regions immediately affected, and a large measure of cooperation from State and local agencies in the undertaking and financing of important projects may fairly be asked for.

"Any division of the United States into regions for the husbandry of its resources must possess some degree of flexibility. The area most suitable as a region for the carrying out of an integrated program designed to prevent floods is the basin including the watersheds of a pivotal river. But other problems dependent upon other combinations of natural economic and social factors may require a somewhat different area to permit the most effective functional program.

"Neither the exact scope nor the most appropriate administrative mechanism for regional husbandry can at the start be projected upon any single blueprint. But it is important that we set up without delay some regional machinery to acquaint us with our problem.

"Such regional bodies would also provide a useful mechanism through which consultation among the various governmental agencies working in the field could be effected for the development of integrated programs of related activities. Projected programs would be reported by the regional bodies annually to the Congress through the President after he has had the projects checked and revised in the light of national budgetary considerations and of national planning policies. When the national planning board is established, I should expect to use that agency to coordinate the development of regional planning to insure conformity to national policy but not to give to the proposed national planning board any executive authority over the construction of public works or over management of completed works.

"Projects authorized to be undertaken by the Congress could then be carried out in whole or in part by those departments of the Government best equipped for the purpose, or if desirable in any particular case by one of the regional bodies. There should be a close coordination of the work done by the various agencies of government to prevent friction, overlapping, and unnecessary administrative expense, and to insure the integrated development of related activities. There should be the closest cooperation also with the developing State and local agencies in this field, particularly the State, regional, and local planning boards and the commissions on interstate cooperation which work through interstate administrative arrangements. And provision should be made for the effective administration of hydroelectric projects which have been or may be undertaken as a part of a multiple-purpose watershed development. The water-power resources of the Nation must be protected from private monopoly and used for the benefit of the people.

"This proposal is in the interest of economy and the prevention of overlapping or one-sided developments. It leaves the Congress wholly free to determine what shall be undertaken and provides the Congress with a complete picture not only of the needs of each one of the regions but of the relationship of each of the regions to the whole of the Nation."

In response to this suggestion there has been introduced in the Senate one bill known as S. 2555 or the Norris bill, and in the House of Representatives, Mr. RANKIN, of Mississippi, has introduced the same bill with only one change. Congressman MANSFIELD, of Texas, also has presented a regional conservation plan which differs substantially from the Senate proposal. Each of these measures is aimed at the same goal—national planning for the prudent use of our natural resources. And by prudent use is meant the greatest benefit to the largest number of the people.

Under the Norris bill, corporate authorities would be set up along the line of the T. V. A., which would have comprehensive planning powers to formulate projects. These projects may be undertaken by existing agencies, or Congress may direct the authority to execute them. Congressman RANKIN'S bill adheres to the Norris measure on all points, except that it proposes a single administrator, rather than a board, direct the regional work. Under the Mansfield bill, it is contemplated that the so-called regional planning agencies will have only planning powers. Under the Norris bill, the regional authorities have planning powers but are so organized that the Congress may use them as well as existing agencies to build and carry out the projects.

The director to be appointed under the Mansfield bill would have an indefinite term, just like the Commissioner of Reclamation. The members of the Board under the Norris bill would serve for 9 years. Each of the bills provides for cooperation with States; grants consent to State compacts in order to further the purposes of the act; requires the inclusion of adequate foundations, penstocks, etc., for power in all dams unless shown to be not necessary. Of course, the bills contain similar general provisions regarding employee compensation, civil service, etc.

Both bills are alike substantially with regard to the generation and transmission of electric power, and in that respect follow rather closely the provisions of the Bonneville bill (Public, No. 329) which was approved by the President on August 20, with this major change; both bills contemplate that one agency shall operate the transmission lines and powerhouse. In brief, these provisions are that surplus power generated at irrigation, flood-control, or navigation projects shall be sold with priority and preference to public bodies, under contracts which, with renewal periods, will

aggregate not more than 20 years each. Rates are to be kept as low as may be, based, however, upon the return of the investment to the Government within a reasonable period of years. It is suggested in each bill that rates may be made uniform through prescribed transmission areas so that decentralization may be encouraged as explained by the President in his recent speech at Bonneville.

The proposed bills provide for the creation of seven regional agencies, broadly, as follows: (1) Atlantic Seaboard Planning Agency, for the drainage basins of the rivers flowing into the Atlantic Ocean and of the rivers flowing into the Gulf of Mexico, from the east, below the basin of the Suwannee River; (2) Great Lakes-Ohio Valley Planning Agency, for the drainage basins of the rivers flowing into any of the Great Lakes and of the Ohio River, except those of the Tennessee and Cumberland Rivers, and of the rivers flowing into the Mississippi River above Cairo, Ill., from the east; (3) Tennessee Valley Planning Agency, for the basins of the Tennessee and Cumberland Rivers, of the rivers flowing into the Mississippi River below Cairo, Ill., from the east, and of the rivers flowing into the Gulf of Mexico east of the Mississippi River, except the rivers below the basin of the Suwannee River; (4) Missouri Valley Planning Agency, for the basins of the Missouri River and the Red River of the North, and of the rivers flowing into the Mississippi River above Cairo, Ill., from the west; (5) Arkansas Valley Planning Agency, for the basins of the Arkansas and Red Rivers and the Rio Grande, and of the rivers flowing into the Gulf of Mexico west of the Mississippi River; (6) Southwestern Planning Agency, for the basins of the Colorado River and the rivers flowing into the Pacific Ocean south of the California-Oregon line, and the Great Basin; and (7) Columbia Valley Planning Agency, for the basins of the Columbia River and the rivers flowing into the Pacific Ocean north of the California-Oregon line. The bill does not disturb, however, the present functions and activities of the Mississippi River Commission of the War Department.

These regions have been delimited to include the watersheds of pivotal rivers. They form the most suitable areas for the carrying out of an integrated program to prevent floods and to promote other water uses. But as President Roosevelt indicated in his message: "Other problems dependent upon other combinations of natural economic and social problems may require a somewhat different area to permit the most effective functional program." For that reason it is provided that in case of plans which involve integrated developments traversing the geographic region of two or more agencies the President may assign the working out of such plans to any one regional agency.

This flexibility will permit subdivision of work for varying functional purposes or for different river basins within the jurisdiction of a single authority. This has the advantage of permitting gradual development of integrated activities within natural subdivisions of a region. Obviously, it is certainly desirable at the start to avoid setting up an excessive number of regional agencies which might entail excessive overhead and administrative expense to the Federal Government.

The function of the regional agencies, either under the Norris or the Mansfield plan, will be to develop integrated over-all plans which will conform to national policy. These will be submitted annually to the President or such agency as he designates. These plans will contemplate the construction and undertaking of projects for the promotion of reclamation, the control and prevention of floods, the safeguarding of navigable waters, and the promotion of navigation. They involve conservation and prudent husbandry of water, soil, mineral, and forest resources, including the prevention of waste, either from drought or wind, dust storm or soil erosion, and the control and retardation of water run-off and the restoration and improvement of the absorption and infiltration capacity of the soil.

But all these plans are to be proposed only after development through study and investigation in cooperation and consultation with Federal, State, and local agencies.

After these plans have been submitted to the President and have been gone over by a central reviewing or planning agency set up by him, he will submit the plans to Congress with his recommendations. This affords a means, therefore, of bringing to Congress plans for useful Federal works necessary to preserve our natural resources, and Congress will then be able to authorize carrying out of such projects as it deems necessary and for which it makes appropriations. Congress will determine which department or agency shall be used to carry out the projects, and it is to be expected that most of the plans would be entrusted to those agencies which now are preeminent in special fields as, for example, the Bureau of Reclamation in the field of irrigation.

Chairman Mansfield, in a statement explaining his bill, pointed out that the reason that power was separated from other parts of his proposal is that the development of electric energy at Federal sites has created a new problem relating to the generation and marketing of public power so as to encourage the widest possible economic use thereof. It is believed that special attention is needed for this problem. To market power in the Tennessee Valley, the Congress in 1933 created a special authority. On recommendation of the National Power Policy Committee, Congress this year did likewise for Bonneville. The effective administration of important public-power projects, it would therefore appear, requires a special administrative set-up. Under the Norris bill the directors of the authority might be authorized by the Congress to handle power marketing. Under the Mansfield bill, the President would be authorized whenever he deemed it necessary in the public interest to set up a regional power authority to administer Federal hydroelectric developments in any region.

Experience has shown that unless our great river systems are controlled they are a menace; that exploitation of water for private gain has not protected the people; that the interest of the Nation demands prompt realization of the need for planning to remedy damage already begun and stop it from growing more disastrous. There is no question here between private and public ownership or control. The problem is greater than private agencies can encompass. In short, the future of the Nation is the Nation's problem. It is the responsibility of all the people and, because it is so broad, it must be given broad treatment.

It all comes down to one thing—conservation. The days of our exploiting pioneer have passed. We must conserve the heritage which Nature has bestowed upon us so that all of our people may have the benefit of an improved and constantly bettered standard of living.

Conservation requires that projects which may serve a multiple rather than a single purpose be treated with that in mind. Purposes which heretofore were deemed incompatible may, under favorable conditions or with proper planning, be reconciled for the benefit of a larger number of the people.

The conservation authorities proposed by the bills now pending and the creation of a conservation department headed by a Cabinet officer will be a most significant step toward a proper conservation program and will result in incalculable benefits to the Nation.

Navy Day Address

EXTENSION OF REMARKS

OF

HON. FRANK CARLSON

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, December 20, 1937

RADIO ADDRESS OF HON. FRANK CARLSON, OF KANSAS, OCTOBER 27, 1937

Mr. CARLSON. Mr. Speaker, under permission to extend my remarks, I am enclosing a radio talk delivered over radio station KSAL, Salina, Kans., on Navy Day, October 27, 1937.

Friends of radio station KSAL, I assure you it is a pleasure to speak to you this evening, and I want to express my appreciation to Mr. C. E. Rackley, of the United States Recruiting Service in Salina, for making the arrangements, and radio station KSAL for the opportunity.

Today we observe nationally what is known as Navy Day, and also observe the birthday anniversary of a great American, the late Theodore Roosevelt, former President of the United States. The Navy League of the United States inaugurated the observance of Navy Day in 1922 in tribute to the heroes of the United States Navy. It is the one day in the year that the Navy is at home to the public. The date of October 27 was selected for this annual observance because it was the birthday of the late President Roosevelt who founded the modern Navy of the United States and bent his every effort to the establishment of a sound naval policy for this Nation. It is also interesting to note that October is the month in which the original United States Navy was founded by the Continental Congress in 1775. The Navy is always ready to render aid, ashore and afloat, to our own citizens and to those of other nations when disaster occurs, and continues to be a friend of peace and an instrument of mercy, as well as a first line of national defense.

It would be a pleasure indeed to devote the entire 15 minutes to the biography of Theodore Roosevelt, but this evening I am going to discuss only his connection with, and interest in the United States Navy.

Among all the great Government departments there was none of greater interest to President Roosevelt than the Navy. To begin with, he believed firmly in our national need of a navy; he felt that without a well-organized, well-trained navy we could never take our proper place among the powers of the world, and he was determined to leave nothing undone that might enable us to take that place. His whole career proves this. He first became closely associated with the service as Assistant Secretary of the Navy. He was serving in this capacity at the outbreak of the Spanish-American War, and as Assistant Secretary he was a little too aggressive for the then Secretary of the Navy, and within a short while he was lifted out of his chair in a Washington office and sent off to Cuba with his famous Rough Riders. But going into the Army did not seem to make him lose any of his interest in the Navy. If it did, this interest immediately returned to him when he came back to Washington as Vice President and later as President following Mr. McKinley's death. It was then that he became a real builder of the Navy, a strong supporter of naval appropriations which were

asked of Congress, and a very warm friend to every officer and enlisted man in the service. Theodore Roosevelt has been spoken of as carrying a "big stick." Translating this into his naval policy, it meant something like this: "It would be a pity ever to have to shoot at an enemy ship. But, if you do have to shoot, then you must shoot well. For the ship that makes the most hits with each gun in every minute will be the ship that wins the fight." Or, as the President himself put it, "The only shots that count are those that hit." That sentence has been a great slogan in our Navy.

Colonel Roosevelt was a very strong believer in naval tradition. He felt that the Navy should, as far as possible, be handed down to the care of those who had been born and raised in it or near it. To carry out this idea he did all he could. By law the President was allowed to appoint a certain number of young men to be midshipmen at the Naval Academy. The object of this law was to provide appointments for the sons of naval officers who, because they are being constantly ordered about all over the world, seldom have any permanent home and, therefore, no proper representation in Congress. The President insisted during his administration that only sons of naval officers secure his appointments.

While I am discussing appointments to the Naval Academy, I want to mention that the Sixth Congressional District has sent a number of young men to this academy and they are now serving in the Navy with credit to our district and Nation. I have in mind at this moment Capt. Nat Pitman, of Concordia; Lt. Comdr. Russell Sturgess, of Concordia; and Lt. Howard Yeager, who has many friends in Salina. Last year Albert Waugh, of Mankato, graduated from the Naval Academy and is now assigned to duty on the Pacific Coast. At present the Sixth District has three young men attending the Naval Academy, Larry Geis and Niel Harkelroad, of Salina, and Vincent Muirhead, of Norton. The academy is located at Annapolis, which is about 30 miles from Washington, and therefore I have the opportunity of visiting with these young men from time to time. These boys are a credit to the district and I am certain we will be proud of them in the future. The Naval Academy furnishes a wonderful opportunity for a limited number of young men in the United States. It has been my policy since representing this district in Congress to fill the vacancies by competitive examination and the boy receiving the highest grade is the one who receives the appointment.

Navy Day was instituted for the purpose of bringing before the American people the importance of the United States Navy as the first line of defense of their country. One of the outstanding facts of the United States history is that whenever war has come upon us the American people have been quick, though late, to realize the vital importance of the Navy in our scheme of defense. However, it is a matter of history that following every war our Nation has immediately neglected the Navy. This happened after the War of the Revolution, after the War of 1812, the Civil War, and was especially true at the conclusion of the World War.

During the 7-year period from 1922 until 1929 this country did not build a new battleship or cruiser. From 1932 until 1937 the United States had a naval building program of 117 vessels. Of these 117 ships, 35 have been delivered and 82 are in various stages of construction. When these ships are completed our Navy will be up to the strength permitted under the Naval Limitations Armament Treaty of 1922.

The United States ranks fourth in tonnage of ocean-going vessels, being superseded by, first, Great Britain; second, Japan; and third, Germany. Few people realize that the defense of our coastwise seagoing commerce is fully as big a problem as the protection of our sea-borne commerce with foreign nations. It will be a surprise to many to learn that our merchant ships plying from coast to coast and other shore points carry more freight tonnage than the tonnage carried by ships from our shores to other countries. The Navy renders valuable service to this large volume of shipping, both in protection and during times of distress.

For the few remaining moments I want to discuss the international situation. At present our Nation is retreading the steps of 1916. In that year our Nation was prospering from a war-trade boom. This same thing is happening in 1937. We are exporting millions of dollars worth of munitions and articles of war. Normally we export 730,000 tons of scrap steel. This year from January until May we exported 1,250,000 tons of this steel. During the month of May we exported 750,000 tons of which Japan purchased 540,000 tons of this metal to be made into shells and other implements of war. In 1916 we loaned our allies and other foreign countries large sums of money with which to purchase articles of war. This year we are not making extensive loans, but are purchasing gold from every country that cares to sell it to us, for which we pay $35 an ounce for gold that has a market value of $20.50 per ounce. This gives foreign countries an opportunity to purchase war material in this country at a great advantage. From May 1 until August 1 Japan shipped us $130,000,000 worth of gold in gold bars, for which we paid $35 an ounce. In 1916 the country was flooded with propaganda that we must enter the World War in order to end wars. You will remember that was to be the last war. This year we are hearing that this is to be the war to save democracy and that our country should be one nation that would be willing to help in this great cause.

It seems to me if we are to keep out of this war, Congress should immediately pass legislation taking the profit out of war. When the boys returned from France in 1918 they were met by our citizens and acclaimed as great heroes, but they were also met by 22,000 of our citizens who had arisen from financial obscurity during the 18 months of war to millionaires and multimillionaires. It seems to me this is a blot on the fair name of America.

Another piece of legislation in which the American people are much interested is the Ludlow resolution which would permit the citizens to vote upon whether or not we should enter a foreign war. This legislation would not apply in case of invasion. One of the ironies of war is that those who declare it rarely fight. Our Nation should not forget the good advice of our first President, George Washington, who said that we should beware of foreign entanglements.

In conclusion I wish to state that the spirit of America is for peace. We hate war. Especially is that true of those who remember so distinctly the sufferings of the past war, and on this Navy Day it seems to me we should insist on an adequate national defense plus legislation we might enact which will keep us out of war.

Thank you.

State Control of Water Vital to Irrigated-Land States

Congress long ago established and has repeatedly reaffirmed as a fixed national policy that the respective States shall determine the control, appropriation, use, and distribution of water within their borders.

EXTENSION OF REMARKS

OF

HON. LAWRENCE LEWIS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Monday, December 20, 1937

LETTER SIGNED BY ALL 14 REPRESENTATIVES FROM THE 8 STATES OF THE ROCKY MOUNTAIN REGION, TOGETHER WITH A MEMORANDUM TRANSMITTED WITH THE LETTER TO THE COMMITTEE ON RIVERS AND HARBORS OF THE HOUSE OF REPRESENTATIVES

Mr. LEWIS of Colorado. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter signed by all 14 Representatives from the 8 States of the Rocky Mountain region, together with a memorandum transmitted with the letter to the Committee on Rivers and Harbors of the House of Representatives:

HOUSE OF REPRESENTATIVES,
Washington, D. C., December 13, 1937.

COMMITTEE ON RIVERS AND HARBORS,
House of Representatives, Washington, D. C.

DEAR COLLEAGUES: In our irrigated-land States of the West the primary essential to our growth and development—indeed, to our very existence—is water. Our entire economic structure and life is based on this indispensable resource. Our water supply is limited.

Our pioneers found from experience that the common-law rules in regard to water were not applicable to our peculiar conditions, and therefore they developed a system of local rules, customs, and laws adapted to and conforming with those conditions. These rules, customs, and laws have been fully elaborated in decisions by our Territorial and later by our State courts, and have been codified in statutes providing for the control, appropriation, use, and distribution of water in our respective States.

Beginning from a time long before any of us were born and continuing down to the present, the Congress of the United States has recognized and approved by repeated statutes such local rules, customs, laws, and decisions of courts. The Supreme Court of the United States has repeatedly upheld these Federal statutes. All of the executive departments up to the present have unquestioningly conformed their activities to the mandate of the Congress.

In the attached memorandum we have referred to some of the more important acts of the Congress and decisions of the United States Supreme Court.

We emphatically assert that any legislation which would tend to interfere with the supremacy of our State laws in respect to the control, appropriation, use, or distribution of waters within the borders of our respective States would not only be a complete reversal of the policy of the Federal Government but also would constitute a major disaster to the economic and social structure of the irrigated land States. Some provisions in the bills now before your committee threaten, if they do not actually destroy, this control by the respective States of the waters within their borders.

Memorandums presented by Congressman EDWARD T. TAYLOR, of Colorado, by Governor Leslie E. Miller, of Wyoming, and by various organizations in the irrigated land States have pointed out in

detail the particular portions of these bills which constitute such threat to the State control of our waters and reversal of the heretofore uniform policy of the Federal Government.

We hasten to add that we understand it is the intention of your committee to reframe these bills in order to avoid any such unfortunate and revolutionary change in our national policy. In making such changes we believe the attached memorandum may be helpful to you. You may rely on the fullest cooperation of each and all of us in reframing the bills now before your committee.

In any event there should be embodied in the bill or bills as rewritten a section in language similar to the following, to wit:

"Nothing in this act shall be construed as affecting or intended to affect or in any way to interfere with the laws of the respective States relating to the control, appropriation, use, or distribution of water used in irrigation or for municipal use or for any other uses whatsoever, or any vested right acquired therein; and nothing in this act shall be construed as affecting or intended to affect or in any way to interfere with such rights as the respective States now have to adopt hereafter such policies and to enact such laws as they may deem necessary with respect to the control, appropriation, use, or distribution of waters within their borders, except as modified by compacts between the States, or other interstate agreements. All officers and agencies of the Federal Government in carrying out the provisions of this act, shall proceed in conformity with such State laws now or hereafter enacted and nothing herein shall in any way affect any right of any State or of the Federal Government or of any landowner, appropriator, or user of water in, to, or from any interstate stream, or the waters thereof."

We call attention to the fact that the language above suggested is strictly in accordance with and largely a copy of sections contained in the Reclamation Act of June 17, 1902; in the Federal Water Power Act of June 10, 1920; and in the Boulder Canyon Project Act of December 21, 1928. The sections in these acts are quoted in the attached memorandum.

Sincerely yours,

John R. Murdock, of Arizona; Edward T. Taylor, Fourth District, Colorado; Lawrence Lewis, First District, Colorado; Fred Cummings, Second District, Colorado; John A. Martin, Third District, Colorado; D. Worth Clark, Second District, Idaho; Compton I. White, First District, Idaho; James F. O'Connor, Second District, Montana; Jerry J. O'Connell, First District, Montana; J. G. Scrugham, Nevada; John J. Dempsey, New Mexico; Abe Murdock, First District, Utah; J. W. Robinson, Second District, Utah; Paul R. Greever, Wyoming.

MEMORANDUM

(The Congress and the Supreme Court of the United States have repeatedly recognized and approved the validity of local rules, customs, laws, and court decisions in respect to appropriation, control, use, and distribution of water)

Seventy-five or eighty years ago, when agriculture was first undertaken by American settlers in regions now included in those Western States where irrigation is practiced, it was realized that the common-law "doctrine of riparian rights" in regard to the waters of natural streams was not applicable to conditions in those regions. Consequently the common-law "doctrine of riparian rights," or "riparian doctrine," that a riparian landowner is entitled to have waters of a natural stream continue to flow as they had flowed from time immemorial, subject to the reasonable uses of other riparian landowners, was rejected, and there was formulated and adopted the "doctrine of prior appropriation," or "appropriation doctrine," under which he who first diverts the water of a natural stream and applies such water to beneficial use, regardless of the locus of such application to the beneficial use, acquires a prior right or "priority" to the extent of such use against all subsequent appropriators up and down the stream.

As was stated by the United States Supreme Court in *Clark* v. *Nash* (1905) (198 U. S. 361, 370), in language subsequently emphatically approved by the United States Supreme Court in *California Oregon Power Co.* v. *Beaver Portland Cement Co.* (1935) (295 U. S. 142, 165):

"The rights of a riparian owner in and to the use of the water flowing by his land are not the same in the arid and mountainous States of the West that they are in the States of the East. These rights have been altered by many of the Western States, by their constitutions and laws, because of the totally different circumstances in which their inhabitants are placed, from those that exist in the States of the East, and such alterations have been made for the very purpose of thereby contributing to the growth and prosperity of those States arising from mining and the cultivation of an otherwise valueless soil, by means of irrigation. This Court must recognize the difference of climate and soil, which render necessary these different laws in the States so situated."

Very early in the period of initial settlement of the region now comprised within the so-called irrigated-land States of the far West, the Congress recognized and approved, as respects the public domain, "so far as the United States are concerned, the validity of the local customs, law, and decisions of courts" in respect to appropriation of water and to its control, use and distribution. This recognition and approval has been repeatedly reaffirmed by subsequent acts of the Congress and by opinions of the United States Supreme Court:

ACTS OF THE CONGRESS

Act of Congress of July 26, 1866 (14 Stat. L. 253, ch. 262, sec. 9; as amended by act of July 9, 1870, 16 Stat. L. 218, ch. 235, sec. 17; U. S. C., 1934 edition, title 43, sec. 661);

Desert Land Act of March 3, 1877 (19 Stat. L. 377, ch. 107, sec. 1; U. S. C., 1934 edition, title 43, sec. 321);

Reclamation Act of June 17, 1902 (32 Stat. L. 390, ch. 1093, sec. 8; U. S. C., 1934 edition, title 43, sec. 383);

Federal Water Power Act of June 10, 1920 (41 Stat. L. 1077, ch. 285, sec. 27; U. S. C., 1934 edition, title 16, ch. 12, sec. 821);

Boulder Canyon Project Act of December 21, 1928 (45 Stat. L. 1065, ch. 42, sec. 18; U. S. C., 1934 edition, ch. 43, sec. 617q).

UNITED STATES SUPREME COURT CASES

Gutierres v. *Albuquerque Land Co.* (1902), 188 U. S. 545, 552–553;

Kansas v. *Colorado* (1906), 206 U. S. 46, 94;

Clark v. *Nash* (1905), 198 U. S. 361, 370;

Wyoming v. *Colorado* (1921), 259 U. S. 419, 465;

Nebraska v. *Wyoming* (1935), 295 U. S. 40, 43;

California Oregon Power Co. v. *Beaver Portland Cement Co.* (1935), 295 U. S. 142, 154–165.

By way of example:

The Reclamation Act (act of June 17, 1902, 32 Stat. L. 390, ch. 1093, sec. 8; U. S. C., 1934 edition, title 43, sec. 383) expressly provides:

"SEC. 383. Vested rights and State laws unaffected by chapter: Nothing in this chapter shall be construed as affecting or intended to affect or to in any way interfere with the laws of any State or Territory relating to the control, appropriation, use, or distribution of water used in irrigation, or any vested right acquired thereunder; and the Secretary of the Interior, in carrying out the provisions of this chapter, shall proceed in conformity with such laws, and nothing herein shall in any way affect any right of any State or of the Federal Government or of any landowner, appropriator, or user of water in, to, or from any interstate stream or the waters thereof."

The Federal Water Power Act (act of June 10, 1920; 41 Stat. L. 1077, ch. 285, sec. 27; U. S. C., 1934 ed., title 16, ch. 12, sec. 821) provides:

"SEC. 821. State laws and water rights unaffected: Nothing contained in this chapter shall be construed as affecting or intending to affect or in any way to interfere with the laws of the respective States relating to the control, appropriation, use, or distribution of water used in irrigation or for municipal or other uses, or any vested right acquired therein."

The Colorado River compact, the negotiation of which was authorized by act of Congress approved August 19, 1921 (42 Stat. L. 171, ch. 72) and which was signed at Santa Fe., N. Mex., November 24, 1922, provides, in article IV, paragraph (c), as follows:

"(c) The provisions of this article shall not apply to or interfere with the regulation and control by any State within its boundaries of the appropriation, use, and distribution of water."

This compact was expressly approved by the Congress in the so-called Boulder Canyon Project Act (act of December 21, 1928; 45 Stat. L. 1064, ch. 42, sec. 13; U. S. C., 1934 ed., title 43, sec. 617 (1)).

This action by the Congress was an approval of each and every provision in the Colorado River Compact, including the provisions of article IV, paragraph (c) hereinabove quoted. But the Congress in this same Boulder Canyon Project Act went further and strongly reemphasized in an additional section the principle that the Federal Government would not interfere with the regulation and control by any State within its boundaries of the appropriation, use, and distribution of water.

Section 18 of said Boulder Canyon Project Act (45 Stat. L. 1065, ch. 42, sec. 18; U. S. C., 1934 ed., ch. 43, sec. 617q) is as follows:

"SEC. 617q. Effect of chapter on authority of States to control waters within own borders: Nothing in this chapter shall be construed as interfering with such rights as the States now have either to the waters within their borders or to adopt such policies and enact such laws as they may deem necessary with respect to the appropriation, control, and use of waters within their borders, except as modified by the Colorado River Compact or other interstate agreement."

In *Gutierres* v. *Albuquerque Land Co.* (1902) (188 U. S. 545) Mr. Justice White said in delivering the opinion of the Court (pp. 552–553):

"* * * We think, in view of the legislation of Congress on the subject of the appropriation of water on the public domain, particularly referred to in the opinion of this Court in *United States* v. *Rio Grande Irrigation Co.* (174 U. S. 690, 704–706), the objection is devoid of merit. As stated in the opinion just referred to, by the act of July 26, 1866 (ch. 262, sec. 9, 14 Stat. 253; Rev. Stat., sec. 2339), Congress recognized, as respects the public domain, 'so far as the United States are concerned, the validity of the local customs, law, and decisions of courts in respect to the appropriation of water.'"

In *Kansas* v. *Colorado* (1906) (206 U. S. 46) Mr. Justice Brewer, in delivering the opinion of the Court, said (p. 94):

"It [each State] may determine for itself whether the common-law rule in respect to riparian rights or that doctrine which obtains in the arid regions of the West of the appropriation of waters for the purposes of irrigation shall control. Congress cannot enforce either rule upon any State."

In *Wyoming* v. *Colorado* (1921) (259 U. S. 419) the Court says, at page 465:

"But here the controversy is between States in both of which the doctrine of appropriation has prevailed from the time of the first settlements, always has been applied in the same way, and has been recognized and sanctioned by the United States, the owner of the public lands. * * * Nor is the United States seeking to impose a policy of its choosing on either State. All that it has done has been to recognize and give its sanction to the policy which each has adopted."

In the recent case of *Nebraska* v. *Wyoming* (1935) (295 U. S. 40, at p. 43) the Supreme Court held:

"2. The motion asserts that the Secretary of the Interior is an indispensable party. The bill alleges, and we know as a matter of law, that the Secretary and his agents, acting by authority of the Reclamation Act and supplementary legislation, must obtain permits and priorities for the use of water from the State of Wyoming in the same manner as a private appropriator or an irrigation district formed under the State law. His rights can rise no higher than those of Wyoming, and an adjudication of the defendant's rights will necessarily bind him. Wyoming will stand in judgment for him as for any other appropriator in that State. He is not a necessary party."

In the recent case of *California Oregon Power Co.* v. *Beaver Portland Cement Co.* (1935) (295 U. S. 142 supra) the United States Supreme Court held, among other things, as summarized in headnote 8 of the official edition:

"8. Following the Desert Land Act of 1877, if not before, all nonnavigable waters then a part of the public domain became publici juris, subject to the plenary control of the designated States, including those since created out of the Territories named, with the right in each to determine for itself to what extent the rule of appropriation or the common-law rule in respect of riparian rights should obtain" (p. 163).

In this case the United States Supreme Court elaborately outlines the history of the development of the law in relation to waters in the irrigated-land States of the West, refers to and discusses the several acts of the Congress and the uniform line of decisions of the United States Supreme Court.

An important footnote appended to this case in the official reports (p. 164 of 295 U. S.) is as follows:

"In this connection it is not without significance that Congress, since the passage of the Desert Land Act, has repeatedly recognized the supremacy of State law in respect of the acquisition of water for the reclamation of public lands of the United States and lands of its Indian wards. Two examples may be cited:

"The Reclamation Act of 1902 (c. 1093, 32 Stat. 388), directed the Secretary of the Interior (section 8) to proceed in conformity to the State laws in carrying out the provisions of the act, and provided that nothing in the act should be construed as affecting or intending to affect or in any way interfere with the laws of any State or Territory 'relating to the control, appropriation, use, or distribution of water used in irrigation.'

"The act of June 21, 1906 (c. 3504, 34 Stat. 325, 375), made an appropriation for constructing irrigation systems to irrigate lands of the Uncompahgre, Uintah, and White River Utes in Utah, with the proviso that 'such irrigation systems shall be constructed and completed and held and operated, and water therefor appropriated under the laws of the State of Utah,' etc. This was amended by the Indian Appropriation Act of March 3, 1909, c. 263, 35 Stat. 781, 812, which again recognized the supremacy of the laws of Utah in respect of appropriation, and provided that the appropriation should 'be used only in the event of failure to procure from the State of Utah or its officers an extension of time in which to make final proof for waters appropriated for the benefit of the Indians.'"

It thus appears that by repeated acts of the Congress a definite national policy from which there has never been the slightest deviation, was long since determined upon, to wit, that the Federal Government shall proceed in conformity with "the local customs, law and decisions of courts" of the respective States in relation to the control, appropriation, use and distribution of water within their borders.

STATE CONSTITUTIONS

Furthermore, in the respective constitutions of the several irrigated-land States, which constitutions were submitted to and approved by the Federal Government prior to the admission of these States to the Union, the same principle of control by each State of the waters within its borders was strongly emphasized.

For example: Before Colorado was admitted to the Union on August 1, 1876, its constitution was approved by the Federal Government. Sections 5 and 6 of article XVI of the Colorado Constitution, then were and still are as follows:

"'SEC. 5. Water, public property: The water of every natural stream, not heretofore appropriated, within the State of Colorado, is hereby declared to be the property of the public, and the same is dedicated to the use of the people of the State, subject to appropriation as hereinafter provided.

"SEC. 6. Diverting unappropriated water; priority: The right to divert the unappropriated waters of any natural stream to beneficial uses shall never be denied. Priority of appropriation shall give the better right as between those using the water for the same purpose; but when the waters of any natural stream are not sufficient for the service of all those desiring the use of the same, those using the water for domestic purposes shall have the preference over those claiming for any other purpose, and those using the water for agricultural purposes shall have preference over those using the same for manufacturing purposes."

Before Wyoming was admitted to the Union, July 10, 1890, its constitution was submitted to and approved by the Federal Government. Section 31 of article I, being a part of the "Declaration of Rights" in this constitution, was and still is as follows:

"SEC. 31. Water being essential to industrial prosperity, of limited amount, and easy of diversion from its natural channels, its control must be in the State, which, in providing for its use, shall equally guard all the various interests involved."

Article VIII was and still is as follows:

"Irrigation and water rights.

"SECTION 1. Water is State property: The water of all natural streams, springs, lakes, or other collections of still water, within the boundaries of the State, are hereby declared to be the property of the State.

"SEC. 2. Board of control: There shall be constituted a board of control, to be composed of the State engineer and superintendents of the water divisions, which shall, under such regulations as may be prescribed by law, have the supervision of the waters of the State and of their appropriation, distribution, and diversion, and of the various officers connected therewith. Its decisions to be subject to review by the courts of the State.

"SEC. 3. Priority of appropriation: Priority of appropriation for beneficial uses shall give the better right. No appropriation shall be denied except when such denial is demanded by the public interests.

"SEC. 4. Water divisions: The legislature shall by law divide the State into four water divisions, and provide for the appointment of superintendents thereof.

"SEC. 5. State engineer: There shall be a State engineer who shall be appointed by the Governor of the State and confirmed by the senate; he shall hold his office for the term of six (6) years, or until his successor shall have been appointed and shall have qualified. He shall be president of the board of control, and shall have general supervision of the waters of the State and of the officers connected with its distribution. No person shall be appointed to this position who has not such theoretical knowledge and such practical experience and skill as shall fit him for the position."

Similar provisions were embodied in the constitutions of other irrigated-land States, which constitutions were submitted prior to their admission to the Union and were approved by the Federal Government. Such provisions still remain in these constitutions. For example:

Section 15 of article III, Constitution of Montana, admitted to the Union November 8, 1889.

Article XV of the Constitution of Idaho, which State was admitted to the Union by act of Congress July 3, 1890.

Article XVII, Constitution of Utah, which State was admitted to the Union January 4, 1896.

Sections 1, 2, and 3 of article XVI, Constitution of New Mexico, which State was admitted to the Union January 6, 1912.

Sections 1 and 2 of article XVII, Constitution of Arizona, which State was admitted to the Union February 14, 1912.

From the foregoing it is manifest that one of the conditions upon which the people of the irrigated-land States assumed the responsibilities of statehood, was that the respective States should have the right of control, appropriation, use, and distribution of waters within their borders, in conformity with their local customs, laws, and decisions of their courts. This was part of the solemn covenant entered into between the Federal Government and the people of the respective irrigated-land States. Any departure therefrom would constitute a breach by the Federal Government of such solemn covenant.

It is vital to the welfare of the irrigated-land States that care should be taken, in revising the so-called regional-authority bills, to make sure that there shall be no departure therein from the national policy, long since established and in reliance upon which the West has been settled and developed, viz: That the control, appropriation, use, and distribution of the waters within those States shall be subject to their local customs, laws, and the decisions of their courts.

The Farm Bill

EXTENSION OF REMARKS

OF

HON. H. STYLES BRIDGES

OF NEW HAMPSHIRE

IN THE SENATE OF THE UNITED STATES

Monday, December 20 (legislative day of Tuesday, November 16), 1937

ARTICLE BY DOROTHY THOMPSON IN THE NEW YORK HERALD TRIBUNE DECEMBER 20, 1937, ALSO EDITORIAL FROM THE WASHINGTON POST DECEMBER 19, 1937

Mr. BRIDGES. Mr. President, I ask unanimous consent to have printed in the RECORD an article by Dorothy Thompson dealing with the farm bill, published in the New York

Herald Tribune of December 20, 1937, and also an editorial dealing with the same subject, published in the Washington Post of December 19, 1937.

There being no objection, the article and editorial were ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune, December 20, 1937]

ON THE RECORD

(By Dorothy Thompson)

THE FARM BILL

On Friday the Senate of the United States passed a bill abolishing the American farmer and substituting in his place a "cooperator." The cooperator, lest one becomes confused, is not one who cooperates with fellow producers but one who cooperates with the Federal Government and brings the production policy of his individual farm into line with the Government's program. The German Nazis have invented the perfect description of it: "Gleichschaltung." The American farmer is to be "gleichgeschaltet."

States, counties within the States, and county committees on which the county agent will be an ex officio member will decide the quota that each farmer may devote to the production of marketable commodities. This quota will, of course, determine the value and price of the farm—this quota, and not the farmer's individual enterprise, competence, energy, and what he produces with them. The committee that determines this quota will hold the power of economic existence over the individual farmer. That committee would not dream, of course, of influencing the farmers' vote! There are in these committees, with power of life and death over the individual farmer, no opportunities for political corruption! Oh, yeah?

For thus making himself an employee of the Federal Government and surrendering his rights to control his own farm, the cooperator is, of course, to be remunerated by subsidy. If he obeys the rules, he gets a bribe. If he disobeys, he pays extremely heavy penalties.

To be sure, a plebiscite is provided for before allocations become effective. If one-third of the farmers in a given area vote against the allocations, then the program is overridden. Is there any possibility of one-third of the farmers using this "democratic" instrument?

At a meeting of the Tennessee Farm Bureau Federation in Memphis on October 29, 1937, Mr. Oscar Johnston, special representative of the Department of Agriculture, made a little speech. Mr. Johnston is a cotton farmer; he is, that is to say, the very efficient manager of a huge cotton plantation owned by British interests, which has been a large beneficiary of subsidies from the Federal Government. Mr. Johnston made it clear that nobody needs to worry about the few rugged individuals who might possibly want to remain farmers and not become "cooperators" or who might possibly disagree with the allotments of quotas.

"Cotton growers want acreage control of production," he said. "I don't care whether we have compulsory control or not. Because if we can get 75 percent of the farmers to join, the program will become compulsory. That 75 percent would not stand by and see the minority chisel. If they can't make them cooperate by legislation, they might by Ku Klux Klan or night riders. I believe that a control program will become compulsory."

Thank you, Mr. Johnston. But I recommend the brown shirt, riding breeches, and boots or puttees, rather than the more flimsy and impracticable costume of the Ku Klux Klan. That, after all, was designed for an illegal coercive organization. A coercive organization which has the backing of Mr. Johnston, "special representative of the Department of Agriculture," wouldn't need masks and nightgowns. Any simple, practical uniform, worn by the right persons, would have the effect of making a farmer look like one of his own sheep.

Funny. We used to picture Uncle Sam as a farmer.

Do the farmers want this bill?

They do not. They want help. They want compensation for the disadvantageous position they suffer under the tariff and relief from an overwhelming burden of debt and taxation. They want help so badly that they are being persuaded to sign on the dotted line. The mortgage has been the farmer's curse eternally. He has just been asked to sign collectively the biggest mortgage in the history of the United States—a mortgage on his independence.

Does the Senate believe in the bill it has just passed?

It does not. Any number of Senators who voted for this bill are extremely queasy about it. Why did they do it? Because the farmers want help; they are expected to pass a bill at this session; the whole question of farm relief is enormously complicated. It might be well to make some concession to the President. The wage and hour bill will make more trouble for them, etc.

Will this bill solve the farmer's problems?

Come back in 5 years and ask. The compensations provided under it are totally inadequate to compensate the farmer for the discrimination brought about by the necessity of selling his goods in a free market and buying them in a protected one, behind a tariff wall which adds 50 to 100 percent to his costs.

I will go into the prophecy business and say that for the cotton farmer the bill will be disastrous. The tariff and artificial control methods in America have already made it more profitable for the foreign consumers, who once bought half our cotton crop, to buy elsewhere, from those who are willing to sell in a competitive world market. We have already lost half of our export trade, and we have now passed a bill to lose the rest of it.

And the farmer who doesn't grow cotton mustn't grow anything else for the market that might compete with what the farmers of the Middle West already grow in too large quantities.

Well, you and I are not farmers, and it doesn't matter to us. Does it?

We are going to reduce cotton acreage. A single bale of cotton takes 200 to 250 man-hours of human labor to produce. We contemplate reducing the crop by 8,000,000 bales, which means doing away with 1,800,000,000 hours of labor. At present W. P. A. costs, work relief for this displaced labor will cost $700,000,000. And we will all pay for it.

The President wanted the cost of this bill set. No human being can set the cost of this bill. The cost of the subsidies and the administration will be a mere bagatelle in the total cost.

But the cost is not the most important thing about it. Whatever we did for the farmers, and something has to be done, would cost money. If we paid them a direct subsidy, estimated to equal unfair tariff discrimination against them on that portion of their production domestically consumed, and then let them compete with the rest of the world on the open market—that would cost a great deal of money.

But it wouldn't establish a balanced-parity-ever-normal system of farmer peonage.

And that is what this bill does.

[From Washington (D. C.) Post of December 19, 1937]

A LEGISLATIVE MONSTROSITY

From almost any angle of approach, passage of the farm bill by the Senate is an astounding performance. Few more sweeping measures have ever emerged from an American legislative chamber. Yet of those casting the final votes, probably only a handful understand all the complex features of the bill. The usually sober and deliberate Senate has been stampeded into approval of a measure with unpredictable consequences for both our economic and political systems.

Throughout its consideration of the farm bill Congress has been under pressure. Committees in both the Senate and House reported out bills before they had been carefully analyzed or properly drafted. Debate at both ends of the Capitol was hurried, confused, and inadequate. Such vital questions as the constitutionality of the measure were passed over with the briefest comments, as though the majority of legislators were afraid to submit the bill to that test.

When the final vote came on Friday Senators were still clamoring to be heard. But Vice President Garner drove the measure through by refusing to recognize appeals for further debate. Numerous Senators must have voted to please farmer constituents regardless of the specific terms of the bill or of personal convictions. The result is a monstrosity which, in some respects, has aroused the strong opposition of even the Secretary of Agriculture.

From the fiscal viewpoint the bill either makes a mockery of professed desires to balance the Budget or is a fraud upon farmers. In one section it sets up a policy of regulating commerce in cotton, wheat, corn, tobacco, and rice "to the extent necessary" to provide "parity of prices" and "parity of income" for producers of such commodities. And it authorizes expenditure of "such sums as are necessary" to carry out this purpose.

No one can foresee what the cost of such a program would be. It has been variously estimated at from $750,000,000 to $1,500,000,000. Farmers have been led to believe that the funds will be forthcoming regardless of how much money is needed. But another section of the hodge-podge bill requires the Secretary of Agriculture to scale down payments to farmers on a pro-rata basis, so that total outlays will not exceed the funds available. Under that provision the entire question of costs would be determined by the size of the appropriation granted each year.

These ambiguous provisions indicate that the hopes of beneficiaries are likely to be disappointed. Congress has made a pretense of being generous without providing the necessary funds. There is not the least expectation that new taxes to support a billion-dollar farm program will be voted. And if Congress attempts to spend more than $500,000,000 through this bill, without providing additional revenue, President Roosevelt is virtually committed to a veto.

From an administrative viewpoint the bill imposes an impossible task upon the Secretary of Agriculture. He must supervise production on almost every American farm. For he is instructed to deny benefit payments to farmers who use acreage taken out of cultivation of basic crops for the production of commodities to sell on the market.

This amendment is designed to protect the dairy industry. It represents a logical extension of the theory that farm prosperity is to be obtained by curtailing output to raise prices. Yet Senator POPE, coauthor of the bill, points out that such policing of every farm will be impossible and that it may result in a break-down of the entire program.

From the constitutional viewpoint, the bill sanctions an incredible invasion of personal rights. Production quotas are to be assigned to every farm. And in periods of surplus production coercive penalties will be applied to every farmer marketing wheat, cotton, corn, tobacco, and rice against the instructions of the Secretary of Agriculture. To hang such a drastic regulation of

individual farms upon the interstate commerce clause of the Constitution is plainly absurd.

It seems incredible that the Senate should have followed its courageous fight for constitutional government in the Court-packing issue with such reckless disregard of the limits on its own legislative powers. By such irresponsible action it is inviting another adverse decision from the Supreme Court if the President permits this irrational measure to become law.

Mr. Roosevelt could scarcely be expected to veto the bill because of its constitutional weakness. But the impractical administrative provisions and the grave threat to a balanced Budget will give him ample reason to exercise his veto power if this monstrosity emerges from conference in anything like its present form.

Tax-Exempt Salaries and Securities—A Reexamination

EXTENSION OF REMARKS

OF

HON. ROBERT M. LA FOLLETTE, JR.

OF WISCONSIN

IN THE SENATE OF THE UNITED STATES

Monday, December 20 (legislative day of Tuesday, November 16), 1937

ARTICLE BY JOSEPH L. LEWINSON IN THE AMERICAN BAR ASSOCIATION JOURNAL FOR SEPTEMBER 1937

Mr. LA FOLLETTE. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD an article appearing in the American Bar Association Journal for September 1, 1937, entitled "Tax-Exempt Salaries and Securities—A Reexamination," by Joseph L. Lewinson. I have secured the estimate required by the rules, and therefore ask that the article be printed in the Appendix of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TAX-EXEMPT SALARIES AND SECURITIES: A REEXAMINATION

(Doctrine of instrumentalities as applied to national taxing power calls for "fresh consideration"—does not go back to Marshall's celebrated judgment in *McCulloch* v. *Maryland*, but was originated, amplified, and fortified in later cases. Underlying question is as to proper canon for construction of powers expressly conferred on Congress by Constitution. Present doctrine, expressed by Chief Justice Hughes in Wagner Act case, is that such powers must not be exercised in a way which will disturb proper balance between State and national powers, and the question is necessarily one of degree. It cannot be said that history shows that implied absolute limitations on either National or State taxing power are necessary for preservation of Federal system, etc.)

(By Joseph L. Lewinson, member of the Los Angeles Bar)

I

The immunity of instrumentalities from taxation, it is said in the leading case of *Collector* v. *Day*[1] "is upheld by the great law of self-preservation." But, in order to preserve the Federal system is it necessary to have a rule of absolute prohibition? Or may nondiscriminatory taxes be permitted to stand? In short, would the Federal system fly to pieces if income, derived from State and municipal bonds, were taxed on the same basis as earned income? Or if State and municipal salaries were taxed on the same basis as other salaries?

In *Brush* v. *Commissioner*,[2] the latest case on the subject of immunity of instrumentalities (decided March 15, 1937), five justices, speaking through Justice Sutherland, held that the salary of an employee of the New York City water system was not subject to Federal income tax. Justices Stone and Cardozo concurred in the result on the ground that the petitioner had "brought himself within the terms of the exemption prescribed by Treasury Regulation 74, article 643"; and, as the validity of the regulation had not been challenged by the Government, they expressed no opinion "as to the need for revision of the doctrine of implied immunities declared in earlier decisions." Justice Roberts, in a dissenting opinion, concurred in by Justice Brandeis, said that the former decisions had "not furnished the executive a consistent rule of action." Justice Roberts also said: "The need of equitable and uniform administration of tax laws, National and State, and the just demand of the citizen that the rules governing the enforcement of those laws shall be ascertainable require an attempt at rationalization and restatement."

While the views of the four Justices are arresting, in the light of *Helvering* v. *Powers*[3] (which held that trustees operating the Boston Elevated Railway under a public trust must pay Federal income tax on their salaries) the decision in *Brush* v. *Commissioner* seems "progress backward."

Besides, the Justices have divided 5 to 4 or 6 to 3 in cases other than those involving municipal salaries.[4]

And while under existing decisions, Congress may not levy a tax on income derived from State or municipal securities, Congress, by levying an excise measured by income, may reach corporate income derived from State or municipal securities, and individual income derived from capital gains on municipal securities; and the several States by a similar device—or shall we say fiction—may reach corporate income derived from United States securities or copyrights or patents, or individual income derived from lands administered by an "instrumentality" of the United States.[5]

Again, there has been an irreconcilable difference of opinion as to the principle of necessity supposed to underlie the doctrine of instrumentalities. The application of the principle has been explained by Justice Butler (with Justice Cardozo alone refusing assent), as follows:

"Its application does not depend upon the amount of the exaction, the weight of the burden, or the extent of the resulting interference with sovereign independence. Where it applies, the principle is an absolute one wholly unaffected by matters or distinctions of degree."[6]

On the other hand, in an attempt at rationalization and restatement, Justice Roberts, speaking for Justice Brandeis and himself, has said:

"It seems to me that the reciprocal rights and immunities of the National and a State Government may be safeguarded by the observance of two limitations upon their respective powers of taxation. These are that the exactions of the one must not discriminate against the means and instrumentalities of the other and must not directly burden the operations of that other."[7]

And speaking for the whole Court, Chief Justice Hughes has cautioned:

"It must be remembered that we are dealing not with any express constitutional restriction, but only with an asserted implication."[8]

In his argument in the Pollock case, Joseph H. Choate thought it worth while to denounce the income-tax law "as communistic in its purposes and tendencies." And Justice Field echoed the sentiment in his opinion. "The present assault upon capital," said the distinguished justice, "is but the beginning." These utterances indicate the state of economic opinion at the time. The change in economic opinion since the Pollock case has been not less than the change in social thought since the Bakeshop case.

From this unsatisfactory state of the authorities and by reason of "the economic conditions which have supervened"—to apply the criteria applied in the Washington Minimum Wage Case—it appears "not only appropriate but * * * imperative" that "the subject should receive fresh consideration."[9]

A "fresh consideration" of the doctrine of instrumentalities will show (1) that the doctrine as applied to the national taxing power does not go back to the celebrated judgment of Chief Justice Marshall in *McCulloch* v. *Maryland*,[10] but was originated in *Collector* v. *Day*,[11] amplified in *Pollock* v. *Farmers' Loan & Trust Co.*,[12] and fortified in *Evans* v. *Gore*,[13] and (2) it is not too much to say there is no sound theoretical basis for "an asserted implication" of absolute limitations upon the Federal taxing power any more than upon other powers expressly granted to the general government by the Constitution; and (3) the experience of this country, as well as that of the Dominion of Canada and the Commonwealth of Australia, have shown that a Federal system is not balanced on a fulcrum of implied absolute limitations on Federal taxing power; and (4) the Supreme Court might well recede from the position taken in Evans against Gore that the sixteenth amendment gave no power to Congress to reach income not otherwise taxable; and (5) at least in the absence of special and extraordinary circumstances, nondiscriminating Federal taxes, including taxes on State and municipal securities as well as salaries, should ordinarily be held constitutional.

II

The tax held bad in *McCulloch* v. *Maryland* was a stamp tax, and applied only to note issues of banks operating in the State and not chartered by the State legislature. The tax was, therefore, discriminatory and obviously designed to drive the Bank of the United States out of Maryland. But Chief Justice Marshall was more concerned with forging a weapon against nullification sentiment,

[1] 11 Wall. 113 (1871).
[2] 81 L. Ed. Adv. Op. 443 (1937).
[3] 293 U. S. 214 (1934).
[4] See, e. g., *Burnet* v. *Coronado Oil & Gas Co.* (285 U. S. 393 (1932)); *South Carolina* v. *United States* (199 U. S. 437 (1905)); *Indian Motorcycle Co.* v. *United States* (283 U. S. 570 (1931)); see *infra* note 35. See also, Paul and Mertens, Law of Federal Income Taxation (1934), vol. 1, sec. 6.65 et seq., especially sec. 6.70.
[5] See cases cited in Notes 26, 28, 29, 30, 31, 44, 71, 73.
[6] *Trinityfarm Cons. Co.* v. *Grosjean* (291 U. S. 466, 471 (1934)).
[7] *Brush* v. *Commissioner* (81 L. Ed. Adv. Op., 443, 452 (1937)).
[8] *Wilcutts* v. *Bunn* (282 U. S. 216, 231 (1931)).
[9] *West Coast Hotel Co.* v. *Parrish* (81 L. Ed. Adv. Op. 455 (1937)).
[10] 4 Wheat. 316 (1819).
[11] 11 Wall. 113 (1871).
[12] 157 U. S. 429; 158 U. S. 601 (1895).
[13] 253 U. S. 245 (1920).

which was rampant, especially in Virginia, than with deciding the case before the Court.[14] So Marshall departed from the case and wrote an essay on national power. He took the position that, by reason of the supremacy of the National Government within its sphere, the States were forbidden to interfere in any way with any agency or instrumentality of the United States. Hence he held that any State tax on the functions of the Bank of the United States, whether discriminatory or not, would be unconstitutional. It was in that connection that he said, "The power of tax is the power to destroy," and the "States have no power, by taxation or otherwise, to retard, impede, burden, or in any manner control the operations of the constitutional laws enacted by Congress to carry into execution the powers vested in the General Government." Marshall, however, was at pains to indicate that the converse was not true. In meeting the contention that "every argument which would sustain the right of the General Government to tax banks chartered by the States would equally sustain the rights of the States to tax banks chartered by the General Government," he said that "the two cases are not on the same reason" because the "people of all the States, and the States themselves, are represented in Congress, and, by their representations, exercise this power."[15] It should be added that Marshall upheld the nondiscriminatory State taxes levied on the real estate and other property of the bank.

While in Marshall's time the Union was endangered by nullification sentiment, it is worth remembering that in 1871 many thoughtful citizens believed the Federal system was threatened by schemes to aggrandize national power. In fact, only 2 or 3 years before the decision in *Collector* v. *Day* judicial review of the findings of the military tribunals set up in the South had been prevented by the expedient of repealing the appellate jurisdiction of the Supreme Court under the Habeas Corpus Act.[16]

Collector v. *Day* held that the Civil War income tax, which was, of course, nondiscriminatory, could not be collected on the salary of a State probate judge. The Court undertook to apply to the national power the doctrine of absolute prohibitions laid down in *McCulloch* v. *Maryland*, as applicable to State power. Referring to *Dobbins* v. *Erie County*[17] (in which it had been held that the States were prohibited from taxing the salary of an officer of the United States), the Court said it would "upon the same construction" of the Constitution "and for like reasons," show that the Government was "prohibited from taxing the salary of the judicial officer of a State." In undertaking to make that showing, the Court said:

"The supremacy of the General Government, therefore, so much relied on in the argument of the counsel for the plaintiff in error in respect to the question before us, cannot be maintained. The two Governments are upon an equality, and the question is whether the power 'to lay and collect taxes' enables the General Government to tax the salary of a judicial officer of the State, which officer is a means or instrumentality employed to carry into execution one of its most important functions, the administration of the laws, and which concerns the exercise of a right reserved to the States."[18]

Pollock v. *Farmers' Loan & Trust Co.* held that (1) a tax on incomes derived from property was a direct tax, and under article I, section 8, clause 4, to be constitutional, had to be apportioned, and (2) incomes derived from State or municipal bonds were not subject to national taxation at all. The Court arrived at the first conclusion by tracing income to its source, and holding that if a tax on the source would constitute a direct tax, so also would a tax upon the income. The basis of the second proposition was that a tax on incomes derived from State or municipal bonds was "a tax on the power of the States and their instrumentalities to borrow money, and consequently repugnant to the Constitution."

In *Evans* v. *Gore*, which held that the salary of a United States judge was not subject to Federal income tax, the Court (in undertaking to meet the argument that the sixteenth amendment must be deemed to have authorized such taxation) took the position that the sixteenth amendment overruled only the first branch of the Pollock case, and not the second branch.

III

Whatever one may think of the absolutes in which Chief Justice Marshall undertook to deal in *McCulloch* v. *Maryland*, or of the theory of dual federalism applied in *Collector* v. *Day*, or of the idea of tracing income to its source insisted on in *Pollock* v. *Farmers' Loan & Trust Co.*, or of the cramped construction given to the sixteenth amendment in *Evans* v. *Gore*, no informed person would contend that in the exercise of the judicial power, the postal power, the commerce power, or the bankruptcy power—to say nothing of the war powers—the National Government or its agencies are absolutely prohibited from interfering in any degree with the States or their "instrumentalities."

Permissible interferences with State governments and their "instrumentalities" are, indeed, many and varied.

The Federal courts may by habeas corpus release persons who are in the custody of State officers.[19] Congress may require the State courts to administer the Federal Employers' Liability Act.[20] United States mail trucks may decline to comply with local headlight specifications.[21] Mail-truck operators need not take out local driver's licenses.[22] A public utility acting under Federal authority may construct a dam and flood an area, including a county seat, where the county records are kept.[23] Soldiers in the execution of orders may disregard local speed laws.[24] A State owning and operating a terminal railroad may be subjected to the penalties imposed by the Federal Safety Appliance Act irrespective of whether the State is acting in a sovereign or private capacity.[25]

Does the national taxing power stand on a different footing?

Congress may tax the notes of a bank incorporated under a State law, though the purpose of the tax is to drive the notes out of circulation.[26] Congress may tax the transmission of property by inheritance or will, though the States and not Congress have created the privilege of succession.[27] Congress may tax the enjoyment of a corporate franchise, though a State and not Congress has brought the franchise into being.[28] Congress may impose an import tax on scientific instruments imported by a State agency, though the instruments are to be used in the performance of a strictly governmental function.[29] Congress may impose a tax on State banks, measured by the average amount of their deposits, though deposits of State funds are not excluded.[30]

And despite the supremacy clause in the Constitution, a State in the exercise of its taxing power may enter the domain of the National Government. A State may tax a corporation engaged almost exclusively in interstate commerce and measure the tax by net profits derived from interstate commerce.[31] A State may impose a tax on corporations, measured by income, without allowing deductions on income realized from the United States Government bonds or from United States patents or copyrights.[32] A State may tax the income of an Indian derived from oil lands administered by an "instrumentality" of the National Government.[33]

Up to within a twelvemonth the doctrine of instrumentalities had not been held applicable to national powers other than the taxing power.

In *United States* v. *California* it was argued that a terminal railroad owned and operated by a State was not subject to the Federal Safety Appliance Act because the railroad was a State instrumentality. But Justice Stone, speaking for the whole Court, said:

"The analogy of the constitutional immunity of State instrumentalities from Federal taxation, on which respondent relies, is not illuminating. That immunity is implied from the nature of our Federal system and the relationship within it of State and National Governments, and is equally a restriction on taxation by either of the instrumentalities of the other. * * * But there is no such limitation upon the plenary power to regulate commerce."[34]

In *Ashton* v. *Cameron, Etc., District*,[35] however, it was held that the doctrine of immunity of instrumentalities limited the bankruptcy power of Congress. Speaking for the Court (Hughes, C. J.; Cardozo, Brandeis, and Stone, JJ., dissenting on the application of the doctrine to the Municipal Bankruptcy Act), Justice McReynolds said:

"The power 'to establish * * * uniform laws on the subject of bankruptcies' can have no higher rank or importance in our scheme of government than the power 'to lay and collect taxes.' Both are granted by the same section of the Constitution, and we find no reason for saying that one is impliedly limited by the necessity of preserving independence of the States while the other is not."

And in the Wagner Act cases, speaking of the commerce power, in the majority opinion, Chief Justice Hughes said:

"Undoubtedly the scope of this power must be considered in the light of our dual system of government and may not be

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[14] Beveridge, Life of Marshall (1919), vol. IV, chap. 6.

[15] 4 Wheat 316, 435 (1819). In the subsequent case of *Gibbons* v. *Ogden*, 9 Wheat. 1 (1824), Chief Justice Marshall rejected the idea of implied prohibitions on express powers. See discussion by High Court of Australia in *Amalgamated Society of Engineers* v. *Adelaide Steamship Co.*, 28 C. L. R. 129 (1920); and see also *Flint* v. *Stone-Tracy Co.*, 220 U. S. 107 (1910). The great Chief Justice also definitely rejected the idea that the courts had any right to limit the powers of Congress because of the fear of their abuse (*Gibbons* v. *Ogden*, supra); and see *Engineers Case*, supra; *Forbes* v. *Attorney General for Manitoba*, 53 Times Law Rep. 211 (1937); and dissenting opinion of Holmes, J., in *Hammer* v. *Dagenhart*, 247 U. S. 251 (1918), and of Stone, J., in *United States* v. *Butler*, 297 U. S. 1 (1936).

[16] *McCardle Case*, 6 Wall. 318 (1868), and 7 Wall. 506 (1869).

[17] 16 Peters 435 (1842).

[18] *Collector* v. *Day*, 11 Wall. 113, 126 (1871).

[19] *Frank* v. *Mangum*, 237 U. S. 309 (1915).

[20] *Second Employers' Liability Cases*, 223 U. S. 1 (1912).

[21] *Ex parte Willman*, 277 Fed. 819 (1921).

[22] *Johnson* v. *Maryland*, 254 U. S. 51 (1920).

[23] *Missouri ex rel.* v. *Union Electric Light & Power Co.*, 42 Fed. (2d) 692 (1930).

[24] *State v. Burton*, 41 R. I. 303 (1918).

[25] *United States* v. *California*, 297 U. S. 175 (1936.)

[26] *Veazie Bank* v. *Fenno*, 8 Wall. 533 (1869).

[27] *Knowlton* v. *Moore*, 178 U. S. 41 (1900).

[28] *Flint* v. *Stone-Tracy Co.*, 220 U. S. 107 (1910).

[29] *Board of Trustees of University of Illinois* v. *United States*, 289 U. S. 48 (1933).

[30] *Manhattan Co.* v. *Blake*, 148 U. S. 412 (1893).

[31] *Hump Hairpin Mfg. Co.* v. *Emerson*, 258 U. S. 290 (1922); *Northwestern Mutual Life Ins. Co.* v. *State of Wisconsin*, 275 U. S. 136 (1927).

[32] *Pacific Co.* v. *Johnson*, 285 U. S. 480 (1932); *Fox Film Co.* v. *Doyal*, 286 U. S. 123 (1932).

[33] *Indian Territory Oil Co.* v. *Board*, 288 U. S. 325 (1933).

[34] 297 U. S. 175, 184–185 (1936).

[35] 298 U. S. 513, 530 (1936).

extended so as to embrace effects upon interstate commerce so indirect and remote that to embrace them, in view of our complex society, would effectually obliterate the distinction between what is national and what is local and create a complete centralized government."[39]

It would appear, therefore, that the underlying question is as to the proper canon for the construction of powers expressly conferred on Congress by the Constitution.

During the 150 years of our national life different canons have competed for supremacy. Marshall rejected the theory of "implied prohibitions" upon the express powers altogether, and insisted that the commerce power "like all others vested in Congress * * * acknowledges no limitations other than are prescribed in the Constitution."[40] Taney brought forth the theory of dual federalism, under which national powers are limited by the powers reserved to the States. That theory was knocked in the head at Appomattox. It was, however, revived in *Collector v. Day*, but after a time it again went down.[41] Indeed, at the turn of the century, Marshall's canon (with its corollary, the discretion of Congress is not reviewable by the courts) was regarded as necessary if this were "to remain a government of laws and not of men."[42] But Marshall's canon itself again went down in the First Child Labor case and the A. A. A. case.[43] The present doctrine as expressed by Chief Justice Hughes in the Wagner Act case is that expressed powers of Congress must not be exercised in a way that will disturb the proper balance between State and National powers, and "the question is necessarily one of degree."[44] And, as suggested by Justice Cardozo in the Social Security cases, in order to transcend the national taxing power an act of Congress must "call for a surrender by the States of powers essential to their quasi-sovereign existence."[45]

IV

While the application of the doctrine of instrumentalities has withdrawn billions of dollars from taxation, has led to municipal extravagance, and has slowed down industry, it cannot be said that our history shows implied absolute limitations on either the National or State taxing power are necessary to the preservation of the Federal system—in other words, that taxes imposed by one government, which in some degree hamper the other but do not discriminate against it, are necessarily unconstitutional.

In unanimously holding that the States and their "instrumentalities" are not entitled to import articles duty-free, the Court, speaking through Chief Justice Hughes, said:

"The principle invoked by the petitioner, of the immunity of State instrumentalities from Federal taxation, has its inherent limitations. * * * It is a principle implied from the necessity of maintaining our dual system of government * * * Springing from that necessity, it does not extend beyond it. * * * The fact that the State in the performance of State functions may use imported articles does not mean that the importation is a function of the State government independent of Federal power. * * * It is for the Congress to decide to what extent, if at all, the States and their instrumentalities shall be relieved of the payment of duties on imported articles."[46]

In upholding a State corporate franchise tax measured by income, including income on Government bonds, Justice Stone, speaking for the Court (McReynolds and Butler, JJ., dissenting) said:

"Thus, in our dual system of government, action of the one government in the proper exercise of its sovereign powers, regarded as innocuous and permissible notwithstanding its incidental effects on the other, may become offensive and be deemed forbidden if it discriminates against the other. State taxes which, if nondiscriminatory, would be upheld, even though they reach or affect those engaged in interstate commerce, are condemned if they discriminate."[47]

In upholding a use tax on "any article of tangible personal property" purchased in a State not having a sales tax, Justice Cardozo, speaking for the Court (McReynolds and Butler, JJ., dissenting), said:

"Things acquired or transported in interstate commerce may be subjected to a property tax, nondiscriminatory in its operation, when they have become part of the common mass of property within the State of destination. * * * This is so, indeed, though they are still in the original packages. * * * For like reasons they may be subjected, when once they are at rest, to a nondiscriminatory tax upon use or enjoyment. * * * The privilege of use is only one attribute, among many, of the bundle of privileges that make up property or ownership. * * * A State is at liberty, if it pleases, to tax them all collectively, or to separate the faggots and lay the charge distributively * * *.

"Equality is the theme that runs through all the sections of the statute * * *.

"When the account is made up, the stranger from afar is subject to no greater burdens as a consequence of ownership than the dweller within the gates."[48]

In upholding a State tax on net income of domestic corporations, including net income derived from interstate commerce, it was said by Mr. Justice Pitney in a leading case:

"Such a tax, when imposed on net incomes from whatever source arising, is but a method of distributing the cost of government, like a tax upon property or upon franchises treated as property; and if there be no discrimination against interstate commerce, either in the admeasurement of the tax or in the means adopted for enforcing it, it constitutes one of the ordinary and general burdens of government, from which persons and corporations otherwise subject to the jurisdiction of the States are not exempted by the Federal Constitution because they happen to be engaged in commerce among the States."[49]

In holding the property of the Union Pacific Railroad (although chartered by Congress for the carriage of mail, troops, and war supplies) was subject to State taxation, the Court said, in the leading case of *Union Pacific Railroad Co. v. Peniston:*[50]

"But it is often a difficult question whether a tax imposed by a State does in fact invade the domain of the General Government or interfere with its operations to such an extent or in such a manner as to render it unwarranted. It cannot be that a State tax which remotely affects the efficient exercise of a Federal power is for that reason alone inhibited by the Constitution. To hold that would be to deny to the States all power to tax persons or property. Every tax levied by a State withdraws from the reach of Federal taxation a portion of the property from which it is taken, and to that extent diminishes the subject upon which Federal taxes may be laid. The States are, and they must ever be, coexistent with the National Government. Neither may destroy the other. Hence the Federal Constitution must receive a practical construction."

The experience of Canada also shows that "the great law of self-preservation" does not require that Federal and State Governments be prohibited from imposing nondiscriminatory taxes on "the instrumentalities" of each other.

In 1887 a nondiscriminating tax levied by a Province on a bank chartered by the Dominion Government was upheld by the Privy Council.[51] In *Forbes v. Attorney-General for Manitoba,*[52] decided January 15, 1937, it was held by the Privy Council that provincial income tax was collectible on the salaries of civil servants of the Dominion. And in *The Judges v. Attorney-General for Saskatchewan,*[53] decided March 12, 1937, the Privy Council upheld provincial income taxation of the salaries paid the judges by the Dominion Government.

In *Forbes v. Attorney-General,* the subject was reexamined on principle and authority:

"The appellant's second contention was that it is incompetent for the Provincial Legislature to tax the income of a Dominion civil servant. Why so? 'Any person found within the Province may legally be taxed there if taxed directly' (per Lord Hobhouse in *Bank of Toronto v. Lambe* (3), The Times, L. R. 742, at 743; 12 App. Cas. 575, at p. 584). The appellant's argument is that the tax offends against the exclusive legislative authority of the Dominion Parliament in the 'fixing and providing for the salaries and allowances of civil and other officers of the Government of Canada' under section 91 (8) of the British North America Act. If, he says, the Provincial authorities can tax at the rate of 2 percent, the salary which he receives from the Dominion to enable him to live in the Province and discharge his duties there, they can tax his salary to such an extent as to render it impossible for him to live and perform his duties. A similar argument in terrorem was advanced and rejected in *Bank of Toronto v. Lambe* (3 The Times, L. R. at p. 743; 12 App. Cas., at p. 586): 'It is suggested,' said Lord Hobhouse, 'that the legislature may lay on taxes so heavy as to crush a bank out of existence, and so to nullify the power of Parliament to erect banks. But their lordships cannot conceive that when the Imperial Parliament conferred wide powers of local self-government on great countries such as Quebec, it intended to limit them on the speculation that they would be used in an injurious manner. People who are trusted with the great power of making laws for property and civil rights may well be trusted to levy taxes.'

"The validity of imposing direct taxation by Provincial legislation on a Dominion official has been expressly established by authority in *Abbott v. City of St. John* (40 Can. S. C. R. 597), which was approved by this board in *Canon v. The King* (40 The Times L. R. 874); (1924) A. C. 999). Lord Phillimore, in delivering the judgment of the board, quoted this passage from the judgment of Mr. Justice Davies in Abbott's case (40 The Times L. R. at p. 875; (1924) A. C. at p. 1005): 'The Province

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[39] *National Labor Rel. Bd. v. Jones & Laughlin S. Corp.*, 81 L. Ed. Adv. Op. 563, 575 (1937).

[40] *Gibbons v. Ogden*, 9 Wheat. 1, 196 (1824).

[41] *Lottery Case*, 188 U. S. 321 (1903); *Northern Securities Case*, 193 U. S. 197 (1904); *Hoke v. United States*, 227 U. S. 308 (1913).

[42] *Northern Securities Case*, 193 U. S. 197, 338 (1904).

[43] *Hammer v. Dagenhart*, 247 U. S. 251 (1918); *United States v. Butler*, 297 U. S. 1 (1936).

[44] *National Labor Rel. Bd. v. Jones & Laughlin S. Corp.*, 81 L. Ed. Adv. Op. 563, 571 (1937).

[45] *Steward Machine Co. v. Davis*, 81 L. Ed. Adv. Op. 779 (1937).

[46] *Board of Trustees of University of Illinois v. United States* (289 U. S. 48, 59 (1933)).

[47] *Pacific Co. v. Johnson* (285 U. S. 480, 493 (1932)).

[48] *Henneford v. Silas Mason Co.* (81 L. Ed. Adv. Op. 526, 528–529 (1937)).

[49] *U. S. Glue Co. v. Town of Oak Creek*, 247 U. S. 321, 329 (1918).

[50] 18 Wall. 5 (1873).

[51] *Bank of Toronto v. Lambe*, 12 App. Cas. 575 (1887).

[52] 53 Times Law Rep. 211 (1937).

[53] 53 Times Law Rep. 464 (1937).

does not attempt to interfere directly with the exercise of the Dominion power, but merely says that, when exercised, the recipients of the salaries shall be amenable to Provincial legislation in like manner as all other residents.' Dealing with the suggestion that Provincial taxation might paralyze the Dominion civil service, Mr. Justice Davies added that 'if, under the guise of exercising power of taxation, confiscation of a substantial part of official and other salaries were attempted, it would be then time enough to consider the question and not to assume beforehand such a suggested misuse of the power.' It should perhaps be explained that in *Caron's* case (*supra*) the validity of the Dominion Income War Tax Act, 1917, as affecting the salary of a minister of a provincial government was upheld. The present case is the converse. In their lordship's opinion the appellant's second contention must share the fate of the first." [51]

The experience of Australia is even more instructive.

Australia first undertook to apply *McCulloch* v. *Maryland* in all its rigors.[52] But in 1907 on a direct appeal from the State of Victoria, the Privy Council held that state was entitled to collect income tax from a federal postmaster.[53] For a time the high court of Australia (as it was entitled to do) declined to accept the decision of the Privy Council as the law governing immunity of instrumentalities.[54] In 1920, however, following several changes in personnel, the high court reexamined the subject in *Amalgamated Society of Engineers* v. *Adelaide Steamship Co.*[55]

The Engineers case involved the question whether or not a steamship line operated by one of the states was subject to the jurisdiction of the federal arbitration court. The high court held in favor of the jurisdiction. The high court accepted the rule laid down by the Privy Council, that legislative power is to be ascertained by the language of a written constitution read in accordance with the ordinary canons of construction, and when so ascertained "it is not for any court of justice to inquire further." "Possible abuse of powers," declared the high court, "is no reason in British law for limiting the natural force of language creating them." On this reasoning the high court overruled the earlier decisions on the immunity of state instrumentalities and repudiated "the doctrine of 'implied prohibition' against the exercise of a power once ascertained in accordance with the ordinary rules of construction."

Five years later in *Pirrie* v. *McFarlane* [56] the high court gave the doctrine of immunities the coup de grace by holding a member of the Royal Australian Air Force, driving a car under the order of a superior officer, guilty of violating a State drivers' license law.

Speaking of the American authorities, the high court said in the Engineers case:

"Those who rely on American authorities * * * would find in the celebrated judgment of Marshall, C. J., in *Gibbons* v. *Ogden*, two passages militating strongly against their contention. One is at page 189 in these words: 'We know of no rule for construing the extent of such powers, other than is given by the language of the instrument which confers them, taken in connection with the purposes for which they were conferred.' The other is at page 196, where, speaking of the commerce power, the learned Chief Justice says: 'This power, like all others vested in Congress, is complete in itself, may be exercised to its utmost extent, and acknowledges no limitation, other than are prescribed in the Constitution.' " [57]

Referring to the principle of "necessity" supposed to underlie the doctrine of instrumentalities, the High Court said:

"From its nature, it is incapable of consistent application, because 'necessity' in the sense employed—a political sense—must vary in relation to various powers and various States, and, indeed, various periods and circumstances. Not only is the judicial branch of the Government inappropriate to determine political necessities but experience, both in Australia and America, evidenced by discordant decision, has proved both the elusiveness and the inaccuracy of the doctrine as a legal standard." [58]

V

While the high court of Australia was engaged in overthrowing the immunity of instrumentalities as an implied prohibition on national power, our Supreme Court was occupied in restricting the scope of the sixteenth amendment.

In *Evans* v. *Gore*, the majority, speaking through Justice Van Devanter, said:

"The purpose of the amendment was to eliminate all occasion for such an apportionment because of the source from which the income came—a change in no wise affecting the power to tax, but only the mode of exercising it. The message of the President recommending the adoption by Congress of a joint resolution proposing the amendment, the debates on the resolution by which it was proposed, and the public appeals—corresponding to those in the Federalist—made to secure its ratification, leave no doubt on this point. * * *

"True, Governor Hughes, of New York, in a message laying the amendment before the legislature of that State for ratification or rejection, expressed some apprehension lest it might be construed as extending the taxing power to income not taxable before; but his message promptly brought forth from statesmen who participated in proposing the amendment such convincing expositions of its purpose, as here stated, that the apprehension was effectively dispelled and ratification followed.

"Thus the genesis and words of the amendment unite in showing that it does not extend the taxing power to new or excepted subjects, but merely removes all occasion otherwise existing for an apportionment among the States of taxes laid on income, whether derived from one source or another." [59]

Mr. Justice Holmes, speaking for Mr. Justice Brandeis and himself, dissented.

It is submitted that the "words of the amendment" do not show that the amendment "does not extend the taxing power to new or excepted subjects." Indeed, it is hard to imagine more comprehensive words than "from whatever source derived."

It is also submitted that the intentions of the President and Congress are immaterial, first, because the amendment is unambiguous;[60] and, secondly, because it is the intention of the ratifiers and not the framers that becomes material when a constitutional provision is not clear on its face.[61]

But was Justice Van Devanter right about the genesis of the amendment?

It is true that in a special message to Congress delivered June 16, 1909, President Taft said:

"Although I have not considered a constitutional amendment as necessary to the exercise of certain phases of this power, a mature consideration has satisfied me that an amendment is the only proper course for its establishment to its full extent. I therefore recommend to the Congress that both Houses, by a two-thirds vote, shall propose an amendment to the Constitution conferring the power to levy an income tax upon the National Government without apportionment among the States in proportion to population." [62]

But President Taft's message was sent to Congress in opposition to an amendment to the tariff law, then before Congress. The amendment provided for a uniform income tax in the hope that, with the changes in personnel, the Supreme Court would reverse the Pollock case. As to this, President Taft said in his message:

"For the Congress to assume that the Court will reverse itself, and to enact legislation on such an assumption, will not strengthen popular confidence in the stability of judicial construction of the Constitution." [63]

The sixteenth amendment as proposed by the House did not include the words "from whatever source derived." Those words were added by the Senate Committee on Finance; and the proposed amendment, with the above words included, passed both Houses practically without debate.[64]

When the amendment was before the New York Legislature for ratification the present Chief Justice, then Governor of New York, sent a message, in which he said:

"It is to be borne in mind that this is not a mere statute to be construed in the light of constitutional restrictions, express or implied, but a proposed amendment to the Constitution itself which, if ratified, will be in effect a grant to the Federal Government of the power which it defines. The comprehensive words, 'from whatever source derived,' if taken in their natural sense, would include not only incomes from real and personal property but also incomes derived from State and municipal securities." [65]

After Governor Hughes' message, Senator Borah expressed the opinion in a speech delivered in the Senate, that the proposed amendment would not enlarge the national taxing power; [66] and Senator Root expressed the same opinion in a letter to a New York State senator.[67]

The Governors of Florida, Missouri, North Dakota, and Oklahoma, however, all agreed with the construction placed upon the amendment by Governor Hughes, and advocated its ratification.[68]

Governor Dix, who succeeded Governor Hughes, sent a message to the speaker of the New York Assembly urging him to press the amendment. Said Governor Dix:

"Indeed it seems to me that if the words 'from whatever source derived' would leave the amendment ambiguous as to its power to tax incomes, from official salaries and from bonds of States and municipalities, the amendment ought to be opposed by whoever adheres to the democratic maxim of equality of laws, equality of privileges, and equality of burdens * * * It is impossible to

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[51] 53 Times Law Rep. 213 (1937).
[52] *D'Emden* v. *Pedder*, 1 C. L. R. 91 (1904).
[53] *Webb* v. *Outtrim*, 1907 A. C. 81.
[54] *Flint* v. *Webb*, 4 C. L. R. 1178 (1907); *Baxter* v. *Comm. of Taxation*, 4 C. L. R. 1087 (1907)
[55] 28 C L. R. 129 (1920).
[56] 36 C. L. R. 170 (1925).
[57] 28 C. L. R. 129, 145–146 (1920).
[58] *Ibid.* 150–151.
[59] 253 U. S. 245, 261–262 (1920).
[60] *Maxwell* v. *Dow*, 176 U. S. 581 (1899); Oliver Wendell Holmes, The Theory of Legal Interpretation (1898), 12 Harv. Law. Rev. 417.
[61] *Board of Lake County Commissioners* v. *Rollins*, 130 U. S. 662 (1889); and see 1 Cooley's Constitutional Limitations (8th ed. 1927), p. 143.
[62] CONGRESSIONAL RECORD, vol. 44, 1568.
[63] CONGRESSIONAL RECORD, vol. 44, 3344.
[64] Edwin S. Corwin, The Power of Congress to Tax Income From State and Municipal Bonds, Supp. to National Municipal Rev. (1924), vol. 13, No. 1, p. 61.
[65] New York Times, Jan. 7, 1910.
[66] CONGRESSIONAL RECORD, Vol. 45, 1694.
[67] CONGRESSIONAL RECORD, Vol. 45, 2539.
[68] New York Times, Jan. 7, 1910.

conceive of any proposition more unfair and more antagonistic to the American idea of equality and the democratic principle of opposition to privilege, than an income tax so levied that it would divide the people of the United States into two classes." [66]

It is significant, it may be added, that as a matter of historical sequence, ratification by New York did not follow the speech of Senator Borah or the letter of Senator Root, but it came on the heels of the message of Governor Dix.

VI

Prior to the ratification of the sixteenth amendment in 1913, the Supreme Court had handed down a decision which lifted the subject into the realm of metaphysics.

In *Flint* v. *Stone-Tracy Co.*,[70] the court upheld the Federal Corporation Tax Law of 1909, which imposed an excise upon the carrying on, or the doing of, business in a corporate or quasi-corporate capacity, measured by the entire net income received by it from all sources without allowing the deduction of income from State or municipal securities. That celebrated case and recent cases upholding State corporate franchise taxes measured by net income without allowing deduction for income derived from Government securities, or from the licensing of patented articles or copyrighted works,[71] have nullified the doctrines of the Pollock and Gore cases at least as far as they relate to corporate incomes.

In a speech delivered in the House of Representatives by Hon. W. D. McFARLANE on June 3, 1937, it was said:

"In 1934, a subcommittee of the Ways and Means Committee was appointed to investigate tax avoidance schemes. Consideration was given to methods of curtailing the amount of tax evasion due to tax-exempt securities. In the report of the subcommittee there is an opinion by counsel of the committee suggesting a method by which he says 'most of the income from tax-exempt securities could be reached.' Under this method there would be reached an excise tax upon the carrying on or doing business by corporations, measured by the net income from all sources, including interest from the so-called tax-exempt securities, and a similar excise tax on individuals engaged in any trade, avocation, or employment. As pointed out by one of counsel of the Joint Tax Committee on Taxation, this method of reaching tax-exempt securities is constitutional under the decision of the Supreme Court in the case of *Stone-Tracy Co.* v. *Flint* (220 U. S. 107). Furthermore, it appears that some of the States have used this method for taxing income from Federal securities, and this method has been upheld by the Supreme Court (*Pacific Co.* v. *Johnson*, 285 U. S. 480; *Educational Film Co.* v. *Ward*, 282 U. S. 379." [72]

The cases cited by Congressman McFARLANE involved corporate incomes.

But the authorities do not preclude the same conclusions in cases of individual incomes.

In *Willcutts* v. *Bunn*,[73] the Supreme Court unanimously held that the gain derived from the sale of municipal bonds not issued at a discount may properly be subjected to Federal income tax, in the absence of a showing that any appreciable burden was cast thereby on the State's borrowing power. In the opinion by Chief Justice Hughes, it is said:

"The tax upon profits made upon purchases and sales is an excise upon the result of the combination of several factors, including capital investment, and, quite generally, some measure of sagacity; the gain may be regarded as 'the creation of capital, industry, and skill.' * * *

"That a transfer of Government bonds is not inseparably connected with the exercise of the Government's borrowing power so as to make the transfer per se immune from taxation is clearly demonstrated by the decisions upholding nondiscriminatory taxation laid upon the transmission of such securities upon the death of the owner." [74]

It is true that the Chief Justice recognizes the second branch of the Pollock case as binding. But the same thing is done in the Stone-Tracy case. It is also worthy of note that both cases go on the theory that an occupation tax measured by income is good as an excise. And does it not require much the same "measure of sagacity" to select bonds in the first instance, as to pick out the time at which to sell them at a profit? The Chief Justice distinguishes the cases holding that a State could not impose an occupation tax on the operations conducted by lessees upon Indian lands. But since the decision in the Willcutts case it has been decided that a State can reach the income received by an Indian from lands operated by a Government "instrumentality." [75]

Instructive in this connection is *Peck & Co.* v. *Lowe*,[76] in which it was held that a corporation was not entitled to deduct that portion of its income derived exclusively from its export business, although taxes on "articles exported" are expressly prohibited by article I, section 9, of the Constitution. Speaking for the whole Court, Justice Van Devanter said:

"The tax in question is unlike any of those heretofore condemned. It is not laid on articles in course of exportation, or on anything which inherently or by the usages of commerce is embraced in exportation or any of its processes. On the contrary, it is an income tax laid generally on net incomes. And while it cannot be applied to any income which Congress has no power to tax, * * * it is both nominally and actually a general tax. It is not laid on income from exportation because of its source, or in a discriminative way, but just as it is laid on other income. The words of the act are 'not income arising or accruing from all sources.' There is no discrimination. At most, exportation is affected only indirectly and remotely. The tax is levied after exportation is completed, after all expenses are paid and losses adjusted, and after the recipient of the income is free to use it as he chooses." [77]

If the power to tax prevails over an express prohibition found in the Constitution itself, why should it not prevail over "an asserted implication"?

Practical considerations point the same way. State and municipal securities are held to a very great extent by insurance companies, savings banks, trust companies, and individuals with exceptionally large incomes. How would it disturb the balance of the Federal system to reach bond interest in the hands of individuals of great wealth any more than to reach bond interest administered by great fiduciary corporations largely for the benefit of the humble?

The taxation of State and municipal salaries presents somewhat different questions.

In his dissenting opinion in *Brush* v. *Commissioner*, Justice Roberts said:

"In reason and logic it is difficult to differentiate the present case from that of a private citizen who furnishes goods, performs work, or renders service to a State or a municipality under a contract or an officer or employee of a corporation which does the same. Income tax on the compensation paid or the profit realized is a necessary cost incident to the performance of the contract, and as such must be taken into account in fixing the consideration demanded of the city government. In quite as real a sense, as in this case, the taxation of income of such persons and, as well, the taxation of the corporation itself, lays a burden upon the funds of the State or its agency. Nevertheless, the courts have repeatedly declared that the doctrine of immunity will not serve to exempt such persons or corporations from the exaction.

"The importance of the case arises out of the fact that the claimed exemption may well extend to millions of persons (whose work nowise differs from that of their fellows in private enterprise) who are employed by municipal subdivisions and districts throughout the Nation, and that, on the other hand, the powers of the States to tax may be inhibited in the case of hundreds of thousands of similar employees of Federal agencies of one sort or another. Such exemptions from taxation ought to be strictly limited. They are essentially unfair." [78]

Justice Roberts spoke with reference to municipal officers and employees engaged in work that competes with private work. But the observations of Justice Roberts, if not applicable to State officers, we submit, should be held applicable at least to municipal officers generally without regard to the distinction between governmental and proprietary functions. For, as Justice Cardozo (speaking for Hughes, Chief Justice, and Brandeis and Stone, Justices, as well as himself) said in the Municipal Bankruptcy case:

"In the public law of the United States a State is a sovereign or at least a quasi sovereign. Not so a local governmental unit, though the State may have invested it with governmental power. Such a governmental unit may be brought into court against its will without violating the eleventh amendment. * * * It may be subjected to mandamus or to equitable remedies. * * * 'Neither public corporations nor political subdivisions are clothed with that immunity from suit which belongs to the State alone by virtue of its sovereignty.'" [79]

VII

Regardless of its want of theoretical basis and its inability to control the decision in cases where the necessity for revenue has been exigent, the doctrine of implied absolute prohibitions on the exercise of the national taxing power is still tenacious of life. But how much longer can it persist? It has involved, and still involves, the law in uncertainties and subtleties and has led, and still leads, to sharp differences of opinion among the justices, to conflicting decisions and judgments that appear unfair. On the other hand, our experience with nondiscriminatory State taxes on national banks, on interstate commerce, and on Government securities, as well as Canadian and Australian experience with the taxation of official salaries, shows that a Federal system is not balanced on a fulcrum of absolute prohibitions. And while the Federal corporation tax law of 1909 was in force "our flag was still there." So we make bold to assert there is no longer a place in our constitutional law (if, indeed there ever was) for a dogma which condemns Federal taxes regardless of whether or not, as a

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[66] Dix Papers, pp. 533–541, quoted in Edward S. Corwin, The Power of Congress to Tax Income from State and Municipal Bonds, Supplement to National Municipal Review (1924), vol. 13, No. 1, p. 60.

[70] 220 U. S. 107 (1910).

[71] *Fox Film Co.* v. *Doyal*, supra, note 32.

[72] CONGRESSIONAL RECORD, vol. 81, p. 7286.

[73] 282 U. S. 216 (1931).

[74] 282 U. S. 216, 228, 229, 231 (1931).

[75] *Leahy* v. *State Treasurer*, 297 U. S. 420 (1936).

[76] 247 U. S. 165 (1918).

[77] 247 U. S. 165, 174–175 (1918).

[78] 81 L. Ed. Adv. Op. 453 (1937).

[79] *Ashton* v. *Cameron County W. I. Dist. No. 1* (298 U. S. 513, 542–543 (1936)).

matter of fact, such taxes substantially impede State governments in the performance of their essential functions.

As is said in the leading case of *Union Pacific Railroad Co.* v. *Peniston*: "It is often a difficult question whether a tax imposed by a State does in fact invade the domain of the General Government, or interfere with its operations to such an extent, or in such a manner as to render it unwarranted. * * * Hence the Federal Constitution must receive a practical construction." And, as suggested in the Social Security cases, a Federal tax should be upheld unless it calls "for a surrender by the States of powers essential to their quasi-sovereign existence." Tested by such criteria, nondiscriminating Federal taxes should rarely be held unconstitutional. And with a frank recognition of such criteria as controlling, it would no longer be necessary, in order to reach just results, to endeavor to distinguish between the property of a corporation and its functions, between the subject of a tax and its measure, between governmental functions and proprietary functions, between governmental functions as they existed in 1789 and as they exist today, between officers and independent contractors, and between full-time employees and those rendering services requiring only part time. The principle of equality in taxation would be more nearly observed and Federal relations would be on a more realistic basis.

The question, as we have said, is, at bottom, one of Federal relations. With the increased demands on Government and society—especially as the doctrine of instrumentalities has been carried over to the bankruptcy power and the commerce power—it will be increasingly difficult to take refuge in phrases like "the power to destroy," "the complexity of our dual system," and "the preservation of the States and the maintenance of their governments." "Catchwords and labels," Justice Cardozo tells us, "are subject to the dangers that lurk in metaphors and symbols, and must be watched with circumspection lest they put us off our guard."

The Supreme Court is not likely to follow the high court of Australia in renouncing altogether the doctrine of "implied prohibitions" on the exercise of express powers; but a disavowal of the doctrine of implied absolute prohibitions would call only for an obvious application of the philosophy of Federal relations underlying the Wagner Act cases and the Social Security cases.

In the quest for additional sources of revenue, the Treasury might well take the hint given by Justices Cardozo and Stone and recast the regulations; and Congress might do worse than pass legislation which would present the doctrine of instrumentalities for fresh consideration.

National Association of Manufacturers Meet at Jade Room, Waldorf-Astoria. Want Ancestral Caves and Machine Guns. Some of Their Stupidities

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EXTENSION OF REMARKS

OF

HON. MAURY MAVERICK

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, December 20, 1937

COLBY CHESTER, JEFE SUPREMO OF MANUFACTURERS, BLAZES WITH STUPIDITY

Mr. MAVERICK. Mr. Speaker, the National Association of Manufacturers held a meeting recently in the Waldorf-Astoria Hotel in New York. It must have been a stupid gathering, or else the leadership must have been terribly stupid. There is a story about it in the December 22 issue of the New Republic, entitled "The NAM Through the Ages." It shows that their president, Colby Chester, literally blazed with stupidity, and so I insert the article here.

Indeed, to sum up what they had to say was principally to the effect that if the Government of the United States and the various State governments would just stop governing the people all together, and just furnishing enough Federal troops to protect the manufacturers so they could do as they pleased, that everyting would be all right. That, of course, is a conclusion of mine, but I do not believe that it overstates the real wishes of the association.

The National Association of Manufacturers, in effect, want the National Labor Relations Act to be repealed or made a nullity; they want labor organizations at the mercy of the big employers; they want to be relieved of taxation—and let alone to do exactly as they please. According to them that would bring prosperity to the country.

SECESSION—THE CONFEDERATE MANUFACTURERS OF AMERICA

These men who assembled there, or whoever happened to be their bosses, were much more ignorant than the slave owners who insisted on the institution of slavery and seceded from the United States of America in order to perpetuate that system. The Manufacturers Association want to secede—obey no laws, except of their own choosing, setting up the law to themselves, in order that they can carry on their business as the Confederate Manufacturers of America.

Their statement, reflecting their attitude, is one of the most shocking examples of a lack of morality in certain high places that I have ever witnessed. This amazing lack of common ordinary fair play is not all; they show the deepest and most contemptible ignorance.

Business, business. Yes, I favor business; I have sense enough to know, and so does every other Congressman have sense enough to know, that we physically live by business. But there is a psychology developing, which if not stopped, will surely destroy this country.

It is the same psychology that brought on the Civil War. Indeed, Jeff Davis and hundreds of other very able men said: "All we ask is to be let alone"—the Supreme Court said they were right in the Dred Scott decision—and that is the psychology of some big-business men today.

BIG SLAVE OWNERS OF '61 AND BIG INDUSTRIALISTS OF '37

This NAM is also fooling some business men who are not big business men, just as the big slave owners fooled some of the white people who did not own any slaves. In any event, many self-deluded big business men, the National Association of Manufacturers and a few other organizations of its kind, are doing for business what the slave owners did to their own white people—they are building a Tower of Babel that will topple over themselves.

If this group of men—great producers that they are—had the foresight, common sense, or the unselfishness, to see that the American people want to cooperate with them they could save themselves. They could continue to make money, be prosperous, and have contented employees. But they do not want their employees to have dignity or self-respect—the right to join a labor organization, just as a manufacturer has the right to join the National Association of Manufacturers. This, of course, is gradually bringing deep resentment in the people to the manufacturers, and should they be destroyed it will be through their own ignorance of humanity.

GOOD GOVERNMENT—SQUARE DEAL FOR BUSINESS AND LABOR

It seems to me that the thing we Americans should strive for is good government—a government in which everyone gets a square deal; and that would, of course, include business as well as labor. But some big manufacturers, and a group of others, say that they should be let alone—they want it all. What does this mean?

It means that they want independent baronies, machine-gun kingdoms, where the persons living within their boundaries would be completely at their mercy. If we are honest representatives of the people we cannot permit this.

The Government, after all, ought to be the instrumentality of the people. And the people certainly have a right to protect themselves in certain minimum standards—their civil, religious, and educational rights. For the Government to retire and leave great business corporations to govern the citizens at their pleasure, would be for the Government to retire from its duty to the people.

The article to which I referred, and which appeared in the New Republic of December 22, 1937, entitled "The NAM Through the Ages" is as follows:

THE NAM THROUGH THE AGES

The annual conclave of the National Association of Manufacturers has come and gone, leaving us somewhat sadder but not much wiser. All week the Jade Room of the Waldorf-Astoria in New York City rang with denunciations of labor and the administration as conspirators in the recent murder of business prosperity.

Then at the final banquet, President Colby M. Chester extended a friendly hand to the guilty ones: Let bygones be bygones, he said,

let's all work together "to get the old Ship of State back on her keel. * * * Is our program fair, social, constructive? Is it liberal?" Obviously Mr. Chester's 5,000 colleagues thought it was. We must register a reluctant dissent.

MANUFACTURERS WANT ANCESTRAL CAVES AND MACHINE GUNS

Underscoring a traditional primary concern with labor—the one factor of production that stubbornly resists the eternal laws of economics—the country's leading industrialists last week took their stand on an 18-plank platform of employment relations: Collective bargaining, purely a "local" and "internal" affair, is "proper" only when "individual contact between executives and employees becomes difficult"; Government should remain strictly neutral, guarding workers from "coercion from any source" but primarily protecting "the right to work"; employers should disregard unions in hiring; no closed shop, no check-off, no compulsory arbitration; Government must protect industrial property; Government should regulate unions to keep them free of "fraud or coercion"; the Wagner Act should be amended to outlaw nine types of strikes, including the sit-down, sympathetic, general, violent, "quickie," strikes in violation of contract, and—who says capitalists lack a sense of humor?—strikes "to prevent the use of materials, equipment, or services"; workers participating in such strikes should be barred from collective bargaining and in effect blacklisted; repeal all anti-injunction laws; make unions and their agents suable without limit; forbid interstate movement of strikers and pickets; and, finally, prohibit political contributions "by both unions and business corporations."

Supplementing this design for a return to ancestral caves, the Nation's most powerful union of industrialists outlined its idea of sound employment procedures, in a statement notable chiefly because it contains no suggestion of the fact that labor unions have something to do with employment policies in 1937.

Perhaps we betray a woeful lack of "perspective" in implying that the manufacturers have failed to keep step with the rest of the country. After all, it's only 34 years since this program was formulated. In those days Presidents of the United States spoke softly and used Federal troops to break important strikes. Why should we expect epochal events in the interim—the passing of the frontier, the World War, the tremendous growth of monopoly power and practices, the advance of mechanical production, the banishment from our economic society of millions who can't find jobs, the coming of the New Deal, the awakening of organized labor; to upset the considered attitude of those who, in their own words, "are responsible for the welfare of millions. * * *"? Let the mountain come to Mohammed.

Back in 1895, when the NAM saw the light of day, "employment relations" were happily too quiescent to merit attention. Tariff, taxation, and trust busting furnished the headaches then. The rise of the I. W. W. and "Teddy" Roosevelt's method of settling the anthracite strike of 1902 revealed its true vocation to the association; "* * * the molding of public opinion * * * to make the wage earner realize the important truth that his interests and those of his employers are identical; that there is no sense in ruining the enterprise that gives them both their livelihood. * * *"

NAM TELLS "MIDDLE CLAWSSES" HOW TO THINK

In 1910, better to bring the light to the "great middle classes," the NAM resolved to place its literature in libraries throughout the Nation. A letter from the Los Angeles Public Library brought encouragement: "The Open Shop Encyclopedia has proven so successful in the main library that we would like to have 25 copies for our largest branches."

America's entry into the war stimulated manufacturers to demand longer hours (50 hours a week at least), less taxation of business and businessmen, and a funding of the cost of war to let posterity pay it. Their plan for social security ran like this: "It is a moral responsibility of the private employer to encourage, assist, and inspire his employees with the importance and necessity of ways and means for making provision for the contingencies of life. * * *"

By 1918 the industrial-conservation movement had become the rage, first as a means of winning the war and then to put America at the top of the heap when it was over. "When the war came with its changes * * * we recognized that patriotism must be the dominant keynote; that it was the duty of everybody, out of patriotic considerations rather than for selfish reasons, to acquire efficiency in industry." The association demonstrated its patriotism by dropping its fight with labor: "No word of fault-finding have we ever uttered against organized labor. * * * But we have said that labor organizations must turn themselves to the betterment of industry * * * rather than to exploitation. We have talked with them (workers) in appeals to let down the bars of selfish unionism; we have talked to them of the new era of brotherhood."

LONGER HOURS, HIGHER SPEED, LESS WAGES NAM DREAM

What did all this come to? Longer hours at higher speed: "* * * not 'how many hours must we labor' but 'how much labor can we put into the hours.'"

The following year brought recommendations for the extension of the piece-work system, laws to make unions "responsible" in court, balancing the Budget, lower taxation on "individual initiative"; and a remarkable sermon on the lessons of the war: "If the World War has taught us anything it has taught us the danger of having in our midst un-Americanized aliens and even un-Americanized natives."

Suceeding years have not diminished the altruism of the NAM's motives or the glory of its intellect: There must be no child-labor amendment, no centralized social-security system, no realistic food and drug legislation.

All these would lead to bureaucracy and the destruction of individual liberty. In 1934 the solons of industry brought forth this puzzler on the question of relief: "Taxpayers' money should not be used in such a way as to encourage or incite strikes, by financing those voluntarily quitting their jobs. Subject to this exception, the existence of a strike should not alter in any way the operation of basic relief principles."

Does the NAM seriously believe that anybody with reasonable intelligence could fail to see through its hypocritical Indian-giving? We think not; its leading spirits must be talking for the benefit of the remainder of the population. The Senate civil liberties committee ought to expose the inner workings of this organization to the public.

Some Implications of the Ludlow Resolution

EXTENSION OF REMARKS

OF

HON. ROBERT L. BACON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, December 20, 1937

ARTICLE BY MR. WALTER LIPPMANN

Mr. BACON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following article by Mr. Walter Lippmann, entitled "Mr. LUDLOW Prepares for War." This article raises questions and suggests implications that must be seriously considered.

MR. LUDLOW PREPARES FOR WAR

(By Walter Lippmann)

The required 218 Representatives having signed the petition, the House will, within the next few weeks, vote on the Ludlow resolution amending the Constitution. If two-thirds of the House and of the Senate were to adopt the resolution, it would then be submitted to the States. If 36 States ratify it, Congress will no longer have power to declare war, "except in the event of an invasion of the United States or its territorial possessions and attack upon its citizens residing therein"—unless the declaration of war is confirmed by majority vote in a national referendum.

There is probably not 1 chance in 10,000 that the Ludlow resolution will in fact become part of the Constitution. But the mere fact that a majority of the House have at this moment signed a petition which brings it to a vote is in itself of considerable importance. The President is engaged in the delicate task of convincing the Japanese Government that the American protests are serious. There is grave danger that the signing of this petition might be misunderstood by the Japanese military as signifying that the President may be disregarded because he does not have behind him the support of the people.

It is to be hoped that Ambassador Saito and the Japanese newspaper men in this country will do everything in their power to dispel such a dangerous delusion. They cannot make it too plain to their Government and to their people that the action of the House on the Ludlow resolution has no practical significance whatever in determining what the President can or will do, what Congress and American opinion can or will support.

Now that the Ludlow resolution is to be brought to a vote, the best thing to do with it is to subject it to democratic debate and if its unsoundness can be demonstrated, to defeat it decisively by a vote. We need not shrink from such a test. It is not difficult to demonstrate the fallacy of the scheme and to show that though the sponsors of the resolution have the best intentions, the resolution would, if adopted, enormously increase the chances of America's being drawn into a great war.

The effect of the Ludlow resolution would be in essence to forbid the President to use diplomacy to prevent war. If the constitutional amendment were adopted, he could do nothing about any attack on American citizens or American property or American national interests in any part of the world or on the high seas. He could perhaps plead with the aggressors to desist; he could appeal to their better natures, but he would have always to admit that he could do no more than that. Thus he would merely be airing his personal views. When he made his protest he would not be speaking officially as the Chief Magistrate of the American Nation but as a private individual. No one could speak to a foreign power in the name of the American people. For the President could never know, and the foreign power could never know, how eventually the referendum would decide.

Under the Ludlow resolution diplomacy in time of peace would be unconstitutional.

Mr. LUDLOW might presumably retort that he does not think diplomacy prevents wars, that it is too dangerous to let the President write diplomatic notes backed by the threat that the Nation would fight to make them effective. No doubt there is some danger that a headstrong President might abuse this power. But, unfortunately for Mr. LUDLOW, his resolution does nothing whatever to clip the power of such a warlike President.

Suppose, for example, that instead of wanting to prevent a war, Mr. Roosevelt wanted a war with Japan; what could he do under the Ludlow resolution? He could do what Japan has done in China, what Italy did in Ethiopia and in Spain. He could go to war without asking Congress to declare war. There is nothing in the Ludlow resolution to stop him. He could still break off diplomatic relations. He could still mobilize the American Navy across the Japanese trade routes. He could land more marines at Shanghai. He could send warships up the Yangtze River. He could fire on Japanese airplanes. How would Mr. LUDLOW prevent that? Did not President Wilson bombard and seize Vera Cruz; did he not send an army under General Pershing deep into Mexico, all without a declaration of war by Congress, much less a popular referendum?

If an American President wants to go to war, he can go to war no matter what the Ludlow resolution says.

But, an American President who wanted to preserve the peace would become hopelessly ineffective. For with the Ludlow amendment in effect such a President would naturally be too scrupulous to go to war without a declaration of war. And since he could not know what the referendum would show, a peaceable President could take no step whatever to restrain attacks on Americans before they had reached a point where the public was so excited that it would surely vote for war. He could not now say to Japan, for example, that the *Panay* affair really must not be repeated. All he could say would be that the Japanese military must decide for themselves how many Americans they may kill, how many American ships they may sink, before a referendum would declare war.

Thus instead of permitting the President to use diplomacy to prevent the repetition of such outrages, the Ludlow resolution would invite all foreign powers to see how many feathers they can pluck from the tail of the eagle before he gets angry. Can anyone imagine a device more calculated to induce reckless adventurers to take long chances, such long chances that in the end they would have done such intolerable things that a complete bitter-end Ludlow war would be absolutely inescapable?

Instead of permitting a preventive diplomacy, the Ludlow scheme would require the American people to stand by helplessly until they were so infuriated that there was no holding them. Nothing could be done to stop a war until the outrages had reached a point where it was impossible to stop a war. So if what Mr. LUDLOW wants is to keep the American temper peaceable, he should be told that his scheme is a device for sitting on the safety valve until the boiler explodes.

Not only does his plan invite the foreign powers to proceed unchecked from outrage to outrage, thus insuring eventually an explosion of American resentment, but it provides that when at last the country does go to war anyway, it shall find itself in the worst possible position. Under the Ludlow resolution the cardinal principle of our foreign policy would be that only the actual invasion of American territory was a justifiable cause of war.

Thus Mr. LUDLOW, whether he realizes it or not, would abolish the Monroe Doctrine. For in the spirit of his resolution the President could not object seriously if an Asiatic or a European power occupied Canada, or Mexico, or Brazil, or if it established, by lease or by treaty, naval and air bases within striking distance of this country. Our foreign policy under the Ludlow plan would be to permit all that until we were actually invaded, bombarded from the sea, or bombed from the air. Then, according to Mr. LUDLOW, we would fight. But Mr. LUDLOW would have arranged the war so that when we had to fight we would start at the greatest possible disadvantage. Whereas today all foreign powers know absolutely that they cannot establish their military power in this hemisphere; under the Ludlow plan they would be invited to take a chance.

No doubt Mr. LUDLOW does not mean to produce such fantastic consequences. He sincerely does not want war. But to attain his end he has started from the fallacy that war can be prevented if nobody knows whether or not we might go to war. Yet just that uncertainty would increase greatly the likelihood of war. It would render the President helpless to prevent war in its early stages. It would invite foreign powers to gamble on our pacifism. And it would make it ever so much more likely that finally, when the provocation has become intolerable, there would be no remedy except a total war fought when we were at the greatest possible disadvantage.

If Mr. LUDLOW doubts the force of this objection, let him try an experiment. Let him pass an ordinance in his home town, repealing the laws against pickpockets, hold-ups, highway robbery, and all forms of assault and battery provided they take place on the streets and in other public places; then let him stipulate that robberies and murderers shall not be touched by the police until they commit robbery and murder in a man's bedroom. This would make just as much sense as his plan to prevent war.

Wage and Hour Legislation

EXTENSION OF REMARKS

OF

HON. AIME J. FORAND

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, December 20, 1937

TELEGRAM FROM RHODE ISLAND TEXTILE ASSOCIATION, AND MY REPLY THERETO

Mr. FORAND. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include a telegram that I received from the Rhode Island Textile Association, and my reply thereto.

DECEMBER 16, 1937.

Hon. AIME J. FORAND,
House Office Building, Washington, D. C.:

We have had no reply to our telegram of December 11. The press reports that local units of the T. W. O. C. oppose wage differentials, as does this association. We note that Congressman CONNERY, Democratic, and Congressman MARTIN, Republican, both from Massachusetts, are vigorously opposing wage differentials. Where do you stand? Is it possible that you will deliberately work against the interests of your own constituents by failing to oppose wage differentials which will favor southern mill owners as against your own State? This should not be a political matter. May we hear from you promptly by wire?

RHODE ISLAND TEXTILE ASSOCIATION,
E. F. WALKER, *Secretary-Treasurer.*

DECEMBER 17, 1937.

E. F. WALKER,
Secretary-Treasurer, Rhode Island Textile Association, Providence, R. I.

MY DEAR MR. WALKER: This will acknowledge receipt of your telegrams of December 10 and 16 relative to the wage and hour bill now pending in the National House of Representatives.

I regret that the rush of business prevented me from acknowledging your first telegram before I received your second, and I must say that your messages, together with hundreds of others, have had to wait until I could find a few moments to answer them.

I deemed it of greater importance to be in the Chamber of the House during the discussion of this piece of legislation than to be in my office replying to protests against wage and hour legislation that came to me from individuals and organizations that I know from past history always to have been opposed to wage and hour legislation, both locally and nationally.

I shall answer the questions which you propound in the order in which they appear in your telegram.

Question 1. Where do you stand on this legislation?

Answer. My answer is, foursquare behind the platform plank of the Democratic Party for a wage and hour bill, on which I was elected.

Question 2. Is it possible that you will deliberately work against the interests of your own constituents by failing to oppose wage differentials which will favor southern mill owners as against your own State?

Answer. No; it is not possible for me now or at any time in the future, any more than in the past, to work against the interests of the people I represent. I voted for the amendment which would prevent differentials, but that amendment was defeated by a vote of 162 to 131. Failing in our efforts to eliminate differentials, I deem it my duty to support the wage and hour bill reported by the Committee on Labor, because even though this bill may contain authority for differentials, it will in no way change the differentials situation that has always existed not only between the North and South but also between industries in our own State. The differentials situation will not be aggravated by the passage of this act, but the wage earner now forced to work abnormal hours for subnormal wages will be benefited at least to some degree by the passage of this measure.

No manufacturer or businessman who is paying reasonable wages and working his employees reasonable hours need have any fear of this legislation. Only the chiseler and the sweatshop operator needs to fear the passage of a Federal wage and hour bill at this time.

Therefore, if the members of the association you represent are not chiselers or sweatshop operators, they have no reason to fear this bill.

I would be interested to know when the manufacturers decided to fight the battle of the employees such as would appear in the campaign they are now waging against the wage and hour bill. Their arguments are too transparent to be impressive. Their fight against the passage of this wage and hour bill is not being waged because of a sincere desire to protect the workers from differentials but it is being waged in the hopes of preventing passage

of a wage and hour bill that will benefit some 12,000,000 workers who are now striving to exist on the mere pittance they receive for the excessive hours of labor that is sapping the very lifeblood of their existence.

Trusting that I have made my position clear to you, I am

Sincerely,

AIME J. FORAND.

P.S.—You may release this to the newspapers as you did your telegrams before they were even received by me.

Tin in Alaska

EXTENSION OF REMARKS

OF

HON. ANTHONY J. DIMOND

DELEGATE FROM ALASKA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 20, 1937

Mr. DIMOND. Mr. Speaker, yearly the United States imports about 70,000 tons of tin. It produces about 200 tons. All of the tin now produced in the United States is taken from the ground in Alaska. For us tin is a deficiency metal. Although widely used and vitally necessary in industry and for national defense, we produce only the very small amount of tin which comes yearly from Alaska and which in 1937 amounted, as above stated, to about 200 tons. If we were entirely cut off from the world supply of tin the result would be well-nigh ruinous.

And yet, so careless are we, that no substantial effort is being made to find out how much tin exists in the United States or to develop the production of the tin that we have.

Sometime ago Mr. J. W. Farrell, of Hot Springs, Alaska, sent me a copy of an article which he had written and which was published in the Fairbanks Daily News-Miner of February 3, 1937, about the potentialities of tin production in Alaska. The article is so well thought out and so well written that I offer it for incorporation in the CONGRESSIONAL RECORD as an extension of these remarks. The article is as follows:

ALASKA TIN DEPOSITS—GOVERNMENT AID MUCH NEEDED NOW TO MAKE MINERAL MARKETABLE—INTERESTING REVIEW OF CONDITIONS—TERRITORY DECLARED ONLY UNITED STATES POSSESSION HAVING TIN

(By J. W. Farrell)

Last year the Federal Government seemed very much interested in the development of the tin deposits and lodes of Alaska. Some of the Federal bureaus and a delegation of Senators and Congressmen on a visit to Alaska to investigate other matters gave much publicity throughout the Territory and emphasized the fact "that the Nation was in dire need of tin mines." Alaska being our only possession that had tin in commercial quantities, it was stressed upon us "that it would be greatly appreciated if the Alaska miners would devote more time to the development of our tin resources."

It was pointed out "that the Government wished to be independent of outside sources of tin; for in the event of war we may possibly be cut off from supply, as commercial tin comes to us from distant alien fields." With many well-wishes, and appealing to our patriotic zeal and such, the ballyhoo died down and nothing much of anything has been done about it since.

If our Government is really interested in the development of our tin resources; it should make the commercial price of tin profitable to mine. With the market price of tin around 45 cents per pound, the Government could hardly expect miners to produce tin, at a loss, by appealing to their patriotism.

The tin that is produced each year in Alaska, with the exception of one company in the Cape York district, which is struggling to get by, is recovered as a byproduct where it is associated with placer gold.

Tin recovered in this manner is considered a nuisance by most operators, as it fills up and clogs the riffles, and interferes with gold recovery. In the Hot Springs mining district, where placer tin is perhaps in greater quantities than in other camps of Alaska, operators of placer make no special effort to save the tin rock concentrates. Their set-up is solely for gold, and it is only incidental that the tin recovered in the clean-ups with the gold is separated and saved.

The commercial price of tin fluctuates like other base metals on the market. At times when it is up to a selling margin, more or less of a perfunctory effort it made for its recovery. But then, the marketing of the product is very unsatisfactory. We have no smelters in the States equipped to treat the ore. We have to sell our product abroad. It is shipped to Singapore, in the Straits Settlements, for reduction and refining. We buy it back from the London market.

It would take a Philadelphia lawyer to make out an assay and report sheet of the Singapore smelter. It is cluttered up with penalties, taxes, customs, exchanges, and what not. It sounds more like an indictment, than a pay envelope.

Any operator in the Hot Springs mining district, will tell you that, from one-half to three-fourths of the tin goes through his sluice boxes into the tailings. The expense of a double set-up for its complete recovery, while not great, does not justify the effort. During the World War when the price of tin was around the dollar mark, operators here equipped their sluices to recover all the stream tin. The records of production for those years show quite an item of value. Snipers made big money in working over the old tailing piles for the tin only.

If the Government would pay a production price of $1 on domestic tin, provide its own market and smelter, you would soon see throughout the placer camps in Alaska, where tin is an accessory with the gold, a production of tin, the tonnage of which would be amazingly large, and an activity in opening up new fields that would be far reaching in extent. Many of our alluvial fields have more tin than gold. With dollar tin, these areas could be brought into production on a big scale.

It is not generally known or realized the extent and the possibilities of the tin deposits of Alaska. Not having all the bulletins issued by the Geological Survey that treat on the tin deposits of Alaska at hand, I can only give a summary of the vast area which has been covered by these geologists. Enough, however, to touch on the high lights and give the reader a cross-section of the extent that tin, technically known as cassiterite, has been observed by the Government engineers on their reconnaissance trips in Alaska.

GEOLOGICAL REPORTS

The exploitation of tin on the Seward Peninsula has been carried on more or less since the beginning of the century. Reports of geologists and prospectors indicate that stream tin is dominant throughout the peninsula. In the Cape York, Port Clarence, and Kougarok mining districts, tin has been found in commercial quantities and has been mined desultorily for the last 35 years. Repeated interruptions in its production have been caused solely on account of the market price. It is the old story again, we cannot compete with foreign products, with their cheap wages, and low standard, unless we are subsidized or protected. It is in the York district where the most tin is mined. It is only those deposits of easy access and economically situated that can be made to pay under the existing conditions.

YORK DISTRICT

Near Tin City in the Cape York district a dredge was operated for the recovery of tin alone. It has been in disuse now for many years. Not because of the lack of tin ore to dig, for there are vast tracts of it, but the market price of the product did not justify continuing its operation. In this district tin has been found in the lode or bedrock source also. But owing to the great expense of exploration work on quartz prospects, especially on a metal of such low value, prospectors were not interested.

RUBY-POORMAN AREA

Eastward from the Seward Peninsula is the Ruby-Poorman mining district. Tin occurs in most all of the placer gold creeks in this camp. Only in a few instances has there been tentative shipments of tin to the market. There is, however, in this district, many tributaries of the Sulatna River that throw more tin than gold, and the tin content is of sufficient quantities to be a prolonged producer if the price were right.

Further eastward again is the Gold Hill mining district. Grant Creek and Mason Creek are said to contain large deposits. These two creeks will soon be in placer-gold production on a big scale. Whether it will justify the operators to save the tin it remains to be seen.

HOT SPRINGS TIN

Next comes the Hot Springs mining district. This camp and the Cape York district have been the greatest units in producing over a million dollars' worth of tin for the world's market. Please note, I say "world's market," for our big Nation has no market. In the Sullivan-Tofty area of this district placer-gold mining is being carried on of late with modern mechanical equipment. Last season this section was a big factor in the output of the Territory. Over tracts of placer ground that will be worked drill holes show that the tin content is more constant than the gold.

The estimate of the tin values in this area run into the millions. Whether the operators will make any special effort to recover the tin or let it be swept away into the tailings is problematical.

IN OTHER AREAS

The cassiterite pebble occurs in the Rampart district, in the Tolovana and the Faith-Hope-and-Charity country. It is found in the Circle diggings and the Forty Mile country right up to the international border.

Between the sixty-fourth and sixty-sixth parallels and from the border to Cape Prince of Wales, approximately 800 miles as the crow flies, embraces a vast area of territory that can really be called a "tin belt."

There are many other localities outside of this belt that give great promise in potential tin resources. Among them are the Tolstoi, in the Ophir mining district; the Reglagalik River, in the Kuskokwim delta; and on Cache Creek and Willow Creek, tributaries of the Susitna River.

Most of this information comes from just a few of the many bulletins issued by the Geological Survey and covers but a small number of the creeks throughout the territory that have been explored by the geologists. From the facts that I have mentioned and from knowledge that I have read but unable to quote at this time, I am convinced that in Alaska there is a veritable storehouse of tin that awaits development. And that development will come only whenever it is made possible for the miners to exploit it at a profit.

A subsidized price on domestic tin would not only bring an immediate supply from the placer deposits, but it would be a great incentive for the prospectors to seek the lodes. Placer tin, like placer gold, originates in the lodes. In the uneroded mountains near the placer camps untold fortunes await.

PHILIP SMITH ON TIN

In conclusion I wish to quote an item on tin taken from Bulletin 868–A, Mineral Industry of Alaska in 1934, by Philip S. Smith:

"For many years Alaska has been a small but regular producer of tin, and in the course of 30 years since tin minerals were discovered in Seward Peninsula and later elsewhere in the Territory it has shipped tin worth more than a million dollars. In 1934, however, according to such records as have been received by the Geological Survey, the tin ore mined in the Territory was only 8,275 pounds of metallic tin. This output marks some slight renewal of activity in the industry, because in 1933 the quantity of metallic tin in the ores mined in the Territory was only about 5,800 pounds. The decline in Alaska tin mining in the last few years by no means indicates that the known tin deposits have been exhausted, but is believed to have been caused by the extremely low prices offered for the tin—an average of about 22 cents a pound in 1932, 39 cents in 1933, and 52 cents in 1934—and the fact that some of the former Alaska shippers of tin ore had not sold all the ore that they had produced and shipped in earlier years. The Alaska ore requires smelting to yield its tin in a metallic form, and as there are no smelters in Alaska or even in the States that make a practice of treating ore of this sort, most of it is shipped to Singapore for reduction.

"Resumption of tin mining in Alaska, when conditions of world business improve, can be predicted wih assurance. Already the increased price paid for tin is beginning to stir up renewed inquiries regarding the known deposits and some premonitory moves are already being taken looking toward bringing property owners and capital together in possibly much more extensive development of the deposits.

"Tin lodes that have been mined have long been known in the western part of Seward Peninsula near York and Tin City, but the bulk of the past production has come from placers, in which the tin minerals, because of their weight, have been concentrated. Most of the placer tin that has been mined in the past has come from the York district, in western Seward Peninsula, and from the Hot Springs district in the Yukon region."

Filth In Broadcasting

REMARKS

OF

HON. DONALD L. O'TOOLE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Saturday, December 18, 1937

Mr. O'TOOLE. Mr. Speaker, the broadcasting companies of this country are allowed the privilege of using the air merely by sufferance of the Government. Since they are given this privilege, there is an implied agreement with the people that their programs at all times shall be entertaining, instructive, and in good taste.

Up until a short time ago, this seemed to be the aim of both the broadcasters and their commercial sponsors, but within the last few months, whether it is due to the close competition between the various broadcasting companies, or whether it is due to the fact that the commercial sponsors are endeavoring by daring acts to attract more listeners to their programs, the character of the programs have been slipping into a lower level.

The climax was reached on the evening of December 12 between the hours of 8 and 9 p. m. On that evening, over the network of the National Broadcasting Co., there was given a program sponsored by the Chase & Sanborn Co., a program that reached an all-time low in this particular field. The principal performer was a certain so-called actress who has served in the past a jail sentence for giving an indecent theatrical performance in New York City. I do not care to mention the lady's name as she has already been entirely too much publicized. She is probably of the same school as the notorious gentleman of many years ago who said, "I don't care what they say about me as long as they publish my name." This lady has been known for her fine portrayals of disreputable female characters. In fact, there is some question as to whether it is a portrayal.

The lady played opposite a gentleman who has become known for his ability to transmit his voice to a dummy. His ability in this respect is so surprising that the public have now acquired the idea—especially after the performance of December 12—that the dummy possesses a better sense of taste than his sponsor.

These parties were assisted by another gentleman whose characterizations and work on the radio have always been of the highest type, both as to entertainment value and as to purity of expression. Yet on this evening he, too, took part in this gutter drama.

Within 20 minutes after the broadcast I sent a telegram to both the National Broadcasting Co. and to the Chase & Sanborn Co. protesting against the degrading and obscene matter that they had sent into every corner of the country over air which they did not own, but which belonged to the people of this country. Like most others who have done something that is shameful when an accusation is made, they did not reply. I then addressed the following letter to the Federal Communications Commission in Washington, D. C.:

DECEMBER 17, 1937.

Mr. T. J. SLOWIE,
Secretary, Federal Communications Commission,
Washington, D. C.

MY DEAR MR. SLOWIE: It is my desire to most vigorously protest against the actions of the National Broadcasting Co. in allowing the Chase & Sanborn Co. to broadcast over their networks the filthy and indecent program that was given last Sunday night between the hours of 8 and 9.

The featured performer was a certain Mae West, who served a jail sentence in New York City for presenting an indecent theatrical performance. She was assisted in a later part of the skit by Edgar Bergen.

The radio, entering as it does into the homes of millions of our citizens, must at all costs give clean, decent, and high-class entertainment.

To date every father and mother felt that it was perfectly safe to turn the radio on in the presence of their adolescent children. After last Sunday night, no such feeling of freedom can exist.

I wonder if the persons responsible for this program are accustomed to staging such entertainment in their own homes before their own children. Frankly, I believe them capable of stomaching most anything.

It is my intention to force congressional action on this matter.

Very sincerely yours,

DONALD L. O'TOOLE,
Member of Congress.

On Saturday, December 18, a Mr. Berkley, who professed to be an official of the National Broadcasting Co., informed me by telephone that his organization was very sorry that a program of this type had been sponsored and that it would not happen again. He further said that they had no idea that the broadcast was to be so salacious.

This explanation is indeed a shoddy one. Anyone familiar with the technical side of broadcasting, as many of the Members of this House are, is fully aware that all script must be read by an official of the broadcasting company before it is allowed to go on the air. It is also common knowledge that, due to the great number of programs that must be broadcast in the course of an evening, that all individual skits must be rehearsed so that the proper timing can be worked out. These broadcasts of large commercial acts are not helter-skelter affairs. Furthermore, the broadcasting company and the sponsor were placed on their guard by the contracting of the lady whom I mentioned before, as her reputation is well known to everyone in the entertainment field and almost equally well known to the public at large. In fact, it is proper to say that they were no doubt attracted to hire this woman by reason of her reputation—whatever that might have been.

Mr. Speaker and Members of the House, it appears to me that this skit was to be a "feeler." In other words, if this indecent program did not receive too many protests, it would be followed in the future by similar sewage. If the volume

of protests was great, then an apology could be made, or parties could disclaim responsibility even though the parties controlled the vehicles through which the program emanated, and the blame be placed on an advertising agency.

It is common knowledge that the stage and the motion-picture field in days gone by both became so loose in the performances that they allowed that it was necessary for the public to censor in one instance and the individual States to censor in the other field.

There are very few people in this country who like the idea of censorship, but if a company that is granted a privilege by the Government has not sufficient sense, taste, or intelligence or faith with the people to allow a program such as the National Broadcasting Co. allowed to be broadcast on the evening of December 12, then some type of censorship must be placed on broadcasting.

I think it might be fitting and proper for this House to investigate the entire broadcasting field. It seems to me very strange that two large companies should have such a strangle hold on the air. Why should two companies have all of the better wave lengths throughout the breadth and scope of the land? How has this come about? Let us look into the various angles of this gigantic new business which brings millions of dollars into the pockets of two large corporations, which use the God-given space that is just as much a natural resource as our native water power. Let us find out whether or not there is any connection between these companies and their subsidiaries and any other groups which might have reason to desire to control the air as they slowly, but surely, have taken control of the press. Let this House go thoroughly into the entire make-up, both in respect to stock organization, the membership in the board of directors, outside holdings, management, income, and every other particular that relates to their business.

Since these companies engage in interstate commerce, and since they have reached the point where they now may nearly be classified as public utilities, I think that the people of the United States, in order that they may be assured of decent, clean, and entertaining programs, programs without bias, programs which are not attempting to sell certain propaganda should have the benefit of an investigation by this Congress.

It is my intent in the next session to propose action along these lines. If these companies are interfered with, they have themselves to blame.

Dedication of the Church Street Postal Annex and Federal Building in New York City

EXTENSION OF REMARKS

OF

HON. JOHN O'CONNOR

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, December 20, 1937

ADDRESS OF HON. JAMES A. FARLEY, POSTMASTER GENERAL, AT THE DEDICATION OF THE CHURCH STREET POSTAL ANNEX AND FEDERAL BUILDING IN NEW YORK CITY, OCTOBER 4, 1937

Mr. O'CONNOR of New York. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address of Hon. James A. Farley, Postmaster General of the United States, at the dedication of the Church Street Postal Annex and Federal Building in New York City, October 4, 1937:

Today we are assembled to formally open to the people of New York City this magnificent Church Street Postal Annex and Federal Office Building. With the completion of this unit there is added another major link in the chain of public buildings which have been provided by this administration for the comfort and convenience of the public in Greater New York.

The postal activities carried on for so many years in the building on City Hall Square will be housed in this new structure, and office space is provided for the Internal Revenue Bureau, the War Department, the Navy Department, and many other Government agencies. The building is fireproof, modern in all respects, and equipped with up-to-date mechanical devices.

This site, which is bounded on the north by Barclay Street, on the west by West Broadway, on the South by Vesey Street, and on the east by Church Street, was purchased under congressional act of July 3, 1930, at a cost of more than $5,000,000. Title of the land was vested in the Government on September 15, 1934. Under act of June 19, 1934, $6,200,000 was allotted for the erection of this building. Subsequently, there has been appropriated and allotted additional amounts which have made available for construction more than $6,700,000.

The Treasury Department selected Cross & Cross and Pennington, Lewis & Mills as architects: Construction was by James Stewart & Co., all of New York City. I want to take this opportunity to express my warmest congratulations and appreciation to the architects, the builders, and to their employees.

The growing needs of the public service have already indicated that additional space will be required in this building. More than $2,600,000 has been allotted for this purpose. The same architects who planned the present building were employed to provide for six additional stories and a contract has been awarded to the Millinoff Construction Co., of New Jersey, for the construction of the addition.

The erection of buildings of this character throughout the city of New York and throughout the Nation indicates progress and offers ample evidence of the Government's interest in business and in the welfare of its people. Construction projects like this give employment to thousands of workers and have a wholesome effect on business generally. Accomplishments of this kind also indicate that the Federal Government is conscious of the needs in all sections of the country, and is providing facilities which are adequate for the public service.

Of course, these establishments are set up to house all of the activities of the Federal service; but, speaking generally, the principal use of most public buildings erected by the National Government is by the Postal Service. The necessity for locating stations to meet the postal needs of the people has governed to a large extent the location of Federal buildings. For example, in the New York City postal district there are 73 postal units, including the general post office and 72 stations and annexes. Twenty-three of these units, including the one we are dedicating today, are located in Government-owned buildings. Eighteen have been constructed during the present administration. Plans are in course of preparation for a new building to be known as Canal Street Station, and preliminary work has been started with a view to erecting buildings for the accommodation of Station J and Wakefield Station.

The growth of the Postal Service in the United States has been phenomenal and that growth is reflected to a marked degree in the post office of New York.

The earliest record of the New York post office in the ledger of Benjamin Franklin discloses that Ebenezer Hazard was postmaster on July 5, 1776. He was still holding that office on May 7, 1777, but the exact dates of Mr. Hazard's service are not available. Ledger A of the Post Office Department indicates that William Bedlow was postmaster in New York from April 5, 1784, until he was succeeded by Sebastian Bauman on October 3, 1789. There have been 24 individuals who have served as postmaster of New York City. However, there is a great difference in the responsibilities carried by Messrs. Hazard, Bedlow, and Bauman and in the responsibilities of the present postmaster, Albert Goldman.

The earliest record of receipts shows that in New York City in 1791 the revenues were $3,788.84, while in the fiscal year ended June 30, 1937, Postmaster Goldman collected and accounted for postal revenues amounting to more than $76,000,000, which were approximately 10 percent of the postal receipts of the entire Nation. Some of the more important postal stations in this city, such as Wall Street, Times Square, and Madison Square, have receipts that are in excess of the postal revenues collected in some of the States of the Union.

Back in 1791 the business of the New York post office was a little more than $300 a month, and in all probability Postmaster Bauman handled the affairs of his office with little or no help. Today the receipts average in excess of $6,000,000 a month, and Postmaster Goldman has an army of employees numbering more than 20,000.

In the early days there was little need for speed, as transportation was limited and the postal requirements of the people were few and easily met. Today there is a vastly different situation. With mail being transported in and out of New York by plane, railroad, steamship, steamboat, and every known means of conveyance, the task to be performed is far more complex and intricate; yet it is accomplished with such ease and efficiency that the average citizen considers it quite commonplace and is indeed surprised at the few instances of delay and inconvenience caused by irregular mail service. There is no other agency of Government, and certainly no private agency, that renders individual personal service to the people of the Nation that in any way compares with the service rendered by the post office.

In the 4½ years that I have been privileged to serve as Postmaster General I have learned of the fine loyalty and efficiency of the postal workers, and I know that Postmaster Goldman joins with

me in expressions of deepest gratitude to the supervisors, clerks, carriers, railway postal clerks, rural carriers, substitutes, laborers, motor-vehicle employees, and the custodial employees who work day in and day out in their ceaseless efforts to maintain the service at its present high standard of efficiency. We in the Department fully appreciate that our efforts to maintain a businesslike administration in the post office would not be successful but for the fine loyalty displayed by those who actually do the work in New York and in all of the post offices throughout the country. I consider it a distinct honor to be permitted to serve with the people in the Postal Service who have made such a marked contribution to the recovery of the Nation from the effects of the depression.

Much has been accomplished in the Postal Service since March 1933. To illustrate: The net deficit for the fiscal year 1932, which was the last full year of operation under the previous administration, was more than $152,000,000, and there was a net deficit in the fiscal year 1933 of more than $50,000,000—notwithstanding that in the beginning of that year the postage rate on all first-class mail matter was raised from 2 to 3 cents. The fiscal year 1934 was the first full year of operation under this administration. At the beginning of that year the postage rate on local first-class matter was reduced from 3 to 2 cents, and yet a net postal surplus of more than $12,000,000 was shown. In 1935 a net postal surplus of approximately $5,000,000 was accomplished, and in the fiscal year 1936, although a shorter workweek law was granted to the employees and the custody of the post-office buildings was taken over from the Treasury Department, we ended that fiscal year with a net postal deficit of less than $17,000,000. I am confident that when the books are balanced for the fiscal year 1937 another net postal surplus will be shown.

Some critics always point out that while surpluses are shown in the operation of the Department, yet substantial sums are withdrawn from the Treasury to meet expenses. Let me remind you that such withdrawals from the Treasury are made to cover the cost of services rendered by the Department under law, free or at less than cost, or to pay aviation and merchant-marine subsidies which the law required to be paid by the Post Office Department. After taking credit for such items the previous administration showed deficits, and after taking credit for such items in identically the same manner this administration has shown net surpluses for each full year of its administration with the exception of the fiscal year 1936, which was the year that the shorter workweek law was provided and the maintenance of Government buildings was taken over from the Treasury. However, by the adoption of sound business principles in the management of the affairs of the Department, with the increase in business due to recovery, and with the wholehearted support of our personnel, I am confident that we have again attained a balance between receipts and expenditures with respect to that part of our service which we render to the public for hire. This has been accomplished without impairment of service. As a matter of fact, the service has been improved in many respects. It has been accomplished without adversely affecting the employees. On the contrary, their working conditions have been improved, and liberal personnel policies have been followed.

All of these things are in keeping with the policies of the Roosevelt administration, which, stated simply, mean that the Government shall be operated in the interest of all the people. Franklin D. Roosevelt will go down in history as one of our greatest Presidents, and one who has fought steadfastly to maintain our Government and our American institutions in accordance with the rule of the majority. By his bold and courageous leadership he saved the banking system of this country which was on the verge of collapse. He brought about reforms in the banking laws which ended the use of deposits in speculative gambling and provided an insurance for your savings. He found millions of citizens threatened with starvation and caused the Government to perform a nation's duty when he fed them. He found that the spirit of millions of Americans had been broken due to lack of gainful employment, and he launched and carried out a program of public works, of which this building is a striking example, and thus restored millions of breadwinners to self-respecting toil. He found workers in industry threatened with the denial of their right to collective bargaining and gave them a new charter of human rights. He launched a social-security program to insure the workers against unemployment and poverty in old age.

Franklin Roosevelt is a great humanitarian. His accomplishments thus far are sufficient to assure immortality to any man in any nation, and he is continuing to carry on the wisest, bravest, and most constructive fight for the preservation of liberty and democracy of any leader the Nation ever had. The people are with him because he keeps pace with the times and because he is not afraid to go ahead in spite of the criticism of those who are serving selfish interests.

You may be assured that this administration of your Government will progress and keep step with the business and social needs of the Nation and will continue to offer evidence of its stability and soundness by providing public improvements that benefit all on an equal basis.

In conclusion, then, let me again offer my congratulations to the architects, to the builders, to the citizens of New York generally, and to the officials and Government workers who will render service to the public from this splendid establishment.

APPENDIX

(Appendix to the speech of Postmaster General James A. Farley delivered at the dedication of the Church Street Postal Annex and Federal Building in New York City October 4, 1937.)

LIST OF POSTMASTERS, NAME, AND DATE APPOINTED

Ebenezer Hazard, August 5, 1776.
William Bedlow, April 5, 1784.
Sebastian Bauman, October 3, 1789.
Theodorus Bailey, January 2, 1804.
Samuel L. Gouveneur, November 19, 1828.
Jonathan J. Coddington, July 5, 1836.
John L. Graham, March 14, 1842.
Robert H. Morris, May 3, 1845.
William V. Brady, May 14, 1849.
Isaac V. Fowler, April 1, 1853.
John A. Dix, May 17, 1860.
William B. Taylor, January 16, 1861.
Abram Wakeman, March 21, 1862.
James Kelly, September 19, 1864.
Patrick H. Jones, April 27, 1869.
Thomas L. James, March 17, 1873.
Henry G. Pearson, March 22, 1881.
Cornelius Van Cott, April 5, 1889.
Charles W. Dayton, June 5, 1893.
Cornelius Van Cott, May 12, 1897.
William R. Willcox, December 7, 1904.
Edward M. Morgan, August 14, 1907.
Thomas G. Patton, March 16, 1917.
Edward M. Morgan, June 23, 1921.
John J. Kiely (acting), January 23, 1921.
John J. Kiely, January 22, 1925.
Albert Goldman (acting), August 31, 1934.
Albert Goldman, January 16, 1935.

Postal receipts

1791	$3,788.24
1827	114,388.31
1835	221,022.99
1855	492,972.46
1885	2,837,709.41
1895	7,138,943.00
1900	9,272,177.00
1910	23,378,062.00
1920	53,318,639.00
1930	75,696,569.00
1931	69,021,779.00
1932	63,347,428.00
1933	60,080,045.00
1934	61,137,464.00
1935	64,770,332.00
1936	73,237,286.00
1937 (fiscal year)	76,217,096.33

GOVERNMENT BUILDINGS

There are 73 postal units in the New York postal district, including the general post office and 72 stations and annexes.

Twenty-three of these units are located in Government-owned buildings. Included among the Government-owned post-office station buildings are the following which have been constructed in New York City during the present administration:

Station and cost

Church Street Annex	$11,782,746
B	264,000
Boulevard	95,000
Bronx	1,375,000
College	153,104
D Annex	410,000
H	334,017
Inwood	130,183
M	134,000
Madison Square	850,000
Morris Heights	124,389
O	438,000
T	106,400
W	323,000
Washington Bridge	148,500
West Farms	112,000
X	166,100
Y	370,150

In addition to the units listed, $900,000 has been allotted for the acquisition of a site and the erection of a Federal building to house a postal unit of the New York Post Office, to be known as Canal Street Station. Plans for this building are now in course of preparation, the building to be erected on property located on the corner of Canal and Church Streets.

Under the public-building authorization contained in the act of August 25, 1937, funds have been allotted for two additional station buildings in New York—Station J, to be located in the vicinity of West One Hundred and Twenty-fifth Street and St. Nicholas Avenue, and Wakefield Station, to be located in the vicinity of East Two Hundred and Thirty-third Street and White Plains Avenue.

New York City

Regular postal employees:	
Supervisors	782
Clerks	10,038
Carriers	3,557
Laborers	1,542
Cleaners	180
Total	16,099
Substitute postal employees:	
Clerks	1,400
Carriers	1,002
Laborers	359
Total	2,761
Motor Vehicle Service:	
Total number of employees	661
Total number of Government-owned trucks in service	555
Custodial employees	1,673

Railway Mail Service

Second Division, Railway Mail Service, New York:	
Number of employees	2,641
Number of trains carrying mail into New York City daily	263
Number of trains carrying mail out of New York City daily	305
Number of air-mail dispatches daily	53
Number of mail-car loadings annually	20,000

Foreign Mail Service

Number of vessels that will carry mail leaving the port of New York for the month of October:	
Trans-Atlantic	81
South and Central American	113
Total	194

Idle Money Census

EXTENSION OF REMARKS

OF

HON. EDWARD A. KENNEY

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, December 20, 1937

Mr. KENNEY. Mr. Speaker, the President in his message to the special session of the Seventy-fifth Congress referred to the necessity of capital and labor both being employed. Pointing out that the continued and complete success of our people depends on a wider distribution of a greatly enlarged national income, he emphasized that such enlargement presupposes full employment of both capital and labor.

The first long-range step looking to a permanent solution of the unemployment problem has been taken by a census of the jobless from which it will be known how many are unemployed and at what they are willing, able, and anxious to work.

But there is another essential step because it will not be enough to ascertain data of the unemployed unless, having it, some definite idea exists as to how and in what circumstances capital will go to work to furnish employment. The only way that can be adequately determined is by a census of idle money. It should be taken without delay. Then and only then will it be known whether there is in fact idle capital and at what and under what conditions the men with capital will use it to put men and women to work.

It has been intimated that many corporations have idle money which they will invest for expansion purposes or new enterprises, if certain things are done by the Congress, although there has been no definite information as to the number of people that will be employed in the work that is said to be held in abeyance.

Business concerns are said to be ready to put idle money to work but there is no available data as to whether in fact employment will ensue; then there is the claim that banks and insurance companies have oceans of money to loan to those needing capital but are holding back. Individuals with large amounts of money, it is said, are anxious to enter enterprises increasing employment. It is suggested, however, that there are conditions precedent which the owners of idle money require to be met.

At a recent luncheon of businessmen one of them told me that a friend had $2,000,000 to put to work which he was parking in idleness. That was followed by a statement that there was another who had $5,000,000 to invest in an enterprise but was keeping his money idle.

If it be so that there be a vast amount of idle money available for investment which will give employment, something should be done, it would seem, to find out just who has the money to invest in or with business and how many men and women that idle money, if employed would engage, and just what the reason is that the money is held back and idle, and just what would induce those with idle money to release it for business enterprise.

On November 24, 1937, I introduced H. R. 8506, a bill to provide for the taking of a census of idle money, unemployed capital, and needed capital, and for other purposes. A census of idle money is just as necessary and more so, in my opinion, than was the census of unemployed, for more was and is actually known about unemployment than is known about the facts surrounding idle money, said to be so desirous of going to work.

I believe the information called for by my bill should be gathered, and by leave of the House I here include the provisions of the bill, H. R. 8506, a bill to provide for the taking of a census of idle money, unemployed capital, and needed capital, and for other purposes:

Be it enacted, etc., That to provide information concerning the numbers, classes, and geographical distribution of persons and corporations and banking institutions in the United States, and concerning the amounts of idle money, unemployed capital, and needs for capital, to aid in the formulation of a program for unemployment, unemployment relief, durable-goods production, and expansion of industrial activities, the President shall cause to be taken on or before April 1, 1938, a census of persons, corporations, money, capital, and capital needs, and including such other related information as shall be deemed in the public interest, in the 48 States and the District of Columbia and the Territories of Hawaii and Alaska. The questions to be included in this census and the detailed information to be enumerated shall be determined upon by a committee consisting of the Secretary of Commerce, the Chairman of the Central Statistical Board, and the Director of the Census, or their authorized representatives.

SEC. 2. The provisions, including penalties, of the act approved June 18, 1929 (46 Stat. 21; U. S. C., 1934 ed., title 13, ch. 4) except sections 9 to 11, inclusive, thereof, shall, so far as not inapplicable, apply to the taking of the census provided for in section 1 of this act: *Provided, however*, That temporary personnel required to carry out the purposes of this act shall be appointed without regard to the Classification Act of 1923: *Provided further*, That the administering agency is authorized to call upon the other departments or agencies of the Federal Government for information relating to, and for assistance in connection with the census herein provided for; and the administering agency is authorized to cooperate with and to use the information secured by such State and local agencies as may have data pertinent to this census.

SEC. 3. To meet the expenses of this act the Secretary of the Treasury is authorized to make available from the Emergency Relief Appropriation Act of 1937 such an amount as the President may determine to be necessary.

SEC. 4. The President is authorized to make such rules and regulations as are necessary to carry out the provisions of this act and such provisions of the Census Act of 1902, as amended, as are applicable.

On the subject of idle money the Washington Herald of today prints an editorial wherein it refers to the "strike of capital," stating that a strike does exist.

Let us act to take a census of idle money. Then, if the strikers are honest we will know how much money is striking to the detriment of labor and the reason for it and having determined that and having the data of the census of the unemployed already taken, the President and the Congress will be irresistibly guided in the effort to bring about full employment of both labor and capital.

By leave of the House the editorial referred to is here included:

IDLE MONEY

There has been much talk about the "strike of capital," which has surely emphasized the recent decline in business.

We know the strike exists because most of us have been in it ourselves. Have we not been more apt to keep money in the bank than to spend it?

What we would really like to know is whether the strike has been a deliberately organized affair or whether it results involuntarily from a mere instinct of self-preservation.

If we can find out where the big masses of idle money lie we may arrive at some opinion in this matter.

Much talked about is the cash in the treasuries of the big investment trusts who, in a falling security market, like to keep large cash reserves so that they may finally jump in and buy stocks at the bottom.

But this isn't such an enormous factor. Perhaps 200,000,000 in round figures.

Then, there are the banks with a huge excess of reserves, which means idle cash.

But the banks, by and large, can only use up this money by lending it out. If business won't borrow, or if the banks think the security offered isn't good enough, the money continues to lie idle. You cannot force people to borrow against their will.

Next comes the insurance companies. Here we find nearly $1,000,000,000 in cash, which for one reason or another, the management of the companies will not invest.

Here is by far the largest factor in the present capital strike.

The hoarding of nearly a billion is doubly harmful because, as the money mostly lies in the banks in the shape of demand deposits, the banks are obliged to keep enormous reserves intact in order to meet any sudden demand for the withdrawal of these deposits.

It can only be deliberate choice dictated either by fear or by some other motive that keeps the management of insurance companies from investing their idle money; for neither the companies nor the policyholders can profit by this refusal to put all this money to work.

It would be interesting to know what holds these companies back.

Why the Wage and Hour Bill Was Recommitted

EXTENSION OF REMARKS

OF

HON. JED JOHNSON

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 20, 1937

EDITORIAL FROM THE WASHINGTON NEWS

Mr. JOHNSON of Oklahoma. Mr. Speaker, since the House of Representatives a few days ago recommitted the so-called wage and hour bill to the Committee on Labor, many newspapers have commented editorially concerning this action on the part of the House. Among the editorial comments coming to my attention is that of the Washington News, a Scripps-Howard publication that is well known for its liberal and progressive policies.

The editorial is as follows:

Blame for the demise of the wage-hour bill rests chiefly, we believe, with the nature of the bill itself, its manner of birth, and its manhandling at the hands of its friends.

The Black-Connery bill, you will recall, sprang from nowhere last May all written and done up in ribbons by "brain trusters" with a flair for legalistic jargon. Its humane and public-spirited objectives were simple—to put a bottom to wages and a top to hours in interstate industries. These objectives could have been set down in 100 simple words of American. Instead, the proposed law contained 11,000 words. And, instead of merely outlawing wages and hours that no decent American employer has a right to demand of workers, the bill set up a bureaucratic board and endowed it with powers to invade the higher wage and hour brackets at their will. Like N. R. A., it meant well, but it was too ambitious.

Well, when it got to the House in a somewhat simplified form and was hung up in committee by southern and A. F. of L. opposition, its new mother, Representative MARY NORTON, brought in 129 last-minute House Labor Committee amendments, further confusing its purpose and meaning. Finally, in a desperate and log-rolling effort to pass it at any price, its sponsors agreed to exempt mining, milling, smelting, oil, agriculture, and what not, making the whole thing a sorry joke on the workers whose living standards it was designed to raise. And when it went to a vote it was a mush of concession and a shining example of how not to prepare and pass Federal law.

Why, we wonder, did not the administration pave the way for this highly important reform as it paved the way for the Social Security Act of 1935? Then the White House called in the Nation's best economists, actuaries, and other experts and let them sit for nearly a year before they recommended a bill. The measure the White House sent to Congress may not have been perfect, but it passed without delay or confusion—and it's working. England, too, does better with its expert royal commissions which help frame important social and economic reforms.

Had the administration followed the same formula it did in framing social-security legislation, we believe the wage-hour bill would have had easy going in Congress.

May I add, Mr. Speaker, that it is well known that I personally favor a reasonable and fair wage and hour bill. I have so stated on many occasions. During my many years in public life I have consistently supported labor, organized and unorganized. It is my desire to better living conditions of the workingmen, women, and children. I am unalterably opposed to child labor with its sweatshops and starvation wages, and I was hopeful of being able to support the wage and hour bill when I voted to take it away from the Committee on Rules and consider it.

When the Committee on Labor presented the House with 129 last-minute amendments, few of which originated in or with that committee, and when it had grown to an 11,000-word, meaningless monstrosity, I decided that the only practical and sensible action to take was to send it back to the committee and give Members time to work out a simple, constructive measure that members of the Labor Committee, as well as other Members of Congress, could understand, and when passed could reasonably be construed and enforced.

It is to be hoped that a sane, reasonable wage and hour bill will be presented to the Congress in the near future. I shall gladly support such a measure.

Rolling Our Own Logs

EXTENSION OF REMARKS

OF

HON. HENRY G. TEIGAN

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 20, 1937

ARTICLE BY HON. HENRY G. TEIGAN, OF MINNESOTA

Mr. TEIGAN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following magazine article written by myself:

ROLLING OUR OWN LOGS

(By Representative HENRY G. TEIGAN)

"Farmers and workers are both members of the producing class. Both are exploited by organized wealth, and an injury to one is an injury to the other." In these words a North Dakota farmer once described to me the economic situation as he then saw it. It seemed strange, though interesting, to me at the time, but as time passed on and I began to delve into books on economics, this farmer's view began to look like a prophecy.

Thus it is not altogether a coincidence that a farm bill and a bill regulating wages and hours in the interests of industrial workers should be up for consideration in Congress at the same time.

On December 2, Members of the House of Representatives were debating the farm bill, otherwise known as the Agricultural Adjustment Act of 1937. But while we talked about farmers, we were worrying about workers. Eight signatures were still needed to release the wage and hour bill from the stranglehold of the Rules Committee. Eight signatures and only 48 hours to go.

Everybody now knows what happened; the two hundred and eighteenth signature to the petition to discharge the Rules Committee at long last set the House free to consider a measure which already in the last session had the support of a clear majority. When the last name was appended to the petition on the Speaker's desk, the House broke into spontaneous applause. That applause was echoed by thousands of trade-unionists throughout the country, and by thousands of poorly paid workers still unorganized.

In that session on December 2 something happened which was of historic importance to American workers and farmers. The fight for the farm bill and the fight for the wage and hour bill had become one. "Logrolling! Horse trading!"—so the gentleman from New York, Mr. HAMILTON FISH, charged.

When the House convened at noon, Mr. FISH introduced a resolution calling for an investigation of charges that "everything has been swapped but the Capitol." The gentleman from New York, moreover, called the newspapers on what Mr. DIES, of Texas, and Mr. ROBERTSON, of Virginia, had said.

The terms "logrolling" and "horse trading" do not sound good to the average American's ear. In years gone by it has meant the trading of votes in Congress by the gentlemen of big business in their efforts to improve their methods of plundering the people. Now the so-called "logrolling" and "horse trading" was being done by Members from rural districts and those from industrial districts. That is to say, the workers' representatives and the farmers' representatives were getting together in their common objective to get away in some measure from the plundering of organized wealth. The reactionaries in and out of Congress were appalled, shocked, and amazed at the unholy performance. They "had never seen anything like it before."

It was quite true; they never had. Old hands at barter, accustomed to seeing the rights of workers and the rights of farmers gambled away in a series of "trades" that benefited only their common enemies, they were seeing something new under the old capitalist sun. They were seeing the practical beginnings of farmer-labor unity.

It wasn't a "trade" that won votes for the farm bill and signatures for the wage and hour bill. It was united support for two measures inseparably important to the welfare of those who till the soil and turn the wheels of industry. Without some kind of farm aid, workers would lose a large part of their rural market. Without a floor for wages and a ceiling for hours of work, farmers would feel the burden of "surplus" food which workers had no money to buy. It wasn't workers against farmers and farmers against workers, each trying to drive the sharpest bargain. It was workers and farmers together against the profits of trusts and middlemen. It was workers and farmers against the very voices which shouted "horse trading."

Minnesota is a Farmer-Labor State, and so this question of cooperation between farmers and workers is not a new one to our congressional delegation. We have been watching the country for signs of its growth. And we have seen the signs. There was the convention in Denver last summer, where cannery, agricultural, packing, and allied workers, including the sharecroppers, formed the United Cannery, Agricultural, Packing, and Allied Workers of America. There was the statement of John L. Lewis, addressing himself to the working farmers:

"If the working farmers of America have a great stake in the C. I. O.'s crusade to raise the level of living of the working people of this country * * *. Only when the industrial workers, steadily marching toward higher standards of living, can buy the farm products they need, will the farm problem be solved."

Labor, organ of the railroad brotherhoods and other railway organizations, has for years championed the cause of the farmers in their fight for legislation at Washington. And in Minnesota the entire trade-union movement, including the State federation of labor, has consistently supported legislation in the interests of the farmer.

Farmers have responded warmly to the proffered friendship of organized city workers. In Oklahoma City the Farmers' Union at its recent national convention expressed support for the workers in their struggle for a decent living, while preparing to engage in a similar struggle in the interests of the toiling farmers. In South Dakota the other day a conference on progressive legislation brought together representatives of both farm and labor groups. In Montana, in Pennsylvania, in Alabama, the Farmers' Union conventions have helped to break down the boss-made barriers which too long have separated farmers and workers.

On October 4 of this year Governor Benson called the Minnesota Farm Conference at St. Paul, to which flocked more than 1,000 of Minnesota's dirt farmers. The conference program states the case:

"In Minnesota the farmer and the worker have cooperated to win many victories. The practice should be extended to the whole Nation, for the cure for agriculture's ills must be brought about mainly on a national scale. Propaganda of the big newspapers and others trying to show that the farmer and worker have little in common should be promptly exposed. Figures show that farm income rises with income of the industrial worker, and vice versa."

These were some of the straws that showed us that the wind was blowing from the direction of growing farmer-labor unity. It takes quite a breeze out through the country to stir the air in Congress. But in this special session, for all its efforts to stifle the popular voice, the air is beginning to stir with fresh currents. The merging of the farm bill and the wage and hour bill into one issue—the issue of all the people against their oppressors—showed that this is true.

Farmers and workers put the heat on. That's why the wage and hour bill was dragged away from the Rules Committee and why the farm bill passed. It was a new kind of heat. Workers plugged for farmers, farmers plugged for workers. That was the kind of heat they put on me. Nine farm organizations from six States wrote me urging support of the wage and hour bill. They said:

"We deplore and condemn any attempt to divide the forces of farmers and labor. We particularly condemn attempts to make it appear that farmers are opposed to Federal legislation establishing minimum wages and decent working standards."

Gov. Elmer A. Benson, of Minnesota, sent me a telegram on the pending bill. I cherish that telegram because it expresses the philosophy of a great statesman, a Governor who serves a Farmer-Labor State by fully representing the interests of all its people. In part Governor Benson's telegram said:

"The community of interest of farmer and wage earner makes it imperative that both groups and their congressional representatives work in the closest cooperation. I urge that you do everything possible to prevent predatory interests who oppose both farmers and wage earners from creating friction and discord in farmer-labor relationships."

That was the kind of heat the folk back home put on me. It's the kind of heat that warms a Farmer-Labor Congressman's heart. It's the kind of heat that must radiate from every part of the country if we are to defeat the attacks now being made on the living standards of the whole population.

Farmer-labor unity is on the way, but it isn't here yet. Passage of the wage and hour bill and of a real farm bill which—which I fear won't happen at this session—will represent a victory for the beginnings of this unity. Full unity, with the incomparably greater strength it would bring to our whole people, could achieve far more than these inadequate measures. For, just as unity is now only embryonic, the farm and labor bills for which we struggle are only half measures which fall far short of the people's need. The farm bill, in addition to its faults of complexity and administrative difficulty, perpetuates the philosophy of scarcity and destroys food while millions hunger. Its benefits will not filter down to the lowest strata of farmers, and the old inequities made familiar by the A. A. A. will still oppress sharecroppers and tenants. The wage and hour bill excludes millions of needy and underpaid workers from its benefits.

Obviously these bills do not solve the economic problems of our country. Solution must wait on the maturity of that cooperation between workers and farmers, between town and country, which has just begun to flower. Unity must broaden as well as deepen before we can press on to more complete solutions of our problems than are contemplated by this Congress. Small-business men and professional people must join with workers and farmers, awakening to the common dangers which threaten us all.

Meanwhile, there are other things to be done first. Progressive groups throughout the country have the task of nurturing and strengthening the lusty infant of farmer-labor unity. Their success will help us in Congress to carry out the President's legislative program, to stop threatened relief cuts, and Budget balancing. Our small victories will, in turn, stimulate the drive for greater unity outside of Congress. The release of the wage and hour bill, won during farm debate, should provide a lesson for any who doubt that it is unity which decides.

Our enemies called it logrolling and horse trading. But this collective action of workers and farmers had nothing in common with the shady transactions of slick politicians. Workers and farmers made not a trade but a partnership. No wonder the tories lamented and deplored. They never saw anything like it before. But they are going to see more of it in the time to come, and the more they see the less they'll like it. It isn't horse tradings, it's putting your horses in double harness and driving a team. It's the way to get places. Workers and farmers are on their way.

Wage and Hour Bill

EXTENSION OF REMARKS

OF

HON. AIME J. FORAND

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, December 20, 1937

Mr. FORAND. Mr. Speaker, the wage and hour bill, one of the greatest pieces of humane legislation ever to come before the Congress of the United States, was during the past week slowly dismembered and, finally, on last Friday evening was given its death blow. This action by the House of Representatives is most regrettable.

The Congress was called to meet in special session on November 15 by our great President, Franklin Delano Roosevelt, for the purpose of enacting legislation that would have proven of great benefit to that underprivileged class of our people who for long years and still are working extremely long hours for wages that are disgraceful to a great country such as ours. Early last spring, on May 24, 1937, the President sent to the Congress a message in which he requested that legislation be enacted that would protect a large number of our people, estimated at some 12,000,000, who were employed under substandard labor conditions; and when we

failed to enact such legislation before adjournment of the regular session on August 21, he deemed it not only desirable but necessary, because of existing conditions, to call us back for an extraordinary session of the Congress.

The enactment of wage and hour legislation would have been a step forward in our efforts to remove from our economic system part of the condition of serfdom and slavery which still remains, but it would also have been a redemption of the pledge made by our great party at its national convention held at Philadelphia in June 1936.

Mr. Speaker, I have no quarrel with the opponents of this legislation who are sincere in their belief that it is not good legislation or that it would not accomplish that which we, the supporters of this bill, believed it would. I have no patience, however, with the outside influences which waged such a bitter campaign against this humane legislation under the guise of being the friends of labor, while in reality being its enemies. Past history reveals that most of those who sponsored the campaign of opposition were the same people who fought such legislation in their home States. The force of their attack was based publicly against differentials, but the real reason for their fight was that they are opposed to wage and hour legislation in any form.

Mr. Speaker, I am opposed to the idea of differentials because I believe that regardless of the section in which a worker may live that worker is entitled to a living wage and not to sweatshop wages of two, five, or eight dollars a week for anywhere from 48 to 60 hours of labor. It has been said many times during the debate on this legislation that approximately 12,000,000 persons would be benefited by this type of legislation, which to me means that there are many of our countrymen who are now engaged in employment by employers who do not seem to realize or do not want to realize that they are dealing with human beings.

I voted for the American Federation of Labor amendment to wipe out differentials, but that amendment was defeated by a vote of 162 to 131. Failure to eliminate differentials did not give us license to destroy the legislation. I believe that a half of loaf is better than no bread at all, and for that reason I voted against the motion to recommit because I realized that a vote to recommit was a vote to kill the bill.

I sincerely hope, Mr. Speaker, that when Members of Congress go home during the holiday season and meet their constituents they will be made to see what a grave error they committed and that when we meet again for the regular session in January they may have a change of heart and support a new wage and hour bill.

It is most regrettable that while pretending to be friendly toward labor the members of the Republican Party voted almost to a man to kill the bill, only five of them having the courage to vote against recommittal.

O Mr. Speaker, how true is that Biblical quotation, "By their acts ye shall know them."

Merry Christmas

EXTENSION OF REMARKS
OF
HON. DUDLEY A. WHITE
OF OHIO
IN THE HOUSE OF REPRESENTATIVES
Monday, December 20, 1937

Mr. WHITE of Ohio. Mr. Speaker and ladies and gentlemen of the House:

Christmas is here
And another year
Is just around the corner.
But ere this one ends
Your scribe extends,
Tho' time is fleeting,
A word of greeting
To friends around the corner.

Recent months have been bad,
But why be sad,
With prosperity around the corner?
Oh, how we'll shout
When it comes out
From its place of hiding
To the waves we're riding—
As we anxiously watch the corner.

Pa's been broke,
Which is no joke—
No matter what the corner;
But the kids are well,
And that is swell,
So we still can look
For the pleasant nook—
Around that elusive corner.

Our pants are thin;
The breeze comes in
From every windy corner.
It gets our goat,
But we're in the same boat,
As you and I suffer
Like every poor duffer—
Standing on the wrong corner.

It's fun to live
And great to give
Our share in finding the corner.
And we'll find it sooner
If we keep a sense of humor,
For isn't life "the berries,"
Or maybe a "bowl of cherries"—
Regardless of any old corner.

We've gained in friends
And it makes amends
For sharp points of the corner.
They give us a smile
That shortens the mile,
And eases the load,
As we seek the road—
That leads around the corner.

God has been good
With health and food,
As He helps us nearer the corner.
And if we help too
In the year that's new,
He may point the way
At an early day—
Taking us around the corner.

So Merry Xmas to you,
And happiness too,
Good friends this side of the corner.
May the fates be kind
To your dear ones and mine—
It's the best we can ask
As we face our task
Of getting them 'round the corner.

Elmer Lewis

EXTENSION OF REMARKS
OF
HON. SAMUEL B. PETTENGILL
OF INDIANA
IN THE HOUSE OF REPRESENTATIVES
Monday, December 20, 1937

ARTICLE BY WILL P. KENNEDY IN THE WASHINGTON STAR

Mr. PETTENGILL. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following article from the Washington Star, which contains a very fine tribute to Elmer Lewis, superintendent of the House Document room.

CAPITAL SIDELIGHTS

(By Will P. Kennedy)

"Elmer" is a name to conjure with at the Capitol—he's a House employee, but called upon for service by most of the Senators and their office help. He was born on a farm near Stoughton, Wis., but for about 20 years has been practically indispensable in helping to put through legislation. Incidentally, he has been an undercover benefactor to most of the high-school and college debaters throughout the country. He has given important service to every State in the Union by helping the Members of Congress do things

for their districts. Although there is today not much "peace on earth," Elmer lives up very religiously to his creed of "good will toward men."

Elmer Lewis, superintendent of the House document room, is well worth the study of psychiatrists and psychologists, pathologists, and others of such breed, for he has a peculiar gift or ability. He describes himself as "just a freak of nature." He has a card catalog mind—more than that, he has a number-registering mind. It's absolutely uncanny the way he can give you the number of any bill or report without stopping to think, and invariably he will look it up in his card catalog and cross index, which always confirms his mind record. Veteran Members and employees frankly admit that they have never known Elmer to give a wrong number.

For two decades he has given intensive study and drudgerous routine work, fitting himself for the exacting duties of his office. He is a walking encyclopedia on legislative measures. Not content with merely storing bills and documents and passing them out on request, Elmer has been studious how that office can give more helpful service, and has thought far ahead of the Members. His domain is a labyrinth of between the walls passages, caverns in the cellar of the Capitol, alcoves on the terraces—all sorts of cubbyholes and niches. There is nothing efficient about the layout of his quarters. All the efficiency there is was Elmer-made. One of his first innovations was the grouping of laws on every subject so that they are now ready for access.

In his pigeonhole office just off Statuary Hall he sits on a revolving desk chair and can place his fingers unerringly on a card reference to any law or legislative proposal, reports thereon, and related information. He has more right in his mind on any particular piece of legislation than a trained research student could gather elsewhere in a whole day's work. Thus he has made himself one of the most important cogs in the legislative machinery—and few days pass but some Member in the heat of debate on the floor sends an SOS to Elmer for hurry-up information essential to the cause for which he is forensically battling. He has had an important part in engineering some of the most important measures in the past decade—but always stays modestly in the background, but always ready when needed.

Some of the treasured records in his office date back 150 years—documents of the Eighth and Ninth Congresses—1803 to 1807—and some House records that go back to 1780. In one small circular room he has assembled all laws dating back to the Forty-fifth Congress. He does his own typewriting and answers personally all calls from any of the 96 Senators, 435 House Members, four nonvoting Delegates or Commissioners, and their entire entourage. He has large envelopes filled with all available data on the major measures under consideration or of timely importance ready to be delivered to Members as they seek information on those subjects. He has developed a system of collecting speeches and other valuable information on current subjects, so that when a Senator or House Members get requests from high-school or college debaters, Elmer can immediately hand them the best material on both sides of the given question.

Elmer is always pleasant, courteous, willing, helpful, efficient, and unhurried. He knows all the answers—and the numbers.

Wages and Hours

EXTENSION OF REMARKS

OF

HON. MATTHEW A. DUNN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 20, 1937

Mr. DUNN. Mr. Speaker, when the Senate and House Labor Committees held a public hearing on the wage and hour bill, many people from different parts of the country testified before the joint committee. One of those who testified was an outstanding economist who maintained that if the wage and hour bill should be enacted into law, about one and one-half million people would be given employment. I asked Mr. Henderson, the economist, "If we should enact into law a 5-day 30-hour workweek bill, how many people would be given employment?" He stated "about seven and a half million."

If the wage and hour bill will abolish sweatshops, child labor, and the slum districts in our country, no one should hesitate to vote for such a constructive, progressive, and humane piece of legislation.

I hope that the time is not far off when we shall enact into law legislation which will give permanent employment at a living wage to all of the people who are physically able to work. There is not any reason why any person who is mentally and physically fit to work should be deprived of employment. There is plenty of work to do for every one in our country. It is estimated that the value of all our developed possessions in this country amounts to about $350,000,000,000. This figure appears to be large, but it is small when compared with the value of our undeveloped resources which amounts to trillions of dollars. If Congress would pass legislation to give employment to the millions who are now out of work and see to it that every person who is employed obtains a saving wage, there would not be such a thing as poverty in the United States. People would not be compelled to live in slum districts and the Government would not be spending $15,000,000,000 annually for the enforcement of law in order to protect society against criminals. Slum districts are, to a large extent, responsible for a great deal of the crime which is existing in our land today. [Applause.]

Letter To Hon. Frank R. McNinch, Chairman, Federal Communications Commission

EXTENSION OF REMARKS

OF

HON. LAWRENCE J. CONNERY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Saturday, December 18, 1937

Mr. CONNERY. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following letter sent by me to Hon. Frank R. McNinch, Chairman, Federal Communications Commission, and wish to say, Mr. Speaker, that I was glad to note in the press of December 19 that apparently my letter to Chairman McNinch resulted, in part, to influencing this derelict body known as the Federal Communications Commission to at least pretend that they are serving the American people by asking for a script of the obnoxious Mae West program broadcast over the network of the National Broadcasting Co. on December 12.

Mr. Speaker, it should be evident to every Member of the Congress that the American people will be forced from time to time to tolerate the continued ravishing of the ears of our people so long as we indolently or for some unknown reason fail to function in making a thorough investigation by the Congress of the activities of this lobbyist and vested interest controlled so-called public-service body. I am hopeful that the Congress will soon act favorably on one of the many resolutions pending in the Rules Committee for a congressional investigation of the Federal Communications Commission and the radio industry.

MY DEAR CHAIRMAN: During the past week I have received a volume of complaints from people of my district protesting against the indecency resorted to by the National Broadcasting Co. in its efforts to enlarge the sales opportunities of Chase & Sanborn's coffees. These complaints substantially indicate that your Commission has been derelict, to say the least, in its enforcement of section 326 of the Communications Act of 1934, which section directs your Commission to prevent the broadcasting of radio programs which are indecent, profane, or obscene.

While it is common knowledge in the Congress of the United States that the radio lobbyists, maintained at tremendous expense by the licensees of your Commission, have all but run the Commission, it seems to me that when your Commission permits the ravishing of the American home by the pouring into the ears of millions of decent God-fearing, law-abiding American people a program so indecent that it violates the sensibilities of even those who are familiar with the burlesquing of historical events, I think it time that your Commission should either function in the interests of the American people or admit your incompetence and permit the President of the United States to place men on your Commission who will function in the interest of and for the benefit of the American people rather than to the satellites acting for the additional enrichment of a privileged few.

My brother, the late Congressman William P. Connery, Jr., realizing the conditions existing in radio, has pending before the Congress a resolution calling for a congressional investigation. It is my intention in the early days of the regular session of Congress to urge the passage of this very much needed legislation solely in the interest of the American people.

Despite the desire of Congress for a thorough investigation of the unsavory conditions existing within and on the part of your Commission, I sincerely trust that your Commission will at least indicate its own sense of honor by revoking the license issued by your Commission to the radio station which originated this, to say the least, indecent radio broadcast.

Incidentally, may I inquire if it is true that the president of the National Broadcasting Co. personally authorized in advance the broadcasting of this program, knowing it to be of a lewd and lascivious character?

I will appreciate an early response to this protest and inquiry.

Very truly yours,

LAWRENCE J. CONNERY.

The Washington Herald of Sunday, December 19, quotes a comment given out by a Member of the other body, which comment I deem of interest to the Members of the House. I believe the quotation is self-explanatory and needs no comment from me. The article, in part, follows:

Senator WHITE, Republican from Maine, introduced the resolution for the investigation, which was reported favorably by the Senate Interstate Commerce Committee last August and scheduled for early action at the next session of Congress. As a member of the four-man American delegation named by the President, Senator WHITE will be away from this country for most of this session.

RESTS WITH WHEELER

"Whether the radio investigation will be pushed is now up to Senator BURTON K. WHEELER, chairman of the Interstate Commerce Committee," Senator WHITE said yesterday.

"If WHEELER wants to push it, that's all right with me," said WHITE, "but if WHEELER feels he has enough on his hands with the railroad investigation and does not want to take the responsibility, that would be all right with me, too."

Asked whether he thought his appointment to the delegation was an attempt to get him out of the country and sidetrack the probe, White replied:

"Not at all. At least I shouldn't like to think so."

DELAY JUSTIFIED

"Besides," he added, "ever since there has been the change in personnel (referring to the naming of Frank R. McNinch and T. A. M. Craven to the Commission) I have felt there was some justification for the delay."

Last August when a resolution for an investigation of the F. C. C. was introduced in the House, Senator White reiterated his intention of pressing for action on his resolution, saying:

"With two new men joining the Commission now the necessity of such an investigation is greater. The new members should understand fully what has been going on in the Commission."

Federal Incorporation Law

EXTENSION OF REMARKS

OF

HON. ROBERT F. WAGNER

OF NEW YORK

IN THE SENATE OF THE UNITED STATES

Tuesday, December 21 (legislative day of Tuesday, November 16), 1937

RADIO ADDRESS OF HON JOSEPH C. O'MAHONEY, OF WYOMING, DECEMBER 19, 1937

Mr. WAGNER. Mr. President, I ask unanimous consent to have printed in the RECORD a radio address delivered on Sunday last by the Honorable JOSEPH C. O'MAHONEY, senior Senator from Wyoming, on the subject of a Federal incorporation law. I hope all Senators will have an opportunity to read the address, for I make the prediction that the proposed solution offered by the Senator from Wyoming will soon receive the serious consideration of the Senate.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Shall we have a Federal incorporation law?

The answer to this question is an emphatic "yes."

We must have a Federal incorporation law if we are to have the slightest chance of achieving permanent prosperity.

There is no other apparent means of liberating private business from the twin evils that beset it—monopolistic interference upon the one hand and Government interference upon the other. Private business cannot thrive against either of these obstacles. The tragedy of our situation—and it is a tragedy—is that although almost every political and business leader acknowledges that there can be no solution of the economic problem until private business has been stimulated to new activity, most of them look either to big business or to big Government for salvation, in complete disregard of the fact that private business cannot long survive under either big business or big Government.

Failure in the past of both business leaders and political leaders to grasp this clear lesson of experience is the principal obstacle to recovery.

I am aware that businessmen look with suspicion on the suggestion that all corporations engaged in interstate and foreign commerce should derive their charters from the Federal Government. They are apprehensive that it would mean more Government interference in private activities, more centralization of power in Washington, more discretion in the hands of Government agents. Not having had the opportunity to examine the proposal in detail, they jump to the conclusion that, if adopted, it would result in making more rigid and more extensive the discretionary controls over private enterprises which we call regimentation.

Nothing could be further from the fact. It is because I want to make business free that I am urging Federal incorporation, and every passing day strengthens my conviction that the only way to save the America of which we have been so proud, the only way to preserve the democratic institutions which we all love, is to adopt this principle.

Let us, however, first analyze the problem and ask ourselves, "Is it national or local in its scope?" The answer will come at once to every tongue. It is a national problem. Commerce spans the continent. From ocean to ocean and even across the seas its influence expands. It overflows State boundaries and even national boundaries. Prosperity or depression, whichever it may be at the moment, is the result of causes that are wholly beyond the power of any mere local authorities to affect. The people have always recognized this fact. They have always held the National Government responsible for results. Every realist knows that administrations which sit in times of prosperity receive popular approval and those which sit in times of depression are punished by popular condemnation.

Indeed, it was a depression—that of 1893—that brought into existence the National Association of Manufacturers, the able president of which, Mr. Warner, will participate in this discussion tonight. He and I are on a national hook-up talking about a national problem, and the national organization which he represents lists among its stated objects—

(1) The promotion of the industrial interests of the United States.

(2) The fostering of the domestic and foreign commerce of the United States.

(3) The betterment of the relations between employer and employee.

(4) The protection of the individual liberty and rights of employer and employee.

(5) The education of the public in the principles of individual liberty and ownership of property.

(6) The support of legislation in furtherance of these principles and opposition to legislation in derogation thereof.

It must be acknowledged, therefore, that we are dealing with a national issue.

Now, why do I say that we must have a national incorporation law if we are to substitute order for chaos in the industrial and economic field? Because the bulk of this commerce on which our very lives, individually and nationally, depend is carried on by interstate corporations, which, because they are created by the States, are able to escape national responsibility.

The statesman does not live who can lay a permanent basis for national prosperity so long as the States are permitted to issue unrestricted charters to the national corporations which are the most essential instrumentality of interstate commerce.

We are today in as great need of a national rule for national commerce as we were for a national Constitution 150 years ago. It was commercial chaos immediately following the Revolutionary War that led to the calling of the Constitutional Convention. No one can read the Constitution without realizing that it was the intention of the framers to give the Federal Government complete control over national commerce.

They gave to Congress the power to coin money, the measuring rod of commerce, and to fix its value. They gave to Congress the power to establish post offices and post roads, the only means of commercial communication then existing. They gave to Congress the power to pass a uniform national bankruptcy law, because even then the close dependence of national prosperity on local failures was clearly recognized. Finally, in all-embracing terms, they gave Congress the absolutely plenary power "to regulate commerce with foreign nations, and among the several States and with the Indian tribes."

This purpose has been defeated by the modern corporation. At the time the Constitution was drafted corporations were practically unknown. It was not until after the Civil War that these new artificial agencies, created by the States, began to invade the field of interstate and foreign commerce. Their importance to the national life, their power for good and evil, was not fully understood, and Congress made no effort to prescribe their powers and public responsibilities. They were looked upon as local, not national, agencies. When they began to expand, crushing competition and bringing about the concentration of economic power, Congress began to pass antitrust laws and regulatory measures of one kind or another; but these were all ineffective, because the loose incorporation laws of a few States afforded an avenue of escape from every effort of Congress to protect individual private enterprise from the encroachment of big business.

The States, from which the framers of the Constitution had expressly withdrawn all power and jurisdiction over interstate and foreign commerce, began to vie with one another in granting unlimited powers to these artificial agencies to carry on that very commerce.

One corporation, established for the purpose of securing corporate charters in the State of Delaware, and maintaining offices in Europe as well as throughout the United States, a few years ago published a pamphlet to show the advantages, from the point of view of the incorporator, of taking out a Delaware charter. From this document I quote the following summary:

"REASONS FOR INCORPORATING IN DELAWARE

"No requirements as to residence of incorporators or directors.
"A broad charter may be obtained with no undue formalities.
"Organization meetings may be held without the State.
"Voting trusts authorized.
"Capitalization may be any amount not less than $2,000.
"No-par-value shares of any class may be created without indicating a stated capital.
"No State stamp tax on stock.
"Judgment of directors upon issuance of stock is conclusive in the absence of fraud.
"Stockholders' and directors' meetings may be held without the State.
"No complicated State reports or financial statements required.
"Organization fees and annual taxes are less than in other States.
"No State income tax on corporations. Nonresidents are not taxed on their holdings of stock in Delaware corporations.
"No inheritance tax on nonresident stockholders."

Thus, it is unmistakable that the primary purposes of the Delaware incorporation law is to allow incorporators to evade public responsibility. Ninety percent of the corporations of the country may be well managed by honest and devoted men, but while 10 percent may take advantage of laws like that of Delaware there can be no safety for the investor, for labor, or for the consuming public. Even for the small businessman who in every State in the Union finds himself being steadily crowded out of business by national corporations which have received their charters, not from the Federal Government but from the States, there can be no safety. For the well-managed, honest corporation there cannot be that certainty and security which would arise from a national incorporation law. Moreover, for the public at large, for the individual citizen, there can be no protection from the restrictive effects of progressive concentration of economic power so long as we suffer the present lack of an enforceable, uniform, national rule.

The State of Delaware has a population of only 238,000. It creates and projects into the field of national commerce—over which it exercises no jurisdiction—thousands of corporations to engage in that commerce, agencies that intimately affect the lives of millions, millions of employees, and millions of small businessmen, indeed, thousands of small corporations, who cannot protect themselves, because the States in which they live are powerless to shield them against the activities of national corporations created by the States and because the Federal Government does not have a national incorporation law.

The absence of such a law has been the direct cause of the growth of the Federal bureaucracy. The people, resisting the restrictive effects of what we call "big business," demanding that something be done, have turned to Washington, and, beginning with the Interstate Commerce Commission in 1887—50 years ago—they have been multiplying boards and commissions to which have been given greater and greater degrees of discretionary authority over the lives of the people. This cannot be permitted to continue if democratic institutions are to survive. "Big government" tends inevitably to become dictatorial, as developments in other continents demonstrate, and, in the face of dictatorship, liberty disappears. But it likewise vanishes in the face of economic dictatorship.

From these two evils, Federal incorporation offers release. "How can that be so?" someone asks, "Your bill would give the Federal Trade Commission the power of life and death over all business." Not so. That conclusion is the understandable result of habits of thought formed during a generation. Because for 50 years we have been giving boards and commissions discretionary authority, it is assumed that a Federal incorporation law would also clothe the Trade Commission with such power. I can only say that it is not the intention to do so. On the contrary, it is the purpose to withhold discretionary power from the Commission and to prescribe corporate powers so clearly that all doubts would be reduced to a minimum. I would not give the Federal Trade Commission power to lay down a single requirement that was not explicitly set forth in the law. The Federal incorporation system that I envisage would be such that the corporate recipients of a license or charter would know the exact boundaries of their powers, duties, and responsibilities.

The ideal law would be self-enforcing, requiring only clerical or ministerial acts on the part of the Commission and vesting punitive jurisdiction in the courts. Punitive power would never have to be exercised by a commission if corporate charters did not give the corporate power allowed by States like Delaware, by which investors, stockholders, workers, and the general public are alike victimized.

Are you fearful of such a system? Then how about national incorporation of banks? During the administration of Abraham Lincoln a law was passed establishing national banks. There is not a city of importance in this country without a national bank incorporated by the National Government. What bank, what bank stockholder, what bank depositor or investor has ever suffered from the Federal control of national banks? As a matter of fact, the national banking law has been the salvation of banking in this country. A national incorporation law will be the salvation of business.

One thing is needful, a formal national conference, summoned by authority of law, free from partisan influence, in which industry, labor, and the public alike should be represented, and to which should be committed the duty of drafting what might be called an economic constitution to be submitted to Congress. Such a national conference is provided for in the bill which Senator BORAH and I have introduced in the United States Senate. It is the basis on which men of good will in commerce and industry, in labor and government may unite in the common cause of social justice and prosperity.

Ours is an industrial civilization, very different from that which existed during the first century of our national life. The trend of the population has been from the farm to the city where huge numbers are employed by corporations.

The experience of the Works Progress Administration has proved that the problem of unemployment is almost entirely industrial. Less than 7 percent of Works Progress Administration expenditures are in strictly rural areas. In fact, 20 percent of these expenditures are in the five largest industrial cities, and a special study of the relief rolls shows that 88 percent of the persons on relief either came from nonagricultural industries or were made up of inexperienced persons who had not yet had the opportunity to work in industry.

Every year 500,000 young men and women, just reaching working age, pour into the ranks of the huge army available for industry. Unless the door of opportunity is opened to them they will become a liability rather than an asset to the Nation. Sustained upon a security wage, forced to subsist upon the meanest minimum, they will not furnish a market for either agriculture or industry. And we shall find ourselves in a downward spiral that can end only in disaster.

Recognizing that the modern corporation has become the essential instrumentality of modern commerce, that most of those employed in industry are employed by corporations, and that in the absence of a Federal corporate policy, the unrestricted corporation of the Delaware type has been a device by which concentration of economic power and wealth has proceeded at such a pace that Ferdinand Lundberg can write a book to show that 60 families control the economy of the land, how is it possible to avoid the conclusion that to preserve the Nation itself we must write a national rule for national commerce?

Remember "big business" has had its chance to give the country prosperity and has failed. In 1928, before the crash, millions were unemployed and millions of families were compelled to subsist on less than $1,000 a year. For 4 years now the Government has been priming the pump with borrowed money, but unemployment is again increasing. Big Government promises no better results than big business.

Why not give small business a chance? Why not try a really unrestricted competitive system for a change? Why not put an end to private price fixing and Government price fixing, both. Why not write a national corporation law which will free business from both monopolistic manipulation and Government interference?

The brain and conscience of America can do the job.

Federal Incorporation

EXTENSION OF REMARKS

OF

HON. JOSEPH C. O'MAHONEY

OF WYOMING

IN THE SENATE OF THE UNITED STATES

Tuesday, December 21 (legislative day of Tuesday, November 16), 1937

ADDRESS BY WILLIAM B. WARNER, PRESIDENT OF THE NATIONAL ASSOCIATION OF MANUFACTURERS

Mr. O'MAHONEY. Mr. President, this afternoon the Senator from New York was good enough to request unanimous consent for the printing in the Appendix of the RECORD of a radio talk which I made last Sunday night upon the subject of Federal incorporation. Upon the same occasion Mr. William B. Warner, president of the National Association of Manufacturers, also discussed that subject.

While I do not agree at all with Mr. Warner's interpretation of the bill introduced by the Senator from Idaho [Mr. BORAH] and myself, I feel that it would be improper if my talk should be published without his. I therefore ask

unanimous consent that Mr. Warner's address may be published in the RECORD immediately following the address delivered by myself.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

I feel privileged to appear as a cospeaker with Senator O'MAHONEY, and consider it my good fortune that this is not a debate wherein I might be expected to match Mr. O'MAHONEY's skillful oratory. I am just a businessman, and my only excuse for speaking tonight is that the bill before Congress which we are discussing, the O'Mahoney-Borah Federal licensing bill, is directed at business. I do not desire to quarrel with the ideals at which Mr. O'MAHONEY aims in presenting this bill. I recognize the earnestness of his desire and the sincerity of his purpose to make a constructive contribution to the national welfare.

What troubles me is the difference between what the Senator says he wants to accomplish and my understanding of the means he would employ as set forth in this bill, which in its essence marks the end of free American enterprise and initiative. The measure is an umbrella of wishful thinking, raised to shelter the ideals of a Utopia, which in its imaginative creation ignores all existing facts and conditions.

As I read the bill I feel as though I had a copy of some other measure than the one the Senator describes. The Senator's bill is generally regarded as applying only to corporations. But a careful examination reveals that the term "corporations," as defined in the bill, includes not only companies, big and little, and partnerships but any "joint venture" or "other unincorporated venture." Since the term "joint venture" refers to a group action, the term "unincorporated venture" can refer only to individual action. So while the Senator speaks of "corporation," his legislation speaks of individuals—millions of them, small, weak, and struggling, as well as large, strong, and prosperous.

The Senator refers to the bill as being a regulation of interstate commerce. But the bill's definition of commerce does not conform with commerce as the courts have uniformly described it. Its definition is far broader than the word itself. Commerce is defined to include "the collection of raw materials and equipment * * * for the production and the production therefrom of any article or commodity to enter the flow of, or which affects, commercial intercourse with foreign nations or among the several States * * * and the sale or transportation of any article so produced." It seems obvious to me that this is an attempt to regulate all production, both industrial and agricultural, in addition to commerce.

Thus this bill would reach every type of business enterprise, large or small, whether situated in metropolitan New York or in the vast nonindustrial regions of the Senator's own State of Wyoming. And it is not confined to interstate commerce, but covers a variety of other things under its broad definition of commerce. I do not believe one can convert a cow's horns into legs by calling them legs, and I do not believe one can convert local pursuits into interstate commerce merely by calling them such, but that seems to be attempted in this bill.

Now, I trust my auditors begin to realise the tremendous scope of the Senator's measure. It provides for the Federal licensing of corporations as defined in the act. Is the bill mild and persuasive, not drastic, or compulsory? I will answer this with a question: If you as a wage earner were told that the company you work for must go out of business—and your job with it—if it failed or was unable to secure a license, or if its license was revoked for any violation, however trivial, would you regard that as mild, or would you think it pretty serious?

Yet under this bill no business covered by it would be permitted to engage in commerce (including production) if it failed to secure a license, or if its license were revoked. And securing a license is not as simple as getting a marriage license, either, for the bill imposes a large number of conditions or terms. These are among the regulatory provisions that further illustrate the scope of the measure. The umbrella it raises specifically covers existing Federal regulatory fields such as those embraced by the antitrust laws, the labor relations law, the Securities Act, and the Securities and Exchange Act, and others. The bill would put all these under one body—the Federal Trade Commission, to whom you must apply for your license.

By what the Trade Commission puts in the license, it determines the manner in which the enterprise licensed shall conduct its business. Among other things it must promise to accept any congressional regulation of its State charter. It must accept the Commission's regulation of its employment relations. The bill deals with minimum wages; also fair wages. But there is pending in Congress a very far-reaching wage and hour control bill.

One provision of the bill states that licensees shall not engage in dishonest or fraudulent trade practices or in unfair methods of competition, which are already unlawful, or may become so by order of the Commission. This provision is not objectionable in and of itself, but it becomes a dangerous one when coupled with the immediate and drastic license-revoking power proposed for the Trade Commission. The Commission already has jurisdiction over unfair methods of competition, and the legal machinery for eliminating such practices is in existence.

The bill contains provisions headed "Protection of investors." These assume a need for stockholder protection which, in view of already existing State and Federal laws, does not exist. They would substitute the will of the Commission for that of stockholders in the use of property and the disposition of earnings. They would enact a permanent profits-distribution tax such as has been outlawed by public opinion. The policy of attempting to limit the size of corporation surpluses by forcing the distribution of earnings has so clearly appeared to be unwise that it is now in the process of being reconsidered by Congress. In short, this bill represents the ultimate in governmental regulation of business.

We do not defend unfair competitive practices nor do we countenance improper working conditions. We believe in the wise and just enforcement of existing laws and we furthermore believe that the existing laws are entirely adequate. With most of these matters already subject to regulation by various agencies of the Federal Government, what then is the necessity or justification for the Federal licensing bill? Would the existing agencies be abolished or would there be set up under this bill a new and additional superstructure of control?

Into the hands of one Government bureau would be placed the power of life or death over all private enterprise. The scope of the bill is even broader than the National Industrial Recovery Act. Must this great Nation, which has assumed commercial leadership of the world through private enterprise, entrust all its business to a bureaucracy? Are a few men qualified to run our complex, delicate, and infinitely varied American industry? Is our industrial organization susceptible of so simple a handling? I doubt whether you think it is. The Trade Commission would have to employ a veritable army of experts if it takes over the responsibilities and the powers vested in it by this bill.

An entirely new Federal set-up would be required. There is no present constitutional provision for the handling of Federal licensing of all business. It would involve a tremendous amount of physical work in bureaucratic organization and in corporate readjustment. It would break down the present State incorporation system. It would mean the nationalization of industry and substitute political for business management.

There is a vital principle involved in this bill, one close to every American. In its attempt to substitute for private business initiative and judgment a Federal bureaucratic form of operation it deals a direct blow to our American industrial system. That is the most important issue before us.

The anxiety that dominates the American mind today is not mere worry over the Federal incorporation bill or of excessive taxation, grave as those are. It has its root in the question of whether the foundations of the private-enterprise system are secure. People ask themselves, "Are we tending toward the creation of a state which is not the servant of men but which makes men its servants?" They realize the world-wide struggle that is going on between individualism and collectivism.

Are we going to continue to recognize fundamental, inalienable rights, or are we going to create a new society in which any right we may have is conferred upon us by the State, which determines the limitations at the time it makes the gift? That is fundamental. This is the whole difference between the new States that have risen on the social wreckage of the Great War and the American conception.

History has demonstrated time and time again that a people deprived of individual initiative and energy decline.

I would be remiss in my duty if I closed without a word in defense of our American system which has created employment for vast armies of workers, with the best pay and the most favorable hours of any in the world, which has spread the ownership of industry among some 10,000,000 people, which by producing more and better goods at cheaper prices has raised the common standard of living in this country above that of any other in the history of the world.

It is measures such as the O'Mahoney-Borah bill, held over the head of industry, that cause uncertainty and thus paralyze business progress and halt recovery.

British War Debts

EXTENSION OF REMARKS

OF

HON. DAVID I. WALSH

OF MASSACHUSETTS

IN THE SENATE OF THE UNITED STATES

Tuesday, December 21 (legislative day of Tuesday, November 16), 1937

EDITORIAL FROM THE WASHINGTON TIMES AND A STATEMENT BY HON. HENRIK SHIPSTEAD, OF MINNESOTA

Mr. WALSH. Mr. President, on Friday, December 17, 1937, there appeared in the Washington Times an editorial entitled "British View of War Debts." On Monday, December 20, 1937, the Senator from Minnesota [Mr. SHIPSTEAD] made a very able statement with reference to that editorial. I ask unanimous consent that the editorial and the statement of the Senator from Minnesota may be printed in the Appendix.

There being no objection, the editorial and statement were ordered to be printed in the RECORD, as follows:

[From the Washington Times, Friday, December 17, 1937]

BRITISH VIEW OF WAR DEBTS

Amid the general demand for payment of the allied war debts the question of how these debts can be paid has rarely been considered. Many of us, perhaps, have thought that England or France or Italy could just mail us a check, or box up enough gold bullion and ship it over here.

While the views herein expressed are not our own, we thought it might be interesting to see the other side of the picture. A distinguished British economist who believes strongly in the sanctity of contracts and would like, in the interest of Great Britain herself, to see a satisfactory settlement of an old and disturbing controversy, has written his opinion for the Washington Times.

The language hereafter is that of a clear-thinking economist and is representative of the study given the question abroad:

"If England were now paying the semiannual installments, including interest and amortization fixed by arrangement with Congress, the annual charge would amount to $200,000,000 in round figures.

"This charge has to be met not in pounds sterling but in dollars. For the pound sterling has no current value in the United States.

CHARGE MUST BE MET IN DOLLARS

"There are just two ways in which Great Britain can accumulate dollar balances in this country. She can either ship gold or she can sell the United States goods and services.

"To ship gold to the value of $200,000,000 to the United States every year without taking anything in return is practically out of the question. This country already owns about half the gold supply of the world, and in the ordinary course of events, merely to take care of trade balances, more gold is coming in month after month to such an extent that it is necessary to sterilize it and put it out of action in order to avoid a disastrous wave of inflation.

FALL IN PRICE OF COMMODITIES

"Already this flow of gold to America is causing an artificial scarcity of gold in the rest of the world with the unfortunate result of a fall in the price of basic commodities, which is one of the chief causes of the present recession.

"To accentuate this flow of gold by $200,000,000 a year would further drain the gold resources of Europe, intensify European gold scarcity, and bring on the worst panic of modern times.

"We may, therefore, bar out payments of the debt in gold as being wildly impractical.

"The other alternative is shipment of goods or selling of services.

"England in the past has supplied a good deal of the world's oceanic transportation of passengers and goods. Today she has to face heavily subsidized competition on the part of Germany, Italy, and France. Even the United States insists on owning a merchant marine.

"She cannot hope, therefore, to increase those services except in an infinitesimal degree.

"She can and does ship goods, either from Great Britain itself or from her colonial possessions in the Malay Peninsula and elsewhere, in the shape of rubber, tin, and other useful commodities.

"But England is practically the best customer of the United States, and she has to ship the last possible pound of rubber and ton of tin in order to pay what she is actually buying from the United States in the shape of cotton, wheat, and manufactured goods.

"Therefore, to accumulate the dollar balance necessary for the payment of debt installments there are just two things she can possibly do.

TWO THINGS THAT ENGLAND CAN DO

"She must either sell $200,000,000 worth of goods more than she is now selling this country or she must buy $200,000,000 worth less of this country's goods.

"The first method is at present impossible. The United States does not want the goods and has put up a tariff wall to keep them out.

"The second is possible but not desirable. England could in time manage to grow all the cotton she needs within the empire, and she could put an embargo on American cotton, wheat, copper, and other commodities until she was able to establish a favorable trade balance with the United States to the tune of $200,000,000 a year.

"This could be done. And it is practically the only way, in the opinion of every British economist who has expressed any ideas on the subject, of paying the debt installments.

"What the United States has to decide is, first, Does it want this to happen? or, secondly, Can any other way be suggested?"

ENGLAND CAN PAY

(Senator HENRIK SHIPSTEAD, of Minnesota, gives his views on the editorial which was published in the Times last Friday in which a distinguished British economist set forth the theory that Great Britain cannot pay her war debt to the United States. Senator SHIPSTEAD is a member of the Senate Committee on Foreign Affairs and during his service in that body has gained an international reputation as an authority on economic problems.)

(By HENRIK SHIPSTEAD, United States Senator from Minnesota, Monday, December 20, 1937)

The distinguished economist quoted by the Times has decided that Great Britain cannot sell $200,000,000 worth of additional goods annually to the United States and, therefore, the only way she could pay her war debt would be to reduce present purchases here by that amount and build a balance of trade favorable to herself. This is not all that could be done, however.

Granted that Great Britain cannot meet her war obligations to us through the export of gold, and we would not want her to do so if she could. But that is not the only answer to the dilemma.

In the funding agreement with Great Britain of June 1923 I find that the British Government has agreed to issue "definite engraved bonds in form suitable for sale to the public" in exchange for those issued under the agreement with our Government. These bonds are to be in bearer form and carry the same exemption from taxation as those issued under the existing debt agreement.

NO EFFORT TO DO IT

Why has the United States Treasury never called this alternative into use? The agreement specifically states that they will be issued "at any time" or "from time to time" at the request of the Secretary of the Treasury.

During all the default history of this debt agreement no attempt, to my knowledge, has been made to use the alternative. Yet it is obvious that it might well be used to provide both Great Britain and the United States with a way out of the dilemma in which they now find themselves.

It should not be difficult to imagine what could take place if British bonds "suitable for sale to the public" were made available in this country under this agreement. Placed in the hands of American tourists who spent about $15,000,000 a year in England alone, they could be liquidated and put in the hands of the British people through the normal processes of providing these services. Or given into the hands of American tourists, who spend over $225,000,000 in Canada, the Dominion could provide the mother country with assistance in discharging its obligation.

TRADE RAMIFICATIONS

Then there are the unlimited ramifications of triangular and multilateral trade. Suppose Brazil needs British exchange to buy goods from Britain. Brazil could trade coffee to an American holder of these British bonds and acquire the needed exchange, and thus the debt would be transferred. The Brazilian businessman would use the bond to pay for British goods. That would liquidate the bond and make it unnecessary for England to buy dollars. This is only one example of hundreds that might be cited.

There would be no difficulty in making a transfer of this kind. British bonds and British exchange are salable all over the world.

Such a mechanism might be used to stimulate trade and travel with Great Britain, its dominions, and through the world as a whole. Some special inducement might well be made so as to direct the use of these obligations in these channels. Not only would the Federal Treasury thus be replenished but so would world commerce. In part the success of a plan of this kind depends on its capacity to stimulate international business.

TRANSFER ISLANDS?

If Great Britain is ready to live up to its agreement, if it means what it says, and that it is only asking for someone to point the way out, does not its own sacred treaty of 1923 show it that way?

On the other hand, a few miles from our own coast are the beautiful Bahamas; also Bermuda, with a naval base, close to our shore; Jamaica, Trinidad, and British Honduras, in addition to all these innumerable islands strung along in the sea east of the entrance to the Panama Canal that we are obligated to protect. This group of islands could furnish a base for negotiating with a view to a transfer to the United States in payment of all or part of the debt. England has always paid its debt with interest whenever possible, and here are opportunities for doing so.

If Great Britain thinks so much of the sacredness of its agreements and treaties that she can spend more than a billion dollars a year in preparation for another holy war to enforce the sacredness of treaties, what should it not be willing to do to make good on its promise to us?

Elihu Root

EXTENSION OF REMARKS

OF

HON. ROBERT F. WAGNER

OF NEW YORK

IN THE SENATE OF THE UNITED STATES

Tuesday, December 21 (legislative day of Tuesday, November 16), 1937

ADDRESS BY DR. NICHOLAS MURRAY BUTLER AT THE ANNUAL MEETING OF THE AMERICAN ACADEMY OF ARTS AND LETTERS, NOVEMBER 12, 1937

Mr. WAGNER. Mr. President, I ask unanimous consent to have printed in the RECORD an address on the late Elihu Root delivered by the well-known scholar Dr. Nicholas Murray

Butler on November 12, 1937, at the annual meeting of the American Academy of Arts and Letters, New York City.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

If Pericles delivered the truly great speeches which Thucydides ascribes to him, he was the first in the Western World to achieve greatest eminence both as statesman and as man of letters. This has not often happened in the history of statesmanship and of literature. Caesar was a nation builder and a man of letters, while Cicero was a man of letters and a publicist of highest authority. When our own Nation was in the making, there was an extraordinary revelation of the possibility of combining political insight and public service with literary skill and fine literary form. The writings of George Washington, of the two Adamses, of Jefferson, and of Hamilton demonstrate this beyond peradventure. Burke had already made his mark in both fields of endeavor, and Thiers, Disraeli, and Gladstone were shortly to do the same. Bismarck, although the fact is little recognized, would have been a distinguished contributor to the literature of his people had his literary skill and productivity not been overshadowed by his stupendous achievement in the field of practical statesmanship.

Elihu Root was another statesman of similar type. The far-sighted vision, the human understanding, and the power of interpretation which marked his state papers and his public acts were all revealed in a literary form which has made these a permanent contribution to the literature of our language and which brought him the distinction of membership in the American Academy of Arts and Letters. Literature and literary power are not and need not be something apart from other personal characteristics and attributes, but unhappily they are too often looked upon as such to the disadvantage both of literature itself and to that of achievement in other fields of endeavor.

Elihu Root was one of those fine and rich personalities who would not and could not detach his private pursuits from the public welfare. Before he was a teacher or a lawyer or a statesman, he was a good citizen. He measured his public and professional activities in terms of the highest standard of American citizenship. His attachment to the college which bore the name of his hero, Hamilton, on the campus of which he was born and near the campus of which he lies buried, grew with the years and nothing affected him more directly or more deeply than its welfare and its repute. His reading was of the now unhappily old-fashioned type which included the best that had been written in any language. The ancient classics were familiar to him, as were the outstanding contributions to English, to French, and to Italian literature. He reflected this knowledge not only in his frequent quotations but in his own direct and persuasive literary style. There were few topics upon which he did not touch in the course of his long and active life. Some of these called for charming and tender sentiment, and he furnished it. Some of them called for learning and precise knowledge, and he furnished it. Some of them called for courage and vision and outstanding leadership, and he furnished it.

History will confirm the judgment of Lord Bryce that Root was the greatest Secretary of State in the history of the American Nation among all the long list of names which begins with that of Thomas Jefferson. Of our Secretaries of War, he was easily the most distinguished, and his five reports, made while incumbent of that post, are, as Lord Haldane described them, the last word on the organization and administration of an army in a democracy. That he had no peer as a diplomat was the judgment of Sir Cecil Spring-Rice, which judgment is fully confirmed by his long record of outstanding achievement.

In his adjustment of the difficulties between the United States and Japan, in his work for the pacification of Cuba and the Philippines and their good government, in his emphatic insistence upon upholding our treaty obligations against discrimination in the Panama Canal tolls, in his work at the Washington Conference for the Limitation of Armaments, and in his plan for the Permanent Court of International Justice at The Hague that brought into existence the tribunal which, one of these days, will be looked upon as a ruling influence in the peaceful guidance and development of the world's organization, he made permanent contribution to the history of modern civilization. His letter of instructions to the representatives of the United States at the second peace conference at The Hague in 1907 is a classic document and marks an epoch in the building of the institutional life of an organized family of peaceful and cooperating nations. When the history of the world's difficult and painful struggle to put international war behind it and to establish a peaceful and wisely organized world comes to be written, the name of Elihu Root will lead all the rest.

One must go back across well-nigh a century and a half to find in Alexander Hamilton that American to whom Elihu Root's mind and life and type of public service are most analogous. The truly great oration in which the Reverend Dr. John Mitchell Mason, pastor of the First Associate Reformed Church in the city of New York and later provost of Columbia College, paid tribute to the memory of Alexander Hamilton when speaking before the Society of the Cincinnati at Federal Hall in New York City on July 31, 1804, may be in large part repeated at this hour in memory of Elihu Root:

"One of his [Hamilton's] primary objects," said Dr. Mason, "was to consolidate the efforts of good men in retarding a calamity which, after all, they may be unable to avert; but which no partial nor temporary policy should induce them to accelerate. To these sentiments must be traced his hatred of continental factions; his anxiety for the Federal Constitution, although, in his judgment, too slight for the pressure which it has to sustain; his horror of every attempt to sap its foundation or loosen its fabric; his zeal to consecrate it in the affections of his fellow citizens, that if it fall at last, they may be pure from the guilt of its overthrow—an overthrow, which may be accomplished in an hour, but of which the woes may be entailed upon ages to come.

"With such dignified policy he joined the most intense application to his professional duties * * *. How he resolved the most intricate cases; how he pursued general principles through their various modifications; how he opened the fountains of justice; how he revered the rights of property; how he signalized himself in protecting the defenseless; how judges, and jurors, and counsel, and audience, hung on his accents; let them declare who have entrusted their fortunes to his hand."

With these words of historic judgment called to echo over the greater part of a century and a half, we may leave Elihu Root's well-earned fame to be confided to a grateful people's care.

Power Truce

EXTENSION OF REMARKS

OF

HON. LEWIS B. SCHWELLENBACH

OF WASHINGTON

IN THE SENATE OF THE UNITED STATES

Tuesday, December 21 (legislative day of Tuesday, November 16), 1937

STATEMENT BY J. D. ROSS, ADMINISTRATOR OF THE BONNEVILLE PROJECT IN OREGON

Mr. SCHWELLENBACH. Mr. President, I ask unanimous consent to have printed in the RECORD an article entitled "Power Truce as Administrator of Bonneville Project Sees It," containing a statement by J. D. Ross, administrator of the Bonneville project in Oregon.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the United States News, December 20, 1937]

POWER TRUCE AS ADMINISTRATOR OF BONNEVILLE PROJECT SEES IT

In reply to "The question of the week," "What is the best plan to end the power 'war'?" the United States News on December 13 published a number of statements from outstanding authorities in reply to the following questions:

"(1) Do you think the proposals of Wendell Willkie offers a fair basis of agreement between the Federal Government and the private utility industry? (2) Do you know of any other plan that you believe would be more workable?"

The following statement was received too late for publication in that issue:

J. D. Ross, administrator of the Bonneville project, Oregon, formerly member of the Securities and Exchange Commission specializing on utilities, answers:

"I am positive that the presence of public power from generators to the customer in any neighborhood is the only agency that can ever regulate the price of electricity to the people. State regulation has not done it. Federal regulation cannot do it.

"The recent terrible depression, where millions lost their savings, must be largely laid at the door of private power and their watering of stocks and bonds. This was all under so-called State regulation. It failed utterly.

CAUSE OF UNEMPLOYMENT

"The Federal Government built these plants as a means of feeding the hungry. Thank Heaven that we have a President that has the humanity and foresight to do this constructive work instead of doing like our neighbor nations across the seas. They have as great an unemployment question, but to feed their hungry and prevent internal explosions they spend half their income in destructive war work. When the rest of the people can no longer support such a program, the only alternative left is to go out and loot some other nation, destroying thousands of defenseless women and children.

Unemployment is not caused by any government. Mergers and price fixing have much to do with it.

But the greatest cause of unemployment lies in the tremendous strides in science and invention. The electric age has brought the electric slave that works 24 hours a day, with a speed and accuracy well-nigh human.

Just now depression is accentuated, as a result of the sudden demands of labor with the consequent jump of prices, together with the war scare.

The competition of a public power system reduces rates to a very great degree, but the highest degree of economy is reached

when the public power agency offers the existing private company a fair price to purchase its property before it starts into competition.

Both sides will get a better deal than will ever be possible again, as the cost of construction and operation is doubled, due to duplication and competition. The public must pay them for two plants, and the company must then accept a lower price that is lessened by a share of the losses of duplication.

The same electric science and invention that deprived many of work, should now bring its benefits in the greatest amount, and at the lowest prices, to all humanity alike. Why should its full extension be hampered by any agreement?

THE VALUE OF CONTROLS

Why does private power resist policing by the Securities and Exchange Commission? All the rest of us are policed. The Commission stands ready to encourage the issuance of every bond and stock that has a proper value back of it. These companies ask regulation from the people in one breath and fight it in the next breath.

If private power is backward in development, it is their own fault. Honest stocks and bonds always find a market. If, then, wherever the people want public power, these people are first given a dollar for every dollar of fair value in their power systems, no further agreement is necessary. They had their chance and failed.

It is not any need of an agreement that hampers them now. Their chief trouble is that the public hesitates to believe them sincere after the disasters they brought in the depression.

Conference on Educational Broadcasting

EXTENSION OF REMARKS

OF

HON. WALLACE H. WHITE, JR.

OF MAINE

IN THE SENATE OF THE UNITED STATES

Tuesday, December 21 (legislative day of Tuesday, November 16), 1937

ADDRESS OF DR. JAMES ROWLAND ANGELL, EDUCATIONAL COUNSELOR OF THE NATIONAL BROADCASTING CO., BEFORE THE SECOND NATIONAL CONFERENCE ON EDUCATIONAL BROADCASTING, DECEMBER 1, 1937

Mr. WHITE. Mr. President, on December 1 there was held a national conference on educational broadcasting. The conference was addressed by Dr. James R. Angell, one of the outstanding educators of our country. I ask unanimous consent that the address made by Dr. Angell may be printed in the Appendix of the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

It is with great diffidence that I venture to address this distinguished gathering, for I have had only a few weeks of contact with the problems of broadcasting, and my ignorance of their solution is still profound. I speak as a layman who has spent more than twoscore years in American university education, maintaining a keen and constant interest in primary and secondary education. I came up through the public schools and the State university, and I have spent the larger part of my professional life in the service of our endowed institutions. I may therefore claim direct personal acquaintance with a wide range of the problems and practices of American education and my brief comment will be chiefly concerned with certain educational aspects of radio.

I am not greatly concerned to start with a formal definition of education, although certain of my colleagues seem to think it essential to do this before one can profitably discuss education by means of radio. For practical purposes we can distinguish such radio programs as are intended for immediate use in the classrooms of schools, and possibly colleges, from those which, having potential educational value, are intended for the general public and not primarily for educational institutions. The two types may at times overlap, but in general they represent two reasonably distinct fields for broadcasting and it appears to me that they present quite distinct characteristics to the broadcasting agencies.

Although there is some division of opinion on this matter, it seems to be generally held that broadcasting for schools should attempt only that which it can hope to do better than the teacher in the classroom who is using ordinary methods, and that for the most part it should serve to supplement the regular teaching and to bring a fresh stimulus which the teacher is less able to command. It is in no sense designed to replace the teacher. That such results can be achieved with marked success is abundantly demonstrated by some years of actual experience both here and abroad. The real question today is largely one of ways and means.

So far as I have been able to determine, a regular day-by-day service to the schools of subject matter directly related to their normal curriculum can best be supplied by local stations, whether commercially owned, or owned by the State university, or the State department of education, or by the school system itself. Such local control enables the fullest adjustment of the peculiarities of a particular school system, enables the school officials and teachers to work out the programs most appropriate to local needs, and gives greatest freedom to adjust to changes suddenly precipitated by any one of the dozens of unforeseen accidents which afflict schools. The main defect in the procedure is that it may not always be found possible in a given school system to secure the persons really most competent to prepare and broadcast the programs.

At this point let me say that I think we should do all we can to encourage the preparation of absolutely first-class electrical transcriptions which can certainly in time be secured in adequate variety to care for the needs of practically any school. In a big school system it is often extremely difficult so to adjust the time schedule that broadcasts from a single source can be made available for more than a fraction of the pupils who might profit by them. This is especially true in high schools where the departmental system prevails, as it generally does. The electrical transcription can be used at any time for a group of any size and at any place. The practical convenience thus represented can hardly be exaggerated.

In this connection I call attention also to the as yet only partially explored, but apparently fruitful, field of the talking movie, although this is obviously not the place to enter upon an extended discussion of this device. Furthermore, we may be nearer than we now think to the use of television for school purposes. But that chapter is still on the knees of the gods. Suffice it to say that some of the difficulties which confront the use of television for general broadcasting are presumably less serious in the case of schools, at least those in metropolitan districts.

Does this mean that I think the great chains can do nothing directly for the schools? Not at all. But it does mean that with 48 States and four distinct time zones to be served, each State having its own peculiar problems and prejudices, it is humanly all but impossible for the chains to furnish a regular day-by-day routine service to meet the possible radio needs of the complete school curriculum. They can, as they already have done, offer brilliant supplements to the school program which a local system could rarely or never command. And in certain fields, such as music, literature, social science, and health, they will probably for a long time to come be the only source to which the schools can look for absolutely the best.

Coming to general educational broadcasting, it appears to me at present that we must recognize the diversity of interests which characterize a nation of 130,000,000 people and undertake from time to time to serve the needs of the major groups composing it and the predominant interests in such groups. No one program will please all, or hold the attention of all. Radio practice has long reflected this principle and the only difficulty has been to frame and promote programs of the highest excellence. But with all our proper emphasis on offering the best programs, we cannot forget that there is no single program which is best for all listeners or even acceptable to all. The farmer, the housewife and mother, the mechanic, the merchant, the banker, the school teacher—each shares with the other certain common interests as citizens and each has particular interests peculiar to his or her own occupation. All enjoy amusing entertainment and almost all enjoy music.

It is my impression that our great radio systems with all their defects and shortcomings have met this challenge with steadily improving programs and they may be trusted to go forward to much greater success. I believe this not only because I think the ideals governing the management of most of these enterprises are public spirited, but also because I believe that the ultimate value in dollars and cents which accrues as a consequence of offering programs of high interest and fine quality is sure to be increasingly recognized. Criticism is good for our prevailing system when it is thoughtful and well-founded, and such criticism as we have heard here will doubtless be widely heeded.

I am glad to mark the growing interest in determining listener attitudes, for after all it is not so much a question of what we shall do with radio—the topic on this morning's session—that is of dominant importance as it is what radio is doing to us, not only individually, but as a nation and as members of the human race. Until we have more adequate and reliable knowledge about this, we shall be working, in no small measure, in the dark.

In the meantime no one can question the unparalleled influence which radio exercises over public opinion, public taste, and public attitudes. It is a platitude, but no less true for that reason, that the world has never known any agency of comparable importance for the direction and control of human relations. No one familiar with the use which has been made of radio in the dictator-controlled countries abroad can fail to realize the ghastly power which this device exercises when used for malign and sinister purposes. It is certainly time that we who still believe in democracy awaken to the necessity of meeting propaganda with propaganda and defending to the millions of listeners the world around the merits of a form of government which our ancestors fought through generations to establish and which is now faced by the most unscrupulous forms of attack.

The mere function as a distributor of news which the radio has been taking on in recent years is bringing an entirely new element into the lives of millions of people and at this point, too, those who are in control of the development of the radio have to

recognize a profound social and moral obligation which will tax the wisest and most disinterested intelligence.

I think the time has come when the great radio organizations may be asked and expected to accept once and for all the responsibility for a definite policy of creating the finest programs which can be devised in the general interest of the cultural development of our people. And when I use the word "cultural," I mean nothing romantic and unreal. I mean something homely but immensely important. I mean the steady promotion of those elements which are finest in the human spirit, those things which lie at the root of our civilization. To do those things which lie at the root of our civilization. To do this means seeking a statesmanlike vision of both the present and the future. It means seeking the highest available talent to bring such programs into being. It means the spending of large sums of money necessary to achieve this end and doing it steadily, not sporadically; doing it as a definite and permanent part of a public duty and not merely as some instant opportunity permits. This, I think, the industry is generally ready and desirous to do, and I am, myself, hoping to be of some service to the company with which I am connected in bringing these things to pass.

Japan's Oriental Policy

EXTENSION OF REMARKS

OF

HON. CARL A. HATCH

OF NEW MEXICO

IN THE SENATE OF THE UNITED STATES

Tuesday, December 21 (legislative day of Tuesday, November 16), 1937

SPEECH OF HON. KEY PITTMAN, OF NEVADA, IN THE SENATE, FEBRUARY 10, 1936

Mr. HATCH. Mr. President, I ask unanimous consent to have printed in the RECORD a speech delivered by the Senator from Nevada [Mr. PITTMAN] in the Senate on Monday, February 10, 1936, on the subject Japan's Oriental Policy.

There being no objection, the speech was ordered to be printed in the RECORD as follows:

JAPAN'S ORIENTAL POLICY

THREAT TO THE UNITED STATES AND CHINESE OPEN-DOOR POLICY

Mr. PITTMAN. Mr. President, there have been a great number of publications emanating from officers of the Japanese Government touching their policy in the Orient as it affects our own foreign policy. I have very carefully segregated and collated these statements for the purpose of having Congress determine exactly what their policy is and, as nearly as possible, how it will affect us in the future. I have condensed my statement as much as possible, I will say to the Senate, and therefore I will appreciate it if I may read the statement before any questions are asked. If there shall be any questions after that, I shall be very pleased to attempt to answer them.

Mr. President, I think it is high time that Congress take cognizance of the Japanese policy with regard to China, and its intended effect upon the United States. I say "Congress," because in the end Congress alone has the power and the duty imposed upon it to appropriate money for the national defense.

The Japanese Government seems very intense in its desire that we should fully understand their foreign policy and its relation to our Government. Let us, therefore, calmly and judiciously accommodate the Japanese Government and consider their policy as evidenced by their frank and bold pronouncements, and substantiated by their acts.

The Japanese Ambassador to the United States, who never hesitates to advise our people as to the foreign policy of his Government as it affects us, and to justify such policy, in his speech before the Japan Society at New York, on January 31, publicly discussed the Japanese foreign policy with regard to China, and for the evident purpose of silencing our citizens, and possibly our Government, with regard to Japan's Chinese policy, intimated that such policy is the same policy as our Monroe Doctrine. Portions of his speech, and subsequently an interview with regard to the intimation above referred to, were published in the press throughout the country.

I will state that I wrote the Japanese Ambassador and asked him if he was correctly reported in the press, and, in answer to my inquiry, he sent me a copy of the speech he had delivered. I find that he was correctly reported in the press.

Here is what the Japanese Ambassador says with regard to our Monroe Doctrine and with regard to Japan's Chinese policy:

AMBASSADOR MISCONSTRUES MONROE DOCTRINE

"Up to the time of the World War all of the great nations of the west possessed territory in east Asia which they had taken from the Chinese or other people near to Japan. These occidental aggressions had caused the Japanese to wage several minor and at least one major war. Naturally our people want no repetition of these western encroachments into their sphere of the world. The United States would countenance favorably none in any part of the Americas from Europe or Asia."

The report of the speech then says that the Japanese Ambassador contended that wherever Japanese have gone "they have enormously improved conditions for the interest and welfare of local peoples." He cited specifically benefits to Formosa, Korea, and Manchuria, and implied that Japan could similarly help China.

We have not forgotten the history of the conquest of Korea, and the conquest of Manchuria is fresh in our minds. That last conquest was in violation of the Covenant of the League of Nations, the Kellogg-Briand Pact to outlaw war, and the nine power pact adopted at Washington in 1922. Japan at the time of such conquest was a party to all of such treaties. We have taken notice of the acts of Japan in North China looking to the consummation of the Chinese policy. We are aware of the three-point demand made by Japan on China; we are aware that the acceptance by China of such demand is a final surrender of her sovereignty. Yes; we fully understand Japan's policy toward China and toward our Government with relation to China.

I am astonished, however, that the distinguished Ambassador of Japan, who is so learned in history and international law, should attempt to create the impression in our country that Japan's doctrine with relation to China is similar to our Monroe Doctrine. Such doctrines may have similarity as to the threat implied against foreign conquest, but under the Monroe Doctrine we did not arrogate to ourselves the right of conquest or domination in the Americas.

We were seeking to preserve the republics of Latin America, not to destroy them.

There is, however, a Monroe Doctrine applicable to China, which Japan, together with eight other governments, including the United States, solemnly agreed to abide by and respect. It is in full force and effect at the present time and has been in full force and effect since 1922. It is known as the nine power pact. It was adopted at Washington at the great conference for the elimination of armament, and for other purposes, held in the years 1921 and 1922.

MONROE DOCTRINE FOR CHINA

Let us see what that doctrine is. I wish the Senate to note carefully this compact. It has been challenged absolutely by Japan and apparently ignored by other members of the compact. I read article I:

"The contracting powers, other than China, agree:

"(1) To respect the sovereignty, the independence, and the territorial and administrative integrity of China;

"(2) To provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government;

"(3) To use their influence for the purpose of effectually establishing and maintaining the principle of equal opportunity for the commerce and industry of all nations throughout the territory of China;

"(4) To refrain from taking advantage of conditions in China in order to seek special rights or privileges which would abridge the rights of subjects or citizens of friendly states, and from countenancing action inimical to the security of such states."

That is the Monroe Doctrine for China. I wish now to proceed with further evidence.

Now, let us consider the definite and emphatic pronouncement of an even higher Japanese authority. I say "higher" authority because since 1932 the Government of Japan has been dominated by the officers of the Japanese Army and Navy. Vice Admiral Sankichi Takahashi, commander in chief of all of the Japanese fleets, tells us abruptly how the Japanese policy shall affect the United States. I will read the press report of his statement as published in the Washington Post under date of January 23, 1936. I implore the Senate to listen to this authoritative statement of, I believe, the highest officer in the Japanese Government. I read the article exactly as published:

"JAPAN'S THREAT

"A threat that Japan may extend the cruising radius of her Navy in the Pacific waters if the United States does not alter its commercial and naval policies was voiced tonight by Vice Admiral Sankichi Takahashi, commander of the Japanese fleets.

"Speaking before the Osaka Club, Takahashi warned"—

I quote his exact language—

"'Unless America renounces her naval policy aimed at the expansion and protection of her foreign trade, Japan will be forced to extend the fleets' cruising radius to New Guinea, Celebes, and Borneo, and establish footholds in Formosa and the mandated South Sea Islands.'"

That is the end of the quotation of his exact language. The press article continues:

"The only objective of Japan's naval policy thus far, Takahashi asserted, has been the "national defense," and he suggested that the United States confine her naval program to that purpose."

He commands, in language that cannot be misunderstood, that we abandon our naval policy, refrain from expanding our commerce in China, and cease the protection of our foreign commerce. This command is accompanied with the threat that if we do not yield to his demands Japan will increase its fleet and fortify its islands. Is there any doubt as to the meaning of this threat? We are warned that the admiral intends that we shall be unable

to protect our commerce in the west Pacific by reason of the overwhelming Japanese fleet. The admiral should qualify his statement, lest some might be led to believe that it includes our commerce and our relations with the Philippine Islands.

Never in the history of modern times has such an undiplomatic, arrogant, and impertinent statement been volunteered by one holding such a position. That statement has been published around the world for over 2 weeks, and yet no explanation or retraction has been heard from representatives of Japan, or any expression of resentment from any source.

Of course, Congress will not be bulldozed into the abandonment of our national defense, the protection of our legitimate foreign trade, or our commerce with China, a friendly nation that is at peace with us and the rest of the world.

JAPANESE DECEPTIVE PROPAGANDA

The Japanese propagandists are apparently attempting to influence the good, peace-loving people of this country through deceptive articles and threats of war, with the obvious purpose of having public sentiment restrain the proper action of our Government. As an illustration of this false and destructive propaganda, permit me to call to your attention an article published in the Washington Post of January 19 by Mr. K. K. Kawakami. Mr. Kawakami is a learned and distinguished subject of the Emperor of Japan, and an editorial correspondent of the Tokyo Hochi Shimbun, one of the largest papers of Japan, and a supporter of the Japanese military government. This article was published at a very opportune time. The women's great peace society of the United States, the Committee on the Cause and Cure for War, was just assembling in Washington. I hold in my hand this article. It occupies practically one whole page. At the top of the page are three large military pictures showing marching soldiers, airplanes in the air, and great battle fleets maneuvering. These pictures clearly indicate the Japanese military power and are calculated to instill in the minds of the pacifists the dominant feeling of fear. That article was published just as this great convention was assembling.

But let me read some of the false and deceptive statements in this article. I quote from Mr. Kawakami's signed article. Listen to this false statement, intended undoubtedly for deception. I read his exact language:

FALSEHOOD EXPOSED

"At a congenial gathering during the preliminary naval parley held in London a year ago Admiral Standley, so the story goes, gave Admiral Yamamoto a friendly slap on the back and said jokingly, 'We will go over to your side and lick you with our present ratio.' If the Japanese took the joke seriously, it was not because of their proverbial lack of the sense of humor.

"Before that good-natured back slapping at London American admirals, including Mr. Standley himself, had declared solemnly and in no uncertain terms that under the present ratio their fighting fleet was powerful enough to cross the Pacific and engage the Japanese Navy in Japanese waters. They agreed that in the event of trouble between Japan and America the only region where the American Navy expected to confront the Japanese was on the Japanese side of the Pacific. They also agreed that the Japanese Navy under the present ratio could not and would not cross the Pacific to face the American Fleet."

That statement because of its unreasonableness is false upon its face; but I do not depend solely upon that. At my request our Government cabled that statement to Admiral Standley at London. He cabled his reply upon the same day. Here it is:

"I categorically deny statement attributed to me by Kawakami."

That false statement was calculated to influence the peace convention then being assembled and to urge upon it the adoption of a resolution against further naval construction by the United States. Whether such article had its influence or not the fact remains that that women's great peace society did adopt a resolution opposing the further strengthening of our Navy.

But Mr. Kawakami felt impelled to give some excuse why Japan refused our proposal at the London conference to cut all navies 20 percent even if his excuse is inconsistent with his former argument. Here is what he said in this article:

"At London the American delegation proposed that all navies be reduced by 20 percent. The proposal is superficial and impracticable if not deceptive. The 25 percent which the American Navy would scrap would consist of obsolete superfluous ships which it is but too glad to get rid of."

Well our Government knows that we have many obsolete ships, and so does the Japanese admiral; but how did Kawakami get in on this secret? The reasoning leads to the obvious conclusion that Japan has a first-class navy and no obsolete ships. Evidently Mr. Kawakami is in the confidence of high Japanese authorities. He shows no fear of contradiction or of reprimand from that source; and that source does not hesitate to reprimand in no uncertain manner. He speaks freely with regard to both our naval and foreign policies. In his article he declares:

THREATENS OPEN-DOOR POLICY

"To the Japanese, American naval policy, like Janus, has two faces. On the Atlantic side America is determined to pursue a policy of noninterference, so much so that she is ready to renounce her traditional principle of the freedom of the seas, at a sacrifice of billions of dollars in trade. On the Pacific side she insists upon the open door in China, even at the risk of war with Japan, though this open door, in the economic sense, is not an asset but a liability to America."

Well, the United States does not intend to surrender the freedom of the seas, and recognizes no jurisdiction in any government on the high seas beyond the 3-mile limit in time of peace.

The pending neutrality legislation, moreover, expressly reserves and reaffirms all of our rights under international law, even in time of peace. Foreign governments may be warned that any restrictions that the United States may see fit to put upon its citizens in time of war will not constitute any warrant for illegal treament of our citizens by foreign governments, nor deprive our Government of the right to take any action it sees fit, voluntarily, on behalf of its citizens.

But what has Mr. Kawakami or Japan to do with our policy with regard to the freedom of the seas? And, again, what has our policy with regard to neutrality during war got to do with our peacetime trade with peaceful China? There is no question of the freedom of the seas, neutral rights, or contraband of war involved in the relations between the United States and China. China is still an independent sovereign Government, at peace with the world, and desirous of trading with us, and there is nothing in the circumstances that can legally, or long physically, interfere with such trade.

The last sentence in the paragraph just quoted is quite material and interesting. It confirms and clarifies the policy of which the Ambassador and the Japanese admiral spoke. The door of China is to be closed to us, even if war is necessary to accomplish it; this in spite of the fact that Japan, in reply to the mild inquiry of the British Foreign Minister, promised to maintain the open door to Manchuria.

Well, there is no open door in Manchuria—to us! American bankers, importers, and businessmen have been run out of Manchuria and replaced by Japanese. Our educators and missionaries will not long be able to remain. But if the so-called law of necessity, pleaded by every conqueror, justifies the breaking of the solemn promises contained in the treaties to which I have referred, why should Japan worry about breaking a promise to maintain the open door in China?

OBEDIENCE TO TREATIES OR NAVIES

We have a right to worry over the violation of peace treaties. We know that there are only two ways of protecting our peace. One is through respect for and obedience to peace treaties, and the other is through a sufficient Navy and air force. We prefer the former method of maintaining peace. I deeply regret that some of our greatest peace advocates and peace societies, who have given so much to obtaining the execution of these peace treaties, are incomprehensibly silent when they are openly and ruthlessly violated, and their instrumentalities challenged.

Yes; some of these great advocates go even farther, and mercilessly attack those who do protest against the violation of such treaties. Unless the moral sentiment of the world can be brought to bear in condemnation of those who violate peace agreements, those agreements will become inoperative, held in contempt by all the world. Then war, and war alone, will be left as the only instrument to settle international controversies.

At the peace conference held in Washington recently on the cause and cure of war, this subject was discussed most ably and frankly by one of our great peace advocates, and one who has lent his voice and services to the adoption of peace treaties. On January 23, Prof. Grover Clark, of the department of history and political science of Wellesley College, addressed this great peace society, known as the National Committee on the Cause and Cure of War, on the subject of The New Dangers of War. I know that the Senate will be interested in hearing read a few quotations from this great speech. In part, he said:

PROFESSOR CLARK DENOUNCES VIOLATION OF PEACE TREATIES

"We call ourselves civilized. We have built a civilized and adequate paper structure of peace pledges and machinery. We need no more treaties, no more pledges, no more international agencies, to show that we really are beginning to be civilized in our international relations. All we need is the determination to use the machinery we have set up. We can have the certainty of continuing peace whenever we are ready to pay the price of peace—effective insistence on international justice and respect for international pledges.

"In the Far East the danger of war is real today because Japan now is controlled by men who are determined to secure for their country dominance in that part of the world, and because we of the west in effect have told these militarists and all the peoples throughout Asia that we do not take seriously our own peace pledges. By their move in Manchuria in 1931 the Japanese military chieftains created a situation precisely such as our peace machinery was designed to meet. We failed then, and we have continued to fail to make that machinery work.

"The machinery of peace has proven useless, however, not through any internal structural lack. The League Covenant and the nine-power treaty contain provisions entirely adequate for putting an abrupt end to the use of force as an instrument of national policy by the Japanese militarists. The peace machinery did not do that for which it was created simply because we were not sufficiently determined to make it work. The machinery was there. The driving power to make it function was not.

"We also have failed in another vital way. We have failed completely to show by our dealings with this military-dominated Japanese Government that our attitude was in any way affected by the fact that that Government flagrantly had broken solemn international pledges to which it and our own Government were parties. We have continued to deal with this brazenly faithless Government

precisely as though it had remained completely faithful to the pledges which it had made to and with us. We have sent our Ambassadors to it and received its Ambassadors as though we still felt perfect confidence in its good faith. We have exchanged notes and other communications with it, recalling friendly relations in the past and expressing satisfaction that such relations still continued, as though that Government had done nothing whatever to which we had the slightest objection. And finally—crowning mockery—representatives of the American and British Governments have just spent 2 long months in negotiations looking toward a new treaty with the representatives of this military-dominated Japanese Government, which has proved by its acts that even the most solemn treaty pledges mean nothing to it.

"Truly we of the west, by our failure to use the peace machinery when the situation cried out for its use, and by our continued dealing with this Japanese Government as though it were a thoroughly dependable and honorable member of international society, have demonstrated that our desire for peace is of the lips only and our machinery for securing peace is a castle in the clouds of Spain."

Professor Clark performed an invaluable service to this large representative body of women gathered from all over the United States seeking a cure for war. I deeply regret to be compelled to admit that his suggested cure for war—namely, the enforcement of peace treaties—failed to receive official endorsement by the convention.

COMPARISON OF JAPANESE AND AMERICAN NAVIES

I have attempted accurately to give the facts, and fairly to analyze the effect of such policy. It is obvious that it bears directly upon our naval policy. I intend at the proper time to discuss the comparative strength of the navies of Japan and the United States on the Pacific. I may say, however, that it is generally conceded that the United States Navy is not as strong as the Japanese Navy in any operations that might take place in the far Pacific. We have no safe base for supplies and repair west of the Hawaiian Islands. The deterioration of the effective strength of naval vessels attempting to operate 3,000 or 4,000 miles away is too well known to require discussion. I will content myself at present by reading a statement recently made by Admiral Edgar B. Pratt, retired, former Chief of Naval Operations, and an officer who is recognized as one of the greatest naval strategists this country has produced. The statement of Admiral Pratt was published recently, after the statement of Admiral Takahashi, which I have just read. I will not read the entire statement; I will read only a part of it. Admiral Pratt said:

"Japan is doing what every country has done which has had motives other than limitation of arms. Her demand for naval parity means that Japan desires to become excessively strong, for the sum of power is not based on naval limitation alone.

"If Japan were to have a navy equal in size and strength to the United States, her common limit of power would be greater than ours; her Army is superior to ours; her air force is equal to ours.

"The Japanese ask for more than is just. She is seeking to do what Germany did in the years that led up to the World War. Germany sought the greatest army and the greatest navy. The sum of the power factors gave her a "common upper limit" of arms far in excess of other nations."

Continuing, he said:

"So long as we have an adequate navy we are secure from invasion. It is important, therefore, that we keep abreast of every improvement in all branches of naval equipment."

DEFENSE SACRIFICES BY UNITED STATES

No government has made more serious efforts toward the limitation of armaments than the United States; apparently, however, up to the present our efforts have accomplished no beneficial results but have resulted in great and unnecessary sacrifices by our Government.

We cannot forget the great convention held in the United States upon the invitation of our Government in 1921 and 1922 for the limitation of armaments and fortifications. Never was there a stronger appeal made to the conscience and sentiment of the world than was presented by our own delegation upon the opening of that great convention. Our present Chief Justice, as the head of our delegation, boldly and frankly opened the meeting by the proposal that our Government would destroy seven battleships constructed and in the process of construction.

We cannot forget with what acclaim the representatives of other governments in the world approved and accepted this astounding proposition. We destroyed our battleships, and other governments in good faith destroyed their blue prints or obsolete vessels. And, this having been accomplished to our great sacrifice, the convention then refused to limit the construction of cruisers of 10,000 tons and under, submarines, and military airplanes, and the manufacture of poisonous gases.

We did not take advantage of this unlimited power, but other governments did. We did not build up to the limit, but other governments did. And then, to add to the further amusement of the foreign representatives at this great convention, Japan insisted, before even entering this agreement, that the status quo of the insular fortifications in the far Pacific north of Singapore should be maintained.

Well, whom did that hit? It did not strike at Great Britain's plans of fortification at Singapore, its great naval base; it did not touch deeply the Japanese plan of fortification, because that Government, prior to that time, had been feverishly fortifying various of its islands.

By every obligation imposed upon a government it is our duty, in honor and in good conscience, to defend and protect our citizens and those dependent upon us for protection, not only in the far Pacific but wherever they may be. Apparently this cannot be accomplished through treaties; and if that be so, then there is only one answer, and that is dominating naval and air forces.

It is my purpose to continue to give my support to the maintenance of respect for and obedience to peace treaties and the enactment of legislation that will tend to keep us out of war without the surrender of any of our international rights, but until the time arrives when there is universal respect for and obedience to peace treaties I favor and will support the construction and maintenance by the United States of naval and air forces that will be sufficient to protect our citizens, those dependent upon us, and their legal rights.

Mr. LEWIS. Mr. President, I rise to address the Senate in acknowledgement of an indebtedness to the able chairman of the Committee on Foreign Relations, the Senator from Nevada [Mr. PITTMAN], for calling to the attention of this body a state of facts too much ignored by both the Congress and the people. I had not intended in anywise to address this honorable body upon this subject, or this day on any subject, but the address of the able Senator revived to my mind how I had boldly asserted in the Senate but a short while past, in debate in support of the naval bill then before us, that there would arise as menacing the United States from the Pacific coast a situation because of which, did we not now take heed of it in the calm moments when reflection could occupy her office, we would find ourselves, at some serious moment, in a condition when excitement so exaggerated our emotions as to avoid a just measure of judgment. From such inflamed state, danger to our people surely would follow.

Mr. President, I then boldly proclaimed that the time had come when it was evident to me that the policy of Japan was to take charge of all Asia, her policy being upon the theory that she would announce as in emulation of that of the United States to the South American Continent known as the Monroe Doctrine. I said that Japan would go further in the process of her undertaking by announcing the theory of Asia for the Asiatics. Her next step would be the gradual elimination, by such force as she would be able to command, of all the interests of Americans and all the people of America in the Orient. In this departure she would seek to justify herself before the world on the ground that the United States, under our exclusion law, having forbade her people citizenship in this country and limited the number who could be residents, she has the right to exclude Americans from Japan and from the soil of Asia when she is powerful enough to enforce it.

* * * * * * *

The eminent chairman of the Foreign Relations Committee has just alluded to the existence of the Navy, and in his address has spoken of the "absence of proper bases" for the Navy, the lack of which would so separate our Navy to different parts of the seas that to gather itself together to defend our country would be in itself almost an impossible task.

Yet, in face of this fact, this, our Government, out of a specious, and, in my judgment, a mistaken generosity and form of zeal, indulging a Utopian theory under which one thinks of every country but one's own, is now on the eve of abandoning the only real base that America rightfully had as a legitimate ground of concentration for the Navy in order to guard and to prepare against the conditions I suggest and describe; and the existence is proven, sirs, by the events around us and of which established history now recorded affords complete confirmation.

Mr. President, this brings me to the conclusion to which I wish to direct the attention of my able colleagues. I ask, what is the meaning of these institutions throughout our country which have among their number eminent professors of colleges, splendid and noble-minded women, impulsive, and, I know, wholly patriotic men, assembling throughout the land to condemn the Congress for voting appropriations for the support of the Navy? Here we have the accusation that by making modern the Navy and supporting it by fitting guardianship we are inviting conflict. Goodly women, inspired by some sources of wrong guidance, have put the query to us, "Do you expect to drive our sons to war?" They overlook, I fear—not having had time to contemplate the situation—that the only defense of their sons to protect them from going to war is a complete and sufficient Navy. Sirs, the greatest assault that will come on this country is not from within. We are able to guard ourselves against the feared dangers to our country at home. The National Guards of our respective States, sirs, may in emergencies at our doors be called upon in their several spheres for our country's protection. The country may command them if need be. The same thing is true with respect to the police forces of our cities in any eventualities that could explode of local disturbance.

Mr. President, our national danger does not come from sources from within; our peril lies in assault from abroad. But, sirs, with a Navy complete, watching and guarding our shores, we shall be able to see that none shall intrude upon us; that they are not allowed to trespass upon or become possessed of our soil by investing the shores of this our country. That truth, sirs, makes it unnecessary to accumulate great armies within the interior. In that result we protect the sons of the mothers from being drafted and drawn and enlisted into armies. We can, by means of our Navy, avoid the prospects of the country being assailed by a foreign foe to the extent necessary to call upon our whole force of

national defense to rally themselves in the form of protection for America.

Then, Mr. President, I ask the question—and it is for that purpose I rose to supplement the remarks of the able chairman of the Foreign Relations Committee: How can America anticipate the things referred to by the chairman of the Foreign Relations Committee and that which I depict, or how shall our country prepare its defense, if there shall be all around us a spirit that condemns the United States in its effort to prepare for its defense and safeguard America?

We seek no war upon Japan. We seek no war upon any land. We are prepared to do that which the ordinary judgment of mankind approves—to prepare to defend ourselves against a war that is intended against us. It may not be for today; it may not be for tomorrow; but the war we prepare against is a form of war that is to be carried on at once for the purpose of reducing us, in all matters of commercial and industrial competition, to a point where we shall be impotent as against these who are our rivals. This to prevail—even though martial conflict against us becomes necessary to achieve the object.

Mr. President, it is because of that that I summon my colleagues to contemplate whether we should not ask these peace organizations, with their great resources, if they do not realize that in their desire that we should abandon every effort of strengthening the Navy and adding to the defense of our land, by that very course we invite assault upon us. I dare say to this honorable body we never would have been in war with Germany had this country been in such a condition that the German masters of military maneuvers could have seen that their country would have been defeated in its submarine venture had it dared assault us. We never would have gone to war in the mere matter of conflict of France and England with Germany as to the rivalry of economic advantages, commercial monopoly, and territorial aggression, one over the other. Sirs, in that dread day our country would have been wise enough to see the danger arising from the propaganda coming from those seeking to drive us to war. War on our part did not, as is now charged in select sources, come because of President Wilson, nor was it originated by the United States Army. It was instituted by those standing at a distance of superiority, arrogating to themselves that they were purer and nobler in patriotism than the rest of mankind, and charging that all who opposed war lacked true patriotism. These, through their propaganda, characterized the citizens who disagreed with them as wanting in loyalty or respectability. It was they who brought on the war by their demonstration; they now deplore yet condemn the United States for yielding to the propaganda they propagated.

Do my colleagues think if these propagandists were powerful in one instance they would not be equally so in another? And yet note the activity now presented by this group! Let us be frank with ourselves. Do my colleagues in this body fancy that these who discourage the country in its defense may not be stimulated as before by the same propaganda from abroad? And this with purpose to weaken us at home?

Through the cry of the necessity for peace at any price they enable our rivals, whoever they are—our opponents, from wherever they may come—to behold at the proper time the weakness of our Government, the lack of defense and support, and in such an hour to strike. From this phase of danger and destruction we must awake to that fact of peril and realize the duty to overcome it.

Mr. President, I would that my honorable colleagues in this body and those in the other body of Congress should begin to consider the threats by conduct directed to this country, and to know what will be our fate if we fail to advise caution and give consideration to our real situation. Therefore, Mr. President, indulging as I have already too far the generosity of this body in listening to me, I propose that we begin to inform our fellow citizens of the societies which organize opposition against America's national defense of the evils they are bringing on themselves. Let them see the situation of the world as it confronts us; and let them behold the plain, tragic truth, Mr. President—that this, our great America, has not one real friend among the nations of the world. Neither appreciation for our aid, nor gratitude for our sacrifices, has moved those to whom in the World War conflict we gave so much. They will not even, in this hour, recognize the debts growing out of the money they drew from our Treasury. They do not appreciate the sustenance we gave them financially, nor have they gratitude for the sacrifices of our children on the battlefield to fall in death for them. These nations do not acknowledge their debt to us, and far less do they contribute a dollar toward its repayment, as they scoff and smirk at our demand for payment.

Yet, with a spirit of that nature and with the account as given us today by the chairman of the Foreign Relations Committee, we and our country realize that it has in hazard and peril nowhere to go but to itself. In all tribulation it must depend solely on itself. Sirs, the situation must be perfectly apparent to a reflective mind. In the face of this, are we to sit idle and flatter ourselves that all the world is craving to embrace us to its bosom in fraternity under the specious name of world peace? Let there be no further delusion; let us realize that peace with us lies in our being able to compel it, and that the real defense of this country lies in its ability to show before the whole world that we contemplate no quarrel with any people, but that if there be any who contemplate a quarrel with us we are ready to resist the advance, and that this Nation still stands, as it ever must, as Americans in America for America and for the honor of this the United States of America. I thank the Senate. [Applause in the galleries.]

The PRESIDING OFFICER (Mr. GEORGE in the chair). Visitors in the gallery will preserve order.

Mr. BORAH. Mr. President, I wish to ask the Senator from Nevada as to the speech of Professor Clark from which he quoted and which I have never read. In his speech Professor Clark repeats that the machinery was at hand to enforce the peace treaties but that we did not use the machinery. What does he mean by that?

Mr. PITTMAN. I would have to give my own construction of it, of course. His subject, as I said before, was The New Dangers of War, and he took as one of the "new dangers of war" the attitude of the Japanese in China. He referred, of course, to the three treaties, the Kellogg-Briand treaty, the Covenant of the League of Nations, and the nine-power pact.

In regard to the nine-power pact, he called attention to the fact that the United States was a party to that pact. I take it he means that the threat of a new war about which he was talking possibly could be stopped by proper representations made to the Japanese Government by the parties to the nine-power pact.

Mr. BORAH. Mr. President, when gentlemen constantly speak of "the machinery" being at hand to enforce the peace treaties at a time when it is contended that the other parties to the treaties were disregarding them, I do not understand what they mean unless they have in mind the use of force. They were disregarding the treaties, it is claimed, and yet we are told by Professor Clark that "the machinery" was at hand to enforce them. There was no "machinery" at hand to enforce the treaties.

Mr. PITTMAN. I believe that the nine-power pact provides for a conference of the nine powers.

Mr. BORAH. Yes; that pact provides for a conference in contemplation of trouble arising; but here was an instance in which the nine-power pact had been disregarded and the time for a conference was here.

Mr. PITTMAN. There is no doubt in my mind, the Senator will understand, that peace treaties are a snare and a delusion unless obedience to them is enforced. I have said before that I do not think it is always necessary to use the Navy to enforce them or to use other forms of physical force. I think that there are other repressive methods that sometimes succeed and sometimes do not succeed.

Mr. BORAH. What I was undertaking to convey to the able Senator was the fact that, in the last analysis, when they talk about enforcing the peace treaties they mean to use force, because that is the only way. You may discuss situations, you may interchange views, but when you talk about enforcing peace treaties you must mean the use of force; and yet you are advocates of peace.

Mr. PITTMAN. I thoroughly agree with the Senator that those who want peace through treaties will have to enforce the treaties or they will not get peace.

American Forces in the Orient

EXTENSION OF REMARKS

OF

HON. ROBERT R. REYNOLDS

OF NORTH CAROLINA

IN THE SENATE OF THE UNITED STATES

Tuesday, December 21 (legislative day of Tuesday, November 16), 1937

ARTICLE FROM THE WASHINGTON HERALD, DECEMBER 21, 1937

Mr. REYNOLDS. Mr. President, I ask unanimous consent to have printed in the RECORD an article published in today's Washington Herald relative to the maintenance in China of American forces.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Herald, December 21, 1937]

MARCH OF EVENTS

(By Benjamin DeCasseres)

We got out of Nicaragua, Haiti, Cuba, Mexico, and even the Philippines, but why do we still remain in China?

What business have we at the other end of the world that compels us to maintain garrisons at Peiping, Tientsin, and Shanghai? Only the other day American marines in Shanghai, a Chinese city, ordered the Japanese conquerors of that city to "move on" when the latter approached the American part of the "International Settlement."

We are told that we are there for the purpose of seeing that we get our share of customs receipts—forcibly collected installments on money that China owes us.

But the nations of Europe also owe us money—$12,000,000,000—which, from all indications, they have no intention of paying.

Why do we not send marines to London, Paris, Brussels, Rome, and Warsaw and collect our debt right out of their customs and internal revenues as we, and other major powers, do in China?

We have winked at the debt-welshers of Europe, but like the rest of the world are taking advantage of China because she is weak.

Not a pleasing dish for Americans to gulp down.

The Emergency Relief Appropriation Act—Proposal to Amend Act so as to Require Sponsor to Contribute 25 Percent of the Cost of Each Project

EXTENSION OF REMARKS

OF

HON. CHARLES A. PLUMLEY

OF VERMONT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 21, 1937

Mr. PLUMLEY. Mr. Speaker, in order to have some kind of a basis on which to form an opinion with respect to justification or practicability or reasonableness for the apparent sentiment of many Members of Congress in favor of a proposed amendment to the Emergency Relief Appropriation Act of 1937, which would require the sponsor to contribute 25 percent of the cost of each project, I made a more or less careful and thorough investigation of the situation and made it my business to make inquiries along several lines, and of some of those people who at least are in a position to know what they are talking about and what the situation is. It seemed to be the consensus among those with whom I talked that such a requirement would be a blow to the administration of relief through the Works Progress Administration, at least in Vermont.

I talked with some of the Members with respect to what I had learned, and the information obtained, and it is at the suggestion of some of them, that such information as I have acquired, may be of use and value to others, who are wondering what to do and how to vote, if and when the question again arises, that I am inserting this statement in the RECORD.

Summarized and briefly, my information is to the effect that, at the inception of the W. P. A. program, a general rule was promulgated in the State which requires the sponsor of each project, whether it be a department of the Federal Government, the State, a city, town, village, school, fire or water district, to furnish all the materials, equipment, and supplies necessary to operate such project. The sponsor is also required to pay the wages of supervisors, unless competent persons to act in that capacity are to be found upon the relief rolls. Few exceptions have been granted to this rule. Some materials were purchased for airport projects, cotton textiles were furnished for sewing projects, travel was paid on nursing projects, and so forth; but aside from these comparatively minor exceptions, project funds allotted to Vermont have been expended for labor only.

This policy was adopted not because the Administrator lacked authority to purchase materials and supplies or rent equipment, but because, as I understand it, he was firmly convinced that if the sponsor was by this method forced to bear a considerable portion of the cost of each project, projects would be more wisely selected and more carefully supervised than if the Federal Government were paying the entire cost. Furthermore, every Federal dollar which would otherwise have been expended for nonlabor costs would be available for the payment of relief labor, which, after all, was the real object to be attained.

As a result of this general rule, sponsors have agreed to contribute well in excess of 30 percent of the costs of projects approved by me.

By this procedure greater facility is obtained. Each sponsor may select such projects as are best suited to its particular situation, both from a physical and financial standpoint. If a municipality's financial condition is such that it can afford to furnish the materials for a building or other project on which other than labor costs are high, it may do so. On the other hand, a municipality, the financial condition of which is not as favorable, may select projects which require less materials, and so forth. One town last year, because it was financially able to do so, selected projects for operation which, due to the high ratio of nonlabor items, cost the town more than they did the Federal Government.

The wide variance in the percentage of sponsor's contributions is illustrated by the fact that a cumulative report of completed or discontinued projects in Vermont through September 30, 1937, discloses that the sponsors bore 49 percent of the cost of bridge projects; 45 percent of public-building projects; 43 percent of sidewalk, curb, and path projects; 42 percent of water-supply projects; and 35 percent of all classes of highway, road, and street projects. At the other extreme, they have contributed 9 percent of the cost of the construction of recreational facilities—exclusive of buildings—4 percent of sewing projects, and only 1.6 percent of professional and clerical, or so-called white-collar, projects.

I append an analysis showing the costs of individual projects selected and operated by my home town of Northfield, which discloses that the town has borne to date 27.1 percent of the cost of construction projects and only 10.7 percent of the cost of those projects operated by the women's professional division. The town's share of the cost of individual projects varies from 79.9 percent of O. P. 65–12–655, a sewer project, and 40 percent of O. P. 65–12–102, a sidewalk project, to no part of O. P. 65–12–983, overseer's assistant's project.

Northfield, Vt.—Analysis of W. P. A. project costs

Class of projects	Expenditures			Percentage	
	W. P. A.	Sponsor	Total	W. P. A.	Sponsor
Construction	$48,399	$18,028	$66,427	72.9	27.1
Women's and professional	15,225	1,816	17,041	89.3	10.7
Total	63,624	19,844	83,468	76.2	23.8

Northfield, Vt.

O. P. No.	Class	Expenditures			Percentage	
		W. P. A.	Sponsor	Total	W. P. A.	Sponsor
Construction:						
65-12-2	Armory	$20,094.36	$1,781.14	$21,875.50	91.9	8.1
65-12-56	Roads	11,219.97	4,293.79	15,513.76	72.3	27.7
65-12-102	Sidewalks	2,025.37	1,348.41	3,373.78	60.0	40.0
65-12-202	Roads	9,835.75	4,974.86	14,810.61	66.4	33.6
65-12-259	Armory	518.50	295.00	813.50	63.7	36.3
65-12-654	Sidewalks	3,982.79	2,463.79	6,446.58	61.8	38.2
65-12-655	Sewers	722.68	2,871.62	3,594.30	20.1	79.9
Total		48,399.42	18,028.61	66,428.03	72.9	27.1
Women's and professional:						
65-12-409	Sewing	6,543.33	164.26	6,707.59	97.5	2.5
65-12-983	Overseer	638.50		638.50	100	
165-12-6999	Clerks, record	936.70	590.95	1,554.63	62.0	38.0
165-12-7909	Sewing	7,079.54	1,061.07	8,140.61	87.0	13.0
Total		15,225.07	1,816.28	16,402.83	89.3	10.7
Grand total		63,624.00	19,844.00	83,468.00	76.2	23.8

Were it practicable to include a provision in a future bill that at least 25 percent of the cost of all projects operated in each State should be borne locally without requiring a 25-percent contribution on each individual project there might be no objection to so doing, so far as Vermont is concerned, but there is a lot of food for thought in the statement which was made to me in which one man said:

I cannot conceive, however, how the General Accounting Office of the Treasury Department could set up a system to control expenditures under such a provision. It could never, in my opin-

ion, be certain that the 25–75 ratio was being maintained in a particular State at any time. You know how technical the General Accounting Office is in such matters, and I believe that under such a system pay rolls and other vouchers would necessarily be held up, much distress would be brought to needy persons, and general confusion would result.

Going back to the proposition that 25 percent of the cost of each project be borne by the sponsor, the only conceivable plan through which this could be accomplished would be to require the sponsor of each project to deposit with the United States Treasury 25 percent of the cost when the project proposal is filed, or at least before operations are begun. This would, perhaps, be no hardship if projects were operated under the same conditions as P. W. A. or other contract jobs; that is, work is completed as expeditiously as possible.

In the case of the Works Progress Administration, the primary object is, of course, the employment of relief labor. If an abundance of such labor is available, work proceeds with reasonable dispatch. On the contrary, if conditions improve so that otherwise available labor is absorbed by private or other public employment, operations on W. P. A. projects are curtailed and in some cases suspended.

On March 15, 1937, there were assigned to construction projects 49 Northfield residents. Six months later, on September 13, only 28 were so assigned. At present the number has increased to 43. Monthly and sometimes oftener, as relief conditions demand, local quotas for W. P. A. employment are adjusted upward or downward by the State office. Not only does the number of relief workers available fluctuate rapidly with business conditions, but it often happens that carpenters, masons, and other skilled workers on relief rolls may not be available at all for considerable periods of time. In consequence, operations on a building project might necessarily be suspended and the common labor transferred to a street, sidewalk, or other project not requiring the services of carpenters, masons, and so forth. Under all of these conditions, it is impossible for local or State officials to forecast when a project may be completed. It would be manifestly unfair to require the town of Northfield to deposit and thus tie up large sums of money for the score or more projects of different classes necessary to give the required flexibility in the employment of relief labor, without knowing how many months would elapse before the same would be disbursed, if ever.

If the sponsors' money were deposited with the Treasury and materials, supplies, and equipment purchased and rented through the Works Progress Administration, it would necessarily be done by the Procurement Division of the Treasury Department on bids. This would, in many cases, result in other than local materials and equipment being used. Cities and towns would be deprived of the use of municipally owned equipment, much of which has been purchased by them especially for use on W. P. A. projects.

One of my informants advises that in his opinion—

The object which Congress is striving to achieve—namely, larger sponsors' contributions from certain States—can be accomplished by other means without crippling programs such as are carried on in Vermont and numerous other States. Up to last December 31, sponsors of W. P. A. projects throughout the Nation had agreed to contribute only 13.1 percent of the cost of all projects initiated by them. In February of this year Mr. Hopkins established an administrative policy limiting, so far as practicable, expenditures by State works progress administrations for other than labor costs to $5 per man-month of employment.

Projects submitted since that time show sponsors' contributions averaging over 23 percent. It thus appears that it is possible through administrative action alone to raise sponsors' contributions to a reasonable level. If, however, Congress should feel disposed to write some formula as this into a new bill, I do not see how it could possibly harm the program in States like Vermont.

If the foregoing summation affords basis for an intelligent formation of a judgment or opinion with respect to the feasibility and practicability of writing such an amendment as was proposed into any future relief bill, whether for it or against it, you are welcome to it.

Working of the Pending Farm Legislation as Applied to Wheat

EXTENSION OF REMARKS
OF
HON. JAMES F. O'CONNOR
OF MONTANA
IN THE HOUSE OF REPRESENTATIVES
Tuesday, December 21, 1937

RADIO ADDRESS BY HON. JAMES F. O'CONNOR, OF MONTANA, ON DECEMBER 20, 1937

Mr. O'CONNOR of Montana. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include my address made yesterday over the network of the Columbia Broadcasting System, as follows:

A new farm bill has been passed by the House of Representatives. This bill will be considered along with companion legislation from the Senate by a conference committee of the two branches of the National Legislature. From this conference will come a single measure which will be the basis for a permanent farm program for the United States. Today, I want to set forth some of my views on this legislation, especially as it will concern wheat.

Representing Montana, where wheat is a major crop, I always have particular interest in how pending farm legislation is going to affect wheat farmers.

I wish to call to your attention the importance of wheat in the farm economy of the United States. Wheat is harvested in every State except two. The farm value of wheat produced in the United States amounted in 1935 to $517,000,000. This is about 10 percent of the total farm value of 78 agricultural crops. In my State, the farm value of all crops in 1935 was more than $67,000,000, and more than half of this, or $34,000,000, came from wheat.

From the time that the rolling prairies of Montana were broken up and planted to wheat, wheat production has been one of the most important crops in the State. The acreage increased from a few thousand in 1873 to more than 4,000,000 acres in 1929. Of the total acreage of land available for crops in Montana, more than 25 percent was devoted to wheat. True, since 1929 the harvested acreage in several of the years has been much lower. This has been due almost altogether to drought. But in spite of almost unbelievable hardships our farmers have continued to carry on. They do not think the drought will last forever.

Wheat has always been and always will be a major commodity. What are the essentials of a program for wheat? The first essential, as I see it, is to continue a sound policy of soil conservation. It is a good thing to stabilize the production of wheat and regularly devote a certain proportion of the cropland to soil-conserving crops. Montana farmers well know the disastrous effects of blowing soils and depleted fertility. Grass will protect the soil from wind erosion. We have a duty to ourselves and to posterity to maintain the productivity of the land. We want our children and their children to have a chance to live in comfort. We want them to have a chance for secure incomes and higher standards of living. We want the family sized farm to endure.

I am for a soil-conservation program and for stabilization of production. I favor recognition of the interests of the areas such as cotton, corn, and tobacco and fair treatment of these areas.

A second essential of the program is that it shall allow our wheat farmers to keep their share of the export market and the world trade in wheat. I am for continuation of exports, because I well realize that this year with production of 886,000,000 bushels we are growing far more wheat than this country will use. Export outlets are needed now and will continue to be needed. If we do not have them, all wheat prices, including spring wheat prices, will be affected, even though spring wheat is virtually all used in this country. I believe that most Montana farmers oppose reduction in the acreage of wheat drastic enough to hold production down to domestic needs. A huge expanse of rich wheatland is found in the United States. Naturally our farmers want that land to produce wheat.

It is my belief that ultimately the wheat program should include a provision for payments to wheat growers in addition to those contemplated in the soil-conservation legislation.

What farmers need is Government assistance to offset the effects of the tariff on the products which they buy. The 42-cent tariff on wheat is largely "paper protection." It doesn't help very much when we have surpluses and when help is really needed. Farmers want protection against surpluses. A great many farmers think that a voluntary program operated with the help of payments along the lines of the old A. A. A. would be most practicable. And some believe that instead of coming out of the Treasury, the cost could be borne by wheat itself. A tariff-equalizing tax of 20 cents a bushel on wheat consumed in the United States has been

suggested to finance such a program. That would represent only a third of a cent in the price of a loaf of bread, but the revenue from such a tax would provide enough payments to the cooperating wheat farmer, along with the soil-conserving payments, to maintain his farm and provide a better standard of living for his family.

As was pointed out on the floor of the House by Congressman JONES, "Regardless of how we may view his philosophy of government, Alexander Hamilton, at the time he submitted his report on manufactures, December 5, 1791, when he advocated for the first time in this country the adoption of the principle of protection, and suggested that the farmers be paid a bounty as an offset to the tariff, not as a gift, but as a restitution, said: 'Bounties are sometimes not only the best but the only proper expedient for uniting the encouragement of a new object of agriculture with that of a new object of manufacture.'"

The tariff was later adopted on manufactured articles, but the Government of the United States forgot to carry out Hamilton's other recommendation with reference to the farmer. As the tariff mounted higher and higher in years following, necessarily the burden on the farmer became greater and greater, until today he is upon his back.

The wheat farmers need help now, and may need it still more next year. A sharp drop has occurred in wheat prices. The average farm price for last month was approximately 86 cents per bushel as compared with $1.23 for the crop of 1936. This represents a drop of nearly 40 cents a bushel. If payments equal to the amount which could be secured from a tax of half this amount, or 20 cents a bushel, were now made available to wheat growers, it would mean a farm price of wheat to consumers of only about $1 per bushel. The payment of $1 a bushel to farmers for wheat could not be regarded by anybody as exorbitant. Consumers realize as well as farmers the necessity of farmers having a satisfactory income if farmers are to be able to buy the products of industry. What we need is not only a balanced agriculture but a balance between agriculture and other industries. The wheat farmer wants to be on an equal standing with other farm groups in the United States and with industrial groups in order that he, as well as they, may have an adequate income.

Wheat farmers still remember what low prices mean. During the first years of the drought period, but prior to the incoming of the present administration, our farmers received almost unbelievably low prices for wheat. The average price of wheat received by Montana farmers for the 1931 crop was 50 cents a bushel. The price for the 1932 crop fell to 35 cents a bushel, but in 1933 it had risen to 62 cents a bushel; in 1934 to 86 cents; in 1935 to 92 cents; and for the 1936 crop the average price in Montana was $1.23 a bushel.

Wheat farmers do not want to ever have to go through such a period of low prices again. That is why they want permanent farm legislation and legislation which will offer them protection against the prices of 1932. This brings us to another essential of wheat legislation.

I think that there should be a fourth essential in a long-time program for wheat. Provision should be made to care for large surpluses if and when they occur.

Provision for stabilizing commercial supplies may be made in either or both of two ways. One is through use of ever-normal-granary reserve storage, backed up by marketing quotas which are provided in the pending farm bill. Marketing quotas can be used when the ever-normal granary is running over. The other way is through a crop-insurance plan, which would segregate and use as part of reserves against short crops the wheat paid in as insurance premiums.

The crop-insurance method would afford two kinds of protection. In normal times and in times of surplus wheat may be paid in as the insurance premium. In time of crop disaster the wheat premiums may be released to give a larger supply for the country as a whole.

Now, I want to say a word about the ranchers of the Great Plains. They have given hearty cooperation to the range program established by the Triple A as a part of its soil-conservation plan. Payments available under the range program have resulted in greatly improved grazing conditions on many ranches. There is a broader and deeper understanding of the importance of maintaining the grazing capacity of the range. There is a growing appreciation, too, of the common interests of livestock growers and grain farmers.

In the past the grain farmers of the commercial wheat areas, including Montana, tried to solve the marketing problems by establishing both local cooperative elevators and cooperative terminal marketing associations. These cooperative efforts have been of great help to the farmers and should be amply protected in the future. But the farmers need their national program, too, because some of the problems they face are national and international in scope.

I favor the provisions in the pending bills to continue conservation of our most precious resource, our soil. I favor also the provisions for an ever-normal granary to protect consumers as well as farmers against crop shortage. I favor farm payments to bring farmers nearer to equality of income with nonfarm groups. I favor growing whatever wheat for export that can be sold abroad at a reasonable price. I favor crop insurance because I know so well the tragedy of crop failures beyond the control of the farmer. I favor making the use of wheat-marketing quotas contingent always upon a two-thirds vote of wheat farmers in a referendum.

The present administration has done much to help wheat farmers. It has helped them with the wheat program and the soil-conservation program. The Members of Congress from the West have been a tremendous force in securing legislation favorable to the wheat growers. Notable among these western Congressmen is Congressman GREEVER, of Wyoming. Drought-stricken farmers have been helped with loans to remain on their farms and provide for their families. Our farmers approved the Agricultural Adjustment Act of 1933. They recognized the unity of interests among wheat growers in all areas. Among the important wheat-growing States, Montana stands out in the degree of farmer participation in the adjustment programs of 1933, 1934, and 1935. Ninety-five percent of the wheat acreage was under A. A. A. contract in 1933, 1934, and 1935. And when the Supreme Court, in the Hoosac Mills decision, nullified the adjustment program, our farmers accepted the soil-conservation program. They have been carrying on with it, looking forward to the time when they would secure not only a crop but an adequate price for that crop. They appreciate the understanding that President Roosevelt has of their problem.

Now, as always, the wheat farmer has his face toward the future. What will the new season be? Will there be rain? Will the wheat sprout and grow? Will it survive the hot winds, escape the hail, ripen before it rusts? What will the harvest be, and what the price?

The wheat farmer never knows. But he goes faithfully on, filling year in and year out the bread basket of the Nation. I think the Nation should and will be fair to him.

The Purchase of Silver

EXTENSION OF REMARKS

OF

HON. JOHN TABER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 21, 1937

Mr. TABER. Mr. Speaker, since the Executive proclamation of December 21, 1933, supplemented by the Silver Purchase Act of June 19, 1934, and the Executive proclamation nationalizing silver on August 9, 1934, the Government of the United States has tied up in silver, which is in vaults in New York and West Point upwards of one billion ounces of silver. Some of the time newly mined silver has been purchased at 64 cents, some of the time at 78; the foreign silver has been taken in at 45 cents recently; it was taken in some of the time at 50 cents, as old silver was.

The amount mined each year will run up to 70,000,000 ounces in the United States. We are not only taking in all of that but we are taking in all of the silver that is turned in to us. Instead of making a stable market for silver we are destroying a stable market for silver.

Silver on the world market today is worth 41 cents an ounce. The United States has on hand silver dollars and silver bullion representing at a fair estimate at the very least 3,000,000,000 ounces of silver. This silver is absolutely useless to the Government as a medium of exchange or as money, with the exception of the small item involved in fractional silver coin. On the world market this silver is worth approximately $1,200,000,000, but if we started to put it on the market instead of being worth $1,200,000,000 it would not be worth over 20 cents an ounce. It has cost the Government a large sum of money to get it together, and it is costing a large sum to guard it and keep it.

Since this silver-purchase program went into effect we have absorbed upward of a billion ounces of silver. In three and a half years the Government has spent over $600,000,000 upon it, or an average of $171,000,000 a year. This has been distributed to the American Smelting & Refining Co., the U. S. Smelting & Refining Co., and two or three other large refiners. Ultimately some of the money goes to miners for newly mined silver. I would estimate that there are probably, at a liberal figure, 30,000 such miners who have participated to a small degree. This $171,000,000 a year is a direct charge on the United States Treasury, and

if we undertook to dispose of the silver it would bring little or nothing. That silver which is stored in the United States vaults is a menace to the silver industry.

Can the United States Government long continue to pay out $171,000,000 a year for silver for the benefit of four or five big smelting companies and 25,000 or 30,000 silver miners? Thirty thousand silver miners are receiving one-third as much gratuity as the gratuity being paid to 7,500,000 farmers. In other words, we are paying a subsidy of $171,000,000 to 30,000 miners and a subsidy of $500,000,000 to 7,500,000 farmers. The subsidy to the individual miner is at the rate of $5,700 each, and the subsidy to the farmers is at an average of $66 each. When we talk about saving money, why not begin on the worst of our rackets in proportion to the number of people involved and get rid of the silver-purchase racket?

The President of the United States has the power on December 31 to refuse to issue another proclamation for silver purchasing, to refuse to any longer be the goat in handing out a subsidy of $5,700 a year to each miner, if he gets it all. Will he have the courage to save $171,000,000 a year for the people of the United States? If he means to balance the Budget, this would be a good place for the President to show his colors and his sincerity by refusing to issue a proclamation extending the silver-purchase operations.

The Federal Housing Bill

EXTENSION OF REMARKS

OF

HON. MATTHEW A. DUNN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 21, 1937

Mr. DUNN. Mr. Speaker, I am more than willing to support legislation which will appropriate money for the improvement of property and slum clearance. This kind of legislation is constructive and progressive.

The Federal housing bill has beyond any doubt, since it became a law, accomplished a great deal of good. If we were to appropriate twice as much money as has been required to carry out the provisions of this act, in my opinion, that money would be well spent because it not only gives many thousands of people employment but it also provides for the abolition of the slum districts, which is one of the worst social evils in our land.

Lawlessness in Jersey City

EXTENSION OF REMARKS

OF

HON. BYRON N. SCOTT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 21, 1937

EDITORIAL FROM THE NEW YORK HERALD TRIBUNE BY WALTER LIPPMANN

Mr. SCOTT. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following editorial from the New York Herald Tribune by Walter Lippmann:

[From the New York Herald Tribune, December 21, 1937]

LAWLESSNESS IN JERSEY CITY

(By Walter Lippmann)

There is a condition of affairs in Jersey City which has a very special claim upon the attention of those who felt deeply about the attempt to pack the Supreme Court of the United States. For at this moment in Jersey City the plainest and the most fundamental and the most ancient of American civil rights are openly suspended by the mayor, Mr. Frank Hague, his police force, and his political henchmen.

The facts in the case are simple. The issue is, I think, perfectly clear. Those of us who opposed the President last winter because we believed his judiciary bill would impair the liberties which depend upon impartial administration of the law cannot now overlook the mayor of Jersey City when he destroys those same liberties by a completely arbitrary use of official force.

For if we meant what we said last winter when the judiciary bill was before the Senate, then we cannot now be silent, acquiescent, or too busy to bother about Mayor Hague and the constitutional rights of the C. I. O. organizers.

Jersey City has an ordinance, passed in 1924, which forbids the distribution in "any street or public place" of "any newspaper, paper, periodical, book, magazine, circular, card, or pamphlet." For violating this ordinance, or even for "consenting to" its violation, presumably by accepting printed matter, a person in Jersey City may be fined $10 or imprisoned for 10 days on the first offense, or both, and fined $25 or imprisoned 30 days, or both, for each subsequent offense.

This is, of course, a most extraordinary law. Under it a man could be clapped into jail for handing to a passerby a circular inviting him to vote for Mayor Hague or to subscribe to a policeman's ball. That the ordinance has been on the books for nearly 14 years can mean, I should suppose, only one of two things—either that in Jersey City, unlike any other spot in the country, no one ever has wished to distribute circulars and advertisements, or that the ordinance has not been enforced except occasionally against individuals or organizations that are too weak to defend their legal rights. For it seems fairly clear that the ordinance is contrary to the principles of constitutional freedom as understood in the United States or in any State within the Union, and that as a matter of fact it is unconstitutional under decisions of the courts of New Jersey.

However, on November 29, seven C. I. O. members or sympathizers were arrested in Jersey City for violating this ordinance. The only charge against them was that they had distributed leaflets on a public street in Jersey City. It was not charged that they had broken any other law or that the circular advocated the breach of any law. Their offense was that they distributed a leaflet. For this they were sentenced to 5 days in jail.

They were refused a jury trial. They were refused a stenographer to make a record. They were refused bail. They were refused a stay of sentence. They appealed immediately. But on the ground that counsel for Jersey City was not present, Chief Justice Brogan, of the supreme court, refused to hear the motion. Finally, on December 9, their petition of appeal was argued, and the district attorney was given 10 days to prepare his brief. The appeal will, however, do them no good. For they have already been compelled to serve their sentences.

Surely these proceedings must be described as an outrage upon the inner principle of constitutional liberty. For an obviously minor and technical offense against an ordinance of extremely doubtful legality these men have been held without bail, convicted, and refused a stay of sentence till they could appeal.

But this does not exhaust the lawless conduct of Mayor Hague's administration. For these seven men were at least arrested and convicted in a police court. But many other men who have wished to distribute leaflets in Jersey City have not even been arrested and convicted in a police court. They have been seized by the police, and without any further legal proceedings, have been by sheer physical force driven out of Jersey City.

This is official lawlessness, naked and unashamed. If there is any ground on which this can be defended, if there is any pretext on which it can be condoned, if there is any reason why it should be tolerated, I do not know what it is.

For no one, I take it, unless it be Mayor Hague himself, will undertake to argue that because they belong to the C. I. O. these agitators are not entitled to the benefits of the Bill of Rights. Perhaps there will be some who think that even though they do not quite like to say so.

They should remember the struggle last winter when the opponents of the court-packing plan were accused of being the mere defenders of predatory and reactionary interests. During that struggle liberal and progressive men were not deterred by that accusation; they fought for the integrity of the Constitution and the independence of the courts regardless of the fact that many would benefit with whom they wholly disagreed.

Now the shoe is on the other foot. Now it is the C. I. O., an organization of the left, that is being oppressed, and now it is the peculiar obligation of conservatives who believed in constitutionalism to go to the defense of these same principles. For the principles they profess are gravely attacked. They are gravely attacked in Jersey City, and the American bar, which was so thoroughly aroused last winter, should become thoroughly aroused once more.

They should be grateful for the chance to prove so clearly that they really meant what they said; they can prove it by insisting on the restoration of law and order in the State of New Jersey.

West Virginia Takes Prominent Place in the First National Rural Arts Exhibition

EXTENSION OF REMARKS

OF

HON. JENNINGS RANDOLPH

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 21, 1937

Mr. RANDOLPH. Mr. Speaker, the Department of Agriculture and the land-grant colleges have been celebrating their seventy-fifth birthday. The celebration has been scientific and historical in nature, bringing to attention the progress that has been made on the farms and in the farm homes.

The Department and the colleges were not content with that plan, large as it was. They wanted to include in the celebration something that would recognize another kind of activity among rural people—a kind of activity that feeds the spirit at the same time that it expands the pocketbook. They decided on an exhibition of the rural arts as practiced today in rural America.

They asked Allen Eaton, of the Russell Sage Foundation, who had just completed an intensive first-hand study of rural handicrafts, to bring together and display a representative collection. A large number of organizations and individuals interested in reviving and maintaining the rural arts have cooperated in assembling the articles shown. Among these organizations are the Extension Service of the Department, the American Federation of Arts, the American Country Life Association, the Southern Highland Handicraft Guild, Southern Highlanders, Inc., the League of New Hampshire Arts and Crafts, the Boston Society of Arts and Crafts through its rural members, the American Farm Bureau Federation, and many others. Under Mr. Eaton's trained eye the display has taken on a beauty and form that only an artist could give it.

Now, I come from a mountain district where profitable farming is often difficult, and in some localities almost impossible. Under these circumstances the practice of the handicrafts, usually under the guidance of sympathetic and trained agencies, has brought in small but much needed sums to many families. Moreover, the handicrafts have helped to lift these people of my district out of themselves. They have freed these families from much of the oppression which they have felt during lean years.

One of the outstanding examples is, of course, at Arthurdale near Reedsville, W. Va. Most persons are acquainted with the work of relocating there the families from the closed mines of Scott's Run. One of the new means of livelihood for these people is found in the handicrafts. This work at Arthurdale is young. Nevertheless, it was represented at this exhibition by such advanced pieces of workmanship as a ribbon-back chair and drop-leaf and tilt-top tables of such native woods as maple and walnut. There were simpler wooden articles as well. Their metalwork was represented in this Washington exhibition by an iron basket for fireplace wood. Incidentally, pewter candlesticks made at Arthurdale were awarded a prize at the recent International Exposition at Paris.

Some of these Arthurdale workers are members of a league of handicrafters who operate in West Virginia under the name of Mountaineer Craftsmen. Under that name you will find excellent examples of their work on sale in Morgantown, from small, inexpensive articles to reproductions of large pieces of fine, antique furniture, which are made only on order.

The American Society of Friends is the leading private agency guiding this and other handicraft work in the State. The farm security administration directs such work in specific settlements. The State extension service, among its manifold activities, is concerned with standards of quality. Of course, we are all familiar with the aid and encouragement constantly extended to our West Virginia workers by Mrs. Roosevelt.

One unusual rural industry of my State which has attracted attention and enthusiastic comment throughout the exhibit is the glassware of rich coloring and unique design made in the little town of Milton. A leading art critic wrote that one of these articles, a goblet of Venetian red, might well have come from Murano instead of West Virginia. Others said that some of it was amazingly like the well-known glassware recently brought over from Scandinavia and shown throughout this country. To bring the beautiful products of this highly specialized rural industry before the kind of audience that Washington has afforded may be of untold advantage both to would-be American purchasers and to this industry of tender years but ripe accomplishments.

With this explanation of the rural industries and what they mean to our rural people, you will readily see why I can appreciate particularly how symbolic this national exhibition was. It stood for the best that is being done in rural homes. It suggested how widespread and excellent such work is. It signified the recognition by agricultural leaders of its worth to people and Nation. Through the book describing the exhibition and the guides, who were always in attendance, it exemplified the fourfold aspect of the whole handicraft movement—economic, social, therapeutic, and educational.

The money that domestic and rural crafts have brought into remote homes often spells the difference between grinding need and making a go of life. The making of the object, of finish and worth brings pleasure and pride to people usually deprived of such sensations. The preventive and curative effects of handicrafts are now well recognized by institutions, and remarkable instances were cited in connection with some of the most beautiful articles shown. The education by doing, by improvement, by contact, by instruction in this work is of unmeasured value.

The response to this first National Rural Arts Exhibition has surpassed anything hoped for by those who planned it. Of the 21,500 persons who visited it, many returned again and again because of their interest in the objects and the beauty of arrangement.

Then, although this was not originally intended, in answer to continued and urgent demand, the Department finally ascertained the prices for as many articles as possible and sold hundreds of exhibits. Many, of course, were not for sale.

M. L. Wilson, Under Secretary of Agriculture, has well said:

> It is possible that a greater importance should be attached to the human values represented in these country arts than in many things impressively demonstrated in statistical tables. Obviously, human values are the ultimate criteria by which a campaign against Japanese beetles or an inquiry into corn or into cotton prices must ultimately be judged.
>
> We have been too much inclined, however, to look askance upon attempts to deal directly with ultimate human values. The time has come when such human values as those represented by the items included in this exhibit are frankly recognized as worthy of our direct concern.

Many of the visitors expressed the wish, verbally and in writing, that something like this exhibit might be repeated at intervals or could be made permanent. I hope the time will come when the Department of Agriculture can undertake something of the sort. It would bring innumerable benefits. It would encourage and perpetuate individual quality of workmanship through a machine age. It would help to unite the interests of all sections and to unite the people of country and city. It would strengthen the friendly reciprocal relation between remote workers and city buyers that is imperative if the handicraft movement is to reach its fullest usefulness in a period of keen commercial competition.

Stopping the Business Recession

EXTENSION OF REMARKS

OF

HON. HERMAN P. EBERHARTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 21, 1937

RADIO ADDRESS BY HON. HERMAN P. EBERHARTER, OF PENNSYLVANIA, DECEMBER 16, 1937

Mr. EBERHARTER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address which I delivered recently over the radio:

A week ago I attempted to give a rounded discussion of what I consider the burning question of the hour, the business recession and increased unemployment. In that talk I did the best I could to point the way out. I tried to put forward what government and business should do in the current crisis.

Do not let anybody tell you that it is not a crisis. I am no alarmist, but business is continuing its downward spiral; more men are being laid off in our mills and factories; and relief rolls and relief work are expanding. Phillip Murray, head of the steel workers' organizing committee, tells that organization's convention here that "this is not a recession but a depression."

I repeat that I am not an alarmist, but the signs of alarm do exist. One type of annoyed American sees fascism entering our back door because the President of our sister Republic, Brazil, has the constitution temporarily abrogated. Reported overtures to that nation from Hitler and Mussolini are deplored by this type of American mind for fear such influence might spread in South America, where the Monroe Doctrine is supposed to preserve democratic government under the step-fathership of the United States.

Another species of American spreads the fear that communism is making inroads through the latitude which liberals are allowed as to freedom of speech, of the radical press; and as to the right of organizing for collective bargaining or study of forms of government different from our own. The less-informed wing of this group believes such groundless charges as the one that the Committee for Industrial Organization is dominated by Communists and are exorcised by other red herrings drawn across numerous situations by selfish or uninformed minds.

Neither as a Congressman nor a citizen of Pittsburgh do I share the fears of either of these groups. I know how young and vigorous our country is; I realize what limitless fields for development of our trade and business lie before us, and I understand in a general way what vast improvements can eventually be wrought in our system of distribution and what tremendous relief from unemployment such improvements will bring about.

I have no great fear either that such stimulation and stabilization of employment will not ultimately give us a higher level of general prosperity and well-being that will strengthen and preserve our prized processes of truly democratic government.

Business and Government will surely master the present problem, and what is badly needed is a willingness on the part of both to save the situation right away—to act before the problem becomes greater and more difficult of solution—before more of our valuable workers are put into that terrifying jeopardy of a continued diminishing industrial activity.

Last week there was an attempt on my part to analyze the attitude of business and to point to changes in that attitude which would make it possible for government, meaning Congress, to go forward with the enactment of laws in the current special session and in the regular session which opens in January.

I have said we can lick this present recession. I further believe that we are not going into a major depression. In the first place, the Government today is organized to step in with curative actions as never before; and, in the second place, we do not have today the deplorable conditions of 1929. We do not have scattered through the country a flood of wildcat securities. We have not been exporting billions of dollars to foreign borrowers. We do not have such hopelessly expanded plant capacity and such overproduction of goods.

Our banks in the vast majority are in sound condition, loaded with an excess of cash instead of an excess of questionable securities and frozen assets. Unemployment-compensation system soon will inaugurate disbursements that will help combat deflation.

We can have no continuance of the recession if we do not continue to deprive a large number of our workers of purchasing power by nonemployment of them. We need more goods, but we have not learned to divert the effect of increasing production into living standards. Instead our labor-saving methods have been improvidently creating unemployment. The biggest task before us is the restoration of the unemployed to our exchange system by use of their services in industry.

How can American business help?

It is pretty generally understood that big business put prices up as volume of production began to increase from 1933 to 1937. It acted on the theory that business under the competitive system had the right to charge what the markets could bear. Now, if business is to do its part to stimulate revival, it must boldly reduce prices to the point necessary to cause a normal flow of goods to the consumer. If a man wants to build a house, he must pay more than in 1929 despite the fact that the average income is one-third lower. He must pay 11 percent more for cement; 5 percent more for steel; 4 percent more for lumber now than at that time. For some building materials he must pay 100 percent more. And this is why the Federal Trade Commission is looking into what is known as the Cement Trust.

Business must venture. It is a venture at any time. Business must assume the risks in this policy of price reduction. It has the situation on its hands in any event. But businessmen know that substantial profits can be realized with low prices if volume of production is maintained. And still beyond this, if business holds back from prompt remedial action, production will continue to decrease and unemployment will grow. Responsible democratic government, then, must step in. In doing this it uses tax money. And big business controls half of the Nation's corporate wealth and will bear the brunt of the burden if it is, out of necessity, met by taxes.

If there is any attempted refutation of this proposed lower-price policy, I think it is pretty well nullified by the industrial performance and history of Henry Ford. While other motorcar manufacturers waited for people to get enough money to buy an auto in the early days of that industry, Mr. Ford built one which they already were able to buy. And without regard to any other of his policies or theories, we must agree that Mr. Ford has thus put an immense number of men to work. This policy, as recently adopted by the General Electric Co., takes the label: "More goods for more people at less cost."

Other olive branches have been proffered by business to Government, and I prefer to overlook any thorns thereon. Last week I discussed Mr. Lammot du Pont's proposals for putting 3,000,000 workers back to their tasks or to new ones. And I contend the plan has merit. Some of my colleagues in Washington put the implication on Mr. du Pont's proposal that the Government should forthwith withdraw from relief and public works. I prefer not to believe that his plan by implication embodied this action, which we all realize would produce sudden disaster.

There are many who disagree with me, but I cling to the conviction that business and Government can do parallel planning. The more reasonable men on both sides of our national life should be prominently spotlighted in our efforts to inaugurate such planning, and I feel confident we will get results.

In the foregoing I have sought to describe some things business might do to help.

Now, what can Government do?

It can do some things. Treading a common-sense path, it can give private enterprise all the help and encouragement possible without relinquishing those laws curing social injustices and economic piracy which have braced our hold on democratic processes in the last 6 years.

It can give financial aid by way of insurance and underwriting to help either local communities or private individuals break into new fields. One of these is housing, where a stupendous opportunity awaits our community, what with both the city of Pittsburgh and the county of Allegheny prepared to go ahead with large house-building activities designed to provide dwellings for workers in the low-income brackets. I consider housing as a key piece of assistance proper from Government, because Federal funds are available, and Government can act with the greatest speed. It is widely recognized that in the present recession every dollar expended immediately for alleviation will have an effect equal to the expenditure of $10 six months from now, if the decline in business activity and private employment continues.

Government can correct specific faults in the application of tax laws, some of which I have advocated in previous talks, which will not bring about an abandonment of the American doctrine that taxes are assessed upon the basis of the capacity of an individual, partnership, or corporation to pay.

To business I commend the same attitude in general that I sense among most of my colleagues in Washington. It is most appropriate now because of the season. It is one of good will.

Good evening and a merry Christmas to all of you.

Wage and Hour Bill

EXTENSION OF REMARKS

OF

HON. ARTHUR B. JENKS

OF NEW HAMPSHIRE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 21, 1937

EDITORIAL FROM THE WASHINGTON NEWS OF DECEMBER 20, 1937

Mr. JENKS of New Hampshire. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an editorial which appeared in the December 20 edition of the Washington Daily News entitled "Why It Died," relating to the wage and hour bill. The editorial is as follows:

Blame for the demise of the wage-hour bill rests chiefly, we believe, with the nature of the bill itself, its manner of birth, and its manhandling at the hands of its friends.

The Black-Connery bill, you will recall, sprang from nowhere last May all written and done up in ribbons by "brain trusters" with a flair for legalistic jargon. Its humane and public-spirited objectives were simple—to put a bottom to wages and a top to hours in interstate industries. These objectives could have been set down in 100 simple words of American. Instead, the proposed law contained 11,000 words. And, instead of merely outlawing wages and hours that no decent American employer has a right to demand of workers, the bill set up a bureaucratic board and endowed it with powers to invade the higher wage and hour brackets at their will. Like N. R. A., it meant well but it was too ambitious.

Well, when it got to the House in a somewhat simplified form and was hung up in committee by southern and A. F. of L. opposition, its new mother, Representative MARY NORTON, brought in 129 last-minute House Labor Committee amendments, further confusing its purpose and meaning. Finally in a desperate and logrolling effort to pass it at any price its sponsors agreed to exempt mining, milling, smelting, oil, agriculture, and whatnot, making the whole thing a sorry joke on the workers whose living standards it was designed to raise. And when it went to a vote it was a mush of concession and a shining example of how not to prepare and pass Federal law.

Why, we wonder, did not the administration pave the way for this highly important reform as it paved the way for the Social Security Act of 1935? Then the White House called in the Nation's best economists, actuaries, and other experts and let them sit for nearly a year before they recommended a bill. The measure the White House sent to Congress may not have been perfect, but it passed without delay or confusion—and it is working. England, too, does better with its expert royal commissions which help frame important social and economic reforms.

Had the administration followed the same formula it did in framing social security legislation, we believe the wage-hour bill would have had easy going in Congress.

On December 16, the day before the vote was taken in the House on the wage and hour bill, I and every Member of the House of Representatives received a telegram from Mr. William Green, president of the American Federation of Labor, reading as follows:

Because the pending wage and hour bill is highly objectionable to membership of American Federation of Labor, I respectfully request you to vote to recommit to the appropriate committee for revision, study, and necessary changes in order to make it a practical and constructive measure.

Here we have something of an anomaly—a paradoxical situation—in a bill supposedly designed for the benefit of labor meeting with the sharp criticism and open opposition of a representative group of labor. Largely due to that fact and the controversy and confusion that developed during the consideration of this legislation on the floor of the House, I concurred in the conclusion reached by the majority of the House that it would be wiser to recommit the bill for clarification and revision rather than pass a measure on which labor itself could not agree and unanimously support.

I am hopeful that during the regular session of Congress a satisfactorily revised wage and hour bill, practicable and workable and meriting the undivided endorsement of labor, will be brought before this House and passed.

"Without Consistency There Is No Moral Strength"—Owen

EXTENSION OF REMARKS

OF

HON. DAVID J. LEWIS

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 21, 1937

ARTICLE BY DR. GEORGE L. KNAPP, OF THE STAFF OF CHESTER M. WRIGHT AND ASSOCIATES

Mr. LEWIS of Maryland. Mr. Speaker, I did not during the main discussion ask the time of the House to present my views on the very important subject of a national housing policy. Nor shall I do so now except to throw a sidelight on the greatly publicized views of a gentleman, Mr. Lammot Du Pont, who has undertaken to advise a government which he greatly disapproves just what it should do to provide employment for the unemployed. The "sidelight" consists of a public information release written by Dr. George L. Knapp, of the staff of Chester M. Wright and Associates, and reads as follows:

DEPRESSION RECORD GIVES NO BASIS FOR THINKING INDUSTRY COULD MAKE GOOD ON PROMISE OF 3,000,000 JOBS

(By George L. Knapp)

WASHINGTON, D. C.—Lammot Du Pont speaking for the (more or less) famous gunpowder clan, says that industry will put 3,000,000 men to work if labor will be good and the New Deal will reduce taxes and stop passing laws.

"The labor situation must be stabilized," he says, and puts strikes among the things that must be abolished. "The legal rules under which it (industry) must operate should be stabilized immediately. As long as the lawmaking mills grind, the fog of uncertainty mocks the industrial planner." And the tax scale, he adds, "stands like a wall in the path of industrial expansion."

Put in plain words, the passages quoted mean that labor must be content with what industry chooses to give it, and that Congress must adjourn permanently—of course, after repealing taxes on wealth.

PROSPERITY PROMISED IF—

Put still more plainly, Mr. Du Pont says that in return for no taxes, no regulation, and no labor demands, industry will make America prosperous.

Hitler has hardly asked for more.

Mr. Lammot Du Pont can hardly object if labor looks around to see what likelihood there is that industry would deliver prosperity if it got the rather large list of favors which he proposes. It is not necessary to look far. In 1929 the regulation of industry had sunk pretty close to zero; strikes were very few; taxes on wealth were very low (the highest surtax on huge incomes was 20 percent); and the surpluses or undistributed profits of corporations were not taxed at all. Congress was in session, to be sure, but chiefly to pass a tariff bill at the strong demand of industry.

WHAT RECORD SHOWS

Under these most favoring circumstances, what did industry do in 1929 and the next few years to give the land prosperity?

Take first—since a Du Pont is talking—the corporation of E. I. du Pont de Nemours.

At the close of 1929 this company had surplus and reserves of $211,814,523, and gave the number of its employees rather vaguely as 35,000.

At the close of 1932 the du Pont surplus and reserves had grown to $261,369,373, but the number of its employees, still vaguely given, was 28,000. It did not say or give any indication how many of these were on part time.

Take next General Motors Corporation, controlled by the Du Ponts.

BIG G. M. EMPLOYMENT DROP

At the close of 1929 the surplus and reserves of General Motors were $577,988,815, and its average number of employees during the year was 233,286. Its pay roll that year was $389,517,783.

At the close of 1932 the surplus and reserves of General Motors were $419,631,074, and the average number of its employees for the year was 116,152. Its pay roll that year was $143,255,070. By comparing this with the figures for 1929 you may know that either a lot of G. M. employment in 1932 was part time or that wages had been cut drastically.

(It should be said here that the reserves of G. M. stated here are only the depreciation and contingency reserves. There were several other reserves, which were not counted.)

RECORD BELIES PROMISE

Is there anything in this record to indicate that Mr. Lammot Du Pont or his family or his associates could, or would, make good on his promise of 3,000,000 jobs, if he got his own way?

From 1929 to 1932 the surplus and reserves of the du Pont Co. increased 23.6 percent, while their employment, making no allowance for part time, decreased 20 percent.

From 1929 to 1932 the surplus and reserves of the Du Pont-controlled General Motors dropped 29 percent. But the employment of General Motors dropped in the same time a little over 50 percent and their pay rolls more than 63 percent.

BIG RESERVES MADE NO JOBS

Mr. Du Pont and his ilk had privileges and power in 1929 which one hopes they never will have again. Their personal power at the White House was so great that the head of the clan in Delaware refused to take a prominent part in Mr. Hoover's emergency relief until he had been assured that income taxes would not be raised. Their companies had enormous reserves and surpluses. Yet the biggest of these companies, General Motors, discharged 117,134 men in the first 3 years of the depression, though it still had more than $419,000,000 of liquid capital available for work.

The Neutrality Act

EXTENSION OF REMARKS

OF

HON. THOMAS F. FORD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 21, 1937

Mr. FORD of California. Mr. Speaker, the earlier days of this special session of Congress were devoted to a mass attack by the minority, led by the distinguished gentleman from New York [Mr. FISH], on the President's application of the Neutrality Act of 1937.

Now, I want to make this reasoned and, I believe, irrefutable statement of fact: If the President had, against his own better judgment, and in view of his full possession of all the facts, followed the course which the gentleman from New York insists he should follow, then we would now have on our hands a first-class war.

Now the distinguished gentleman from New York protests vehemently that he is for peace and opposed to war. Being a veteran of the World War, we can readily believe that in this he is entirely sincere. So, my friends, it is not his sincerity that I question. I believe him to be honest. I have a high regard for his integrity. I merely question his judgment, which, I fear, has been or is being unduly warped by his partisan prejudice.

What I cannot understand is how, knowing as he does that the present Neutrality Act sets forth clearly and unequivocally that the President is specifically vested by this act with the discretionary authority to "find" when a state of war exists, he can justify the statements that he has made. The language of the act reads:

> Whenever the President shall find that there exists a state of war between or among two or more foreign states the President shall proclaim * * *.

This language is certainly unambiguous. This language may be compared with that of the original Neutrality Act of August 31, 1935, which read as follows:

> Upon the outbreak or during the progress of war between or among two or more foreign states, the President shall proclaim * * *.

It will be seen that, whereas the previous act served to limit considerably the discretion of the President, the present law, by requiring a definite "finding that a state of war does exist" on the part of the President, emphasizes and underlines the discretionary role which he must play in this connection.

It is therefore clear and indisputable that the intent of Congress to accord the President discretion on this point is removed from the realm of argument by the specific language of the present neutrality act and by the following statement made on the floor of the Senate by Senator NYE, generally the most uncompromising opponent of Executive discretion in matters relating to neutrality:

> I know there are those who insist that our policy in its present form is entirely discretionary; that no neutrality can be invoked without the pleasure of the President himself. That is true; yet it is altogether necessary that the determination as to when a state of war exists be left somewhere. I do not know where else it can be left than with the President of the United States. That discretion is now with him. There can be no exercise of a policy of neutrality without his finding a state of war to exist, and so proclaiming. I do not know how we can escape from that degree of discretion. I am sure it cannot be escaped.

More important than the exact wording and intent of this single act is what the President described in his chautauqua speech of August 14, 1936, as his "primary authority" under the Constitution, "to conduct our international relations." This is the same authority which Mr. Justice Sutherland, in rendering the opinion of the Supreme Court in the Curtiss-Wright case on December 21, 1936, described as—

> The very delicate, plenary, and exclusive power of the President as the sole organ of the Federal Government in the field of international relations—

A field in which, the Justice continued, the Congress—

> must often accord to the President a degree of discretion and freedom from statutory restriction which would not be admissible were domestic affairs alone involved.

The Neutrality Act covers only one phase of our foreign relations. The President, however, in deciding when and how to exercise the authority granted by the act, must consider every phase of our foreign relations. He must take into account the effect which the application of the act would have on the vital interests of this country and on the peace of the world in general. It is one thing for the President, in determining whether or not to invoke the act, to accept the narrow legalistic view based on the circumstance that there are hostilities in progress in China; it is quite another thing for him, in the light of his general duties and responsibilities in the domain of foreign affairs, to proceed with caution in order to avoid our being involved in war and to avoid the dangerous complications that an application of the act would inevitably create.

There can be no doubt that the primary intent of the Neutrality Act is to keep us out of war. Yet we must remember the President's remark when he signed the original Neutrality Act of August 31, 1935, that its inflexible provisions might serve in some cases to have the very opposite effect from that intended. In this case it is evident that the President was forced to decide that there was less risk of war for the United States by not applying the act than by applying the act. The fact is that the conflict in the Far East, though conducted on a large scale, is of a very restricted and peculiar type. Neither side, even that which claims that it has been attacked, is willing to admit that war is in progress; each continues to maintain diplomatic relations with its opponent; neither profits by the wide license which belligerent rights would accord to it in the matter of blockade, treatment of neutrals, and so forth. In other words, for reasons advantageous to both parties to the struggle, it is being conducted on a restricted scale which is also highly advantageous to neutrals. It would have been the height of unwisdom for us to have taken a step which might have terminated these fortunate restrictions on the scope of the conflict.

For example, had the President issued a proclamation under the act, and had his finding been accepted by the parties to the conflict as correctly describing the situation, and had the parties thereupon proceeded to the full exercise of belligerent rights on land and sea, our nationals and our shipping would thereby have been subjected to very great and unjustified annoyance and hazard. When the difficulties in the Far East started, more than 10,000 American nationals were in China. The immediate and pressing problem confronting this Government was and is the protection of the

lives and property of those people, some 6,000 of whom are still in China. No argument is needed to indicate the perils to which our nationals might have been subjected by the application of the Neutrality Act. The difficulty of evacuating and protecting them might have been greatly increased by clothing the contending parties with greater freedom of action and a less degree of liability than now obtains.

Finally, had this Government chosen to state publicly that a state of war existed in the Far East, the difficulties of limiting the struggle in that area to the nations which are already involved might well have been redoubled and the danger to world peace in general greatly increased. Far from contributing to the preservation of the peace of the world, we would have taken a step which might well have intensified in character, prolonged in duration, and extended in scope the very conflict which we sought to appease. The result might have been that the spirit and intent of the Neutrality Act would have been violated by its mechanical and automatic application.

The President, however, through his constitutional authority as the director of our foreign relations, and under the specific terms of the Neutrality Act, preferred to exercise his discretion and to protect the broad, general interests of the United States and its nationals by refusing to base our entire foreign policy on a blind adherence to a purely mechanical theory of neutrality, a theory which it is believed, moreover, is contrary to the letter of and not in accord with the spirit of the Neutrality Act itself.

In other words, if the President had acted in accordance with the views of the minority, as represented by the distinguished gentleman from New York [Mr. FISH], the United States might have found itself in the exact position which the distinguished gentlemen profess to deplore—involved in a war.

It is my idea that the Neutrality Act of 1937 was designed primarily to keep us out of war. The President has by the exercise of his prerogatives wisely, I believe, kept us out of war. For that signal service I for one applaud him.

But let me reiterate and emphasize, had the President, acting under the discretionary power granted him in the Neutrality Act of 1937, seen fit to declare that act in effect we today might have been at war with Japan.

Let me in this connection ask the distinguished gentleman from New York [Mr. FISH] which condition of affairs he prefers—war with Japan or peace with the world?

And, my friends, let me ask the distinguished gentleman the further question—a fair one, I believe: Just what would you have done under similar circumstances?

Would you have weighed all the conditions or would you have unthinkingly plunged this Nation into war?

Nor do I agree that the *Panay* incident, tragic as it is and fraught with such grave consequences, alters the situation in the slightest degree or in any way weakens the President's position; nor does it in any way impair my belief in the wisdom of Congress in passing the present Neutrality Act.

What I am convinced of more thoroughly than ever is that, had the President declared a state of neutrality with all the disabilities that such a condition imposes, the *Panay* incident or one of similar character would have per se forced the United States to have taken action that would have inevitably led to war.

For the reasons heretofore stated, I am still convinced that Congress acted wisely in placing in the President's hands the measure of discretion which the present Neutrality Act grants.

I believe the President has used and will continue to use this discretionary power wisely and in the interest of all the people and of peace.

I am also sure that all peace-loving people in the United States will, while agreeing with and applauding the President, vigorously, and justly so, disagree with you.

Glass Importations Drive Men Out of Local Factories

EXTENSION OF REMARKS

OF

HON. DUDLEY A. WHITE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 15, 1937

Mr. WHITE of Ohio. Mr. Speaker, the Czechoslovakian trade treaty, now under discussion in the State Department, represents a new demoralizing thrust to American wages, American hours, and standards of living. Right now American working men are being driven out of their jobs in large numbers by importations of foreign glassware. If that treaty, as concluded, further lets down the bars to a flood of products from abroad, it will mean but one thing—an enlarged import flood of glassware and farm products, textiles, and shoes. As a result, a great many more of our own citizens will be deprived of their jobs by cheap competition from abroad.

The whole system of reciprocal-trade treaties is having a ruinous effect on American agriculture, industry, and commerce. Under this misguided policy the United States, with the most efficient agricultural and industrial productive plant in the world, recently has become a nation with a continuous unfavorable balance of commodity trade. This year we have shown an unfavorable balance of commodity trade for successive months—for the first time in 43 years. This is not theory, but fact, demonstrated by the official figures of the Department of Commerce.

I am absolutely opposed to the forfeiture of domestic markets that is taking place under the present reciprocal trade treaty policy. I would like to see this harmful practice completely abandoned. If that cannot be accomplished under the present administration, I certainly believe that, as the next best step, the United States should not negotiate these treaties with any nation in default on its war debts unless some specific provision is made for regular payments on the war debts due us from such nations.

The European nations seem to have plenty of money for armaments, and yet they still say they cannot pay their obligations to the United States. This odd spectacle enforces the demand of our own people that definite action be taken on the debt question. If we are going to have the reciprocal trade treaty agreements at all, they should be used to secure payment of the war debts either in cash or trade for the United States. Under this plan, which is covered in H. R. 5782 and H. R. 8653, which I introduced on March 19, 1937, and December 8, 1937, respectively, the benefits of trade concessions would come in our direction to the advantage of American industries and workingmen instead of flowing in the opposite direction to the detriment of our own people. Under the present policy, foreign nations are getting the trade; and to make matters still worse, they ignore their war debts. My proposal is based on the obvious fact that it would be far better for the United States to be on the receiving end of trade concessions, thereby creating new employment, in exchange for reasonable adjustment on war debt. That is a matter of general policy.

Now let us get back specifically to the contemplated Czechoslovakian trade treaty, in order to see exactly what it does to the American workingmen. The effect of present importations tells the story, except that further concessions to Czechoslovakia will greatly enlarge the harmful results that are already being experienced from cheap foreign competition.

If that treaty goes through, more men will be driven out of employment in our own communities like Tiffin, Rossford,

and Toledo, Ohio, where glass factories and potteries are located. From the beginning I have opposed the forfeiture of American markets and sought to protect our own farmers and factories against their economic invasion. I have filed protest after protest in defense of the farmers and factories of the United States. This expression is another protest, and in this instance I want to particularly show what the Czechoslovakian competition is already doing to our glass industry in this country.

In the course of the recent hearings before the Committee on Reciprocity Information, Mr. Harry H. Cook, of Toledo, Ohio, vice president of the American Flint Glassworkers Union, affiliated with the American Federation of Labor, presented a number of illustrations. He showed actual examples of comparison between domestic and foreign products.

One sample was an American-made double candelabra, on which the design is patented. It is a pressed-ware article, and from the furnace to the annealing over there are 18 workers employed as it passes in its intensely heated state from one operation to another. The retail price is $5 complete. The actual labor cost alone, including the prisms which must be bought by the company, is $1. He then presented a duplicate of this article, made in Czechoslovakia and purchased in one of our large department stores at a price of $1.99 each. Considering that the importer, the retailer, and perhaps others, received a profit, Mr. Cook proved that this article came into this country duty-paid at a cost equivalent to or less than the actual labor cost of the American-made article.

The next example was a single candelabra, made in the United States and purchased here at a retail price of $2.50 each. The actual labor cost, including prisms, is 50 cents each. On the same article, made in Czechoslovakia and sold here in the United States, the retail price is $1. Again the figures clearly indicate that the single candelabra came into this country duty-paid at a price equal to or less than the actual labor cost of the American-made article.

The next comparison was on a blown goblet with pressed stem, cast foot, and deeply etched. The article made in Czechoslovakia retails here in America at 29 cents each and includes the profit of the importer and the retailer and other similar costs. The same article, made here in America, requires an actual labor cost of 13½ cents each.

You can go to almost any store in this country and purchase a blown goblet, made in Czechoslovakia, wi' ast stem and cast foot, for 20 cents. The labor cost alone in this country is 13 cents each.

Mr. Cook also presented a comparison on a piece of illuminating ware, a mission electric shade, 7 by 5 inches, produced in Czechoslovakia. This globe was delivered to a New York retail glass distributor at his place of business at a total delivered cost of less than 12 cents each. The actual labor cost of the same article, produced in an American plant, is 8¼ cents, and this does not allow for any overhead or selling or delivery expense of getting the article into the hands of the wholesaler or even the retailer.

These illustrations are but a few examples. Hundreds of similar comparisons could be cited. They explain why it is that glassworkers in Tiffin, Ohio, for example, find themselves out of work due to imports of comparable or competitive products, made in foreign countries, being sold in America for slightly more, yes, in many cases, less than the actual labor costs of producing competitive American glassware.

Under these conditions, American glassworkers are asked to consider a reduction in tariff rates in order that a foreign monopoly can be further enriched through sales in the American market. American glassworkers, 50 percent or more of whom are now unemployed, are asked to accept continued unemployment in order that workers in a foreign land may produce the articles for sale in the American market, which our own workers can and should make.

The proposed Czechoslovakian trade treaty would be a further encroachment. American farmers and American wage earners should not be placed in unrestricted competition with the lowest living standards in the world.

Future Weather Forecast

EXTENSION OF REMARKS

OF

HON. KARL STEFAN

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 21, 1937

Mr. STEFAN. Mr. Speaker, we from the farming sections are perhaps more interested in weather forecasts than most people. We have been here for many days discussing permanent farm legislation with a view of giving the farmer an equal opportunity with other industry.

After many hours of debate and after listening to voluminous words about what should be done about the farmer, we have come to realize that we cannot legislate to control Nature. We have come to the conclusion that we cannot pass laws to make it rain on time; that we cannot insure the producer of our food that he will gather a bounteous harvest of crops; that we cannot legislate so that the sun will shine; that there will be no more blizzards, floods, tornadoes, or droughts.

We who are from States where we are still suffering from the ravages of drought and insect attacks are appreciative of the advancement of science and the forecasts made by our experts who give us information on probable future weather.

Therefore, I wish at this time to commend the service rendered to us today by these experts, and especially I want to acknowledge with gratitude the dissemination of this information by our great radio stations and our newspapers.

Mr. Speaker, in my district is located one of the pioneer radio stations of this Nation. It is the station owned and operated by the Norfolk Daily News, the world's greatest country daily newspaper. The owner and publisher of this great newspaper and radio station is Mr. Gene Huse, of Norfolk, Nebr., my home town. That radio station is known as WJAG.

This radio station for 15 years has served a great farming country. The country served by this station was once known as the richest 100 miles square in the world, agriculturally speaking. The rich Elkhorn Valley is located in this district. The world's biggest hay-shipping point is located in this district. Some of the finest purebred livestock comes from this district. Until the last year, this district was known as never having experienced a complete crop failure.

This radio station, Mr. Speaker, for 15 years has kept the people in the isolated parts and all of the district informed on the news of the day. It has pioneered in giving the people public service upon which they all depend today. This station has, ever since its inception, kept the people informed on the condition of the weather, the roads, the grain and livestock, and other markets. It has given advance notice of the coming of storms and blizzards and in many instances has saved lives through this information and service. It has brought together lost families and has brought much comfort and happiness to innumerable human beings through this unusual public service.

Because most of the people who listen to this great radio station and who read the columns of the Norfolk Daily News are farming folk, the weather information given out by these two great mediums of information—these spoken and printed words—are of the greatest importance.

Most of you will realize what it means to your farmers to secure advance information about the weather. Only recently, the Norfolk Daily News published a brief statement about future weather conditions. The radio station gave this information to its listeners and hundreds of requests came from farmers for this report. Because of its vast importance to the farming sections, I pass it on to you in order that perhaps it may contain some information which may benefit your own constituents:

The drought period is gone and 1938 should be a better year for agriculture than 1937, according to Selby Maxwell, long-range weather forecaster, in a Chicago dispatch to the Christian Science Monitor of November 27. The drought will not be back until the fifties or sixties, he states.

He makes his long-range forecasts for many commercial organizations, from calculations based on the magnetic attractions of the sun, earth, and moon which he has found chiefly responsible for meteorological variations.

Rain will be well distributed throughout the country in 1938, he states, but will be especially heavy in the western plains where it is most needed. February, March, and June will be the wet months there. Rain may be a bit deficient in the Corn Belt, but it will not be serious and won't burn crops.

Before the spring planting season arrives, most of the country is in for a share of good old-fashioned winter weather.

February, he predicts, will probably be a month of snow blizzards all over the country. The severe cold wave, he states, will extend down into Tennessee and most of the Mississippi valleys and may even reach the Carolinas. The Middle West will have an early spring, he states.

July heat in the eastern and Mississippi Valley regions will be broken by cool weather, he states, with temperature variations ranging from 20 degrees. Most of the country will have a warm May and June. August will probably be the hottest month, and the fall of 1938 will probably be moderate, he predicts.

Mr. Maxwell does not expect severe floods again on the Ohio and Mississippi Rivers, but predicts floods during the coming year on the Missouri, Arkansas, and Red Rivers. Indications show that the next real heavy rains will arrive in the fall of 1939. He also predicts tornadoes in March and April of 1938. It will not be a severe hurricane year, however, he states.

Dr. White on the Japan-Chinese Situation

EXTENSION OF REMARKS

OF

HON. WILLIAM P. LAMBERTSON

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 21, 1937

LETTER FROM DR. FRANK J. WHITE

Mr. LAMBERTSON. Mr. Speaker, under leave to extend my own remarks and a letter from a brother-in-law, Dr. Frank J. White, formerly professor and president of Shanghai Baptist College for over 30 years, I am without any comment of my own, and extend his letter of November 15 in the RECORD:

I hope you will lend your influence to help curb Japan's campaign of slaughter in China. I do not believe it is necessary to go to war with Japan. I believe that the only effective way of stopping Japan is by a complete economic boycott of Japanese trade.

If Great Britain, the United States, France, and Russia would do this, it would accomplish the purpose without the other powers, as they are Japan's chief customers. Germany and Italy might sell some, but they could buy little of Japan and so she could not buy without selling.

This need not lead to a war, if we were determined to keep out of war. Japan would hardly be so foolish as to attack these nations and if she did we could simply remain on the defensive with our Navy alone.

This policy, of course, would be a loss to us in trade. But we will lose Japan's cotton and iron trade in a few years if she succeeds in her plan of getting her cotton and iron from China.

But we can substitute our own cotton for Japanese silk and be all the richer.

We can easily do without Japanese manufactures and use our own, and thus give work to our own laborers.

But we would far better suffer a temporary loss of trade rather than to have another world war and bring on another more colossal depression.

Japan's appetite for conquest will never be sated. The only peace she would accept now would be complete domination of the five northern Provinces and the emasculation of the rest of China, so that she could work her will permanently with the whole Chinese nation.

Thus she could use China as a vast reservoir from which to draw raw materials and a market for her manufactured goods.

Given a victory and the resources of China to draw from, Japan is more than likely to become an unbearable neighbor for anyone to live with. Very quickly all Asiatic trade would be lost to us, just as our trade in Manchuria has gone.

Japan should be allowed what she needs but not by enslaving China and permanently jeopardizing the peace of the world.

Business and Jobs Must Be Saved

EXTENSION OF REMARKS

OF

HON. EMANUEL CELLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 21, 1937

Mr. CELLER. Mr. Speaker, representatives of business and industry from all parts of the country accepted an invitation to discuss with me certain proposed changes in the Revenue Act of 1936, incorporated in bills which I had introduced in the Congress for that purpose. Specifically, these bills dealt with the undistributed-profits tax and the capital gains and losses tax.

This group of businessmen from all sections of the country, numbering more than 70, represented small, medium-sized, and large corporations engaged in the following industries: Textiles, hosiery, chemicals, machinery, lumber, paper and pulp, leather, building materials, transportation, petroleum, foodstuffs, rubber goods, sporting goods, development enterprises, securities, and a variety of other lines. They represented a vast investment in their enterprises and employ several millions of men and women. Their importance in the Nation's economic life is compelling.

My remarks to this representative group of businessmen, their resolutions presented to me at the close of the conference, and the bills I have since introduced in the Congress to meet the wishes expressed in these resolutions, follow.

ADDRESS AT MAYFLOWER HOTEL

Several months ago it was apparent to many of those in Congress, as well as to most businessmen, that the capital-gains-and-losses tax and the undistributed-profits tax were obstacles to business progress; that they were holding back recovery and should be removed or substantially modified.

SUMMARY OF WHAT HAS HAPPENED

On May 20, 1937, I introduced a bill in Congress (H. R. 7152) modifying the capital-gains-and-losses tax; and on June 17, 1937, I introduced a second bill (H. R. 7550) amending substantially the undistributed-profits tax. On June 30, 1937, in an address on the floor of the House, I called upon the taxpayers of the Nation to give consideration to these bills and to pass judgment upon them to their Senators and Congressmen. At the time, it was felt that I was much like one who was attempting to stem the tide with a broom. I was called visionary and a star-gazer. But the leaven has indeed spread.

I have made seven radio talks; I have given out numerous press statements; and I have made several public addresses in New York, Chicago, and Philadelphia, presenting my bills to the taxpayers of the Nation. I was on the National Broadcasting Co. network twice, the Columbia Broadcasting System twice, the Mutual Broadcasting System twice, and several times on individual broadcasting stations. Chambers of commerce all over the Nation have gone on record in support of these and similar bills. If the campaign is persisted

in and you do not let up, and you must never let up until you get these reforms, I am quite sure that our efforts will meet with success.

We were the first to take definite action in these matters, and as a result of my appeal to the taxpayers of the Nation Senators and Congressmen have received a veritable deluge of communications from their constituents, giving in detail their actual experiences with these two particular taxes. Never in my many years in Congress—and they number 15—have I seen such generally unanimous conviction that these two taxes must be drastically revised before we can expect business recovery. Now, in many instances the call is that they be entirely removed before we can expect a complete recovery. This is the direct result of my appeal to the taxpayers of the Nation.

TAXPAYERS MUST ORGANIZE AND WORK TOGETHER

I personally have received many letters and communications concerning these bills. As a result I decided to invite a number of you businessmen who have expressed yourselves favorably to these bills to meet in conference here today and to furnish the answer to my inquiry as to whether these bills meet business requirements.

I want to know whether you think the bills as written will give adequate relief and enable capital to function.

I want you to become crusaders and take them back to the taxpayers of the Nation for their approval and endorsement.

I appeal to you as patriotic citizens to do your part in aiding in the passage of these bills—to organize for relief. And, gentlemen, first of all you must organize; you must get together. With reference to these taxes, you must unite and organize for the purpose of spreading the gospel of tax reform. I use the word "organize" advisedly.

Not long ago I visited the Kingsbridge Hospital for the Insane. I saw in a medium-sized room a small, undersized attendant in control of about 50 or 60 demented veterans. They were learning trades, and they had in their hands rather blunt instruments, including hammers, saws, and so forth. I said to this small, undersized attendant, "Are you armed?" He said, "No." I said, "Aren't you afraid that these crazy fellows might organize and do you violence?" He replied quickly, "Never fear; crazy men never organize." Therefore, gentlemen, is the conclusion not inescapable that unless you businessmen organize for the purpose of obtaining these much-needed tax reforms you must be crazy?

GET ACQUAINTED WITH YOUR REPRESENTATIVES

In this connection you businessmen must realize that a little sugar goes a lot further than vinegar in accomplishing the desired results, even with your Congressmen. Your attitude and the attitude of business generally toward Congressmen and Senators is most ill-advised. I will venture the assertion that not 50 percent of the men in this room even know the names of your local Congressmen. I will venture the assertion that 25 percent of you have never seen your local Congressman. This is his fault as well as your own. Oftentimes we do not know what your aims and your aspirations are. We must guess about it or read it in the newspapers, and frequently we get an erroneous conception of what you desire. Seek out your Congressman. Tell him something of your tax troubles and your tax wants, and you will get results. Start even today before you leave Washington.

You would be lax in your duty to yourselves, your colleagues, your stockholders, your stockholders' friends, and your business associates if you did not go out of your way to seek your Senators and your Congressmen. You would also be derelict in your duty if you did not tell them something of your tax needs and desires. Tell them something about what has transpired here today. Take into consideration that many do not see eye to eye with you on this subject. Present to them your arguments forcibly, but briefly. There are many in this Nation who do not believe that what we are trying to do is for the general welfare.

JOINT PRESENTATION OF ARGUMENTS TO TAX COMMITTEES

It is my hope that out of this group meeting there will be developed a plan to make possible a sort of unified presentation of your views to the Ways and Means Committee of the House and to the Finance Committee of the Senate. Scores of organizations and individuals appear for weeks at a time before these committees. Witnesses come thousands of miles and talk and talk, and get nowhere. After listening to the testimony containing much misunderstanding, duplication, omission, and confusion, the patience and endurance of the committee members are pretty well exhausted.

We should, out of this assembly, get several good spokesmen who would present your views before the Ways and Means Committee and the Senate Finance Committee. There should be appointed a sort of advisory committee to develop a modus operandi to carry on the work for you here in Washington after you have gone home.

PROSPECTS FOR RELIEF BRIGHT

Despite all statements to the contrary, the prospects for relief are very good. Many ranking officials of the present administration favor revision and modification of these two taxes and have stated so publicly. I refer particularly to Chairman Eccles of the Federal Reserve Board, to Chairman Jones of the Reconstruction Finance Corporation, to every member of the Interstate Commerce Commission, to Chairman Kennedy of the Maritime Commission, to Senator HARRISON, chairman of the Senate Finance Committee, and to Secretary of Agriculture Wallace. All of these men feel that changes must be made in the capital gains and losses tax and the undistributed-profits tax.

Because of political and practical circumstances it may not be possible to get general tax revision at this special session of Congress. I desire it; so do you. But the administration has apparently negatived that idea, and so have Senators BARKLEY and HARRISON, as well as Congressman DOUGHTON. I firmly believe the President desires tax reform and that he wants to help business.

It is my belief that the business of the entire Nation needs encouragement. In that connection the story is told of an angler who caught a large pike. He took a large fish bowl, filled it with water, and inserted a glass partition in the center thereof. On one side of the partition he placed the big pike and on the other side he placed some small goldfish. The pike immediately darted after the goldfish, a natural prey for him. He stubbed his nose against the partition. He stubbed his nose a second time, and a third, and a fourth. Finally he gave up and remained quietly on his side. The angler then removed the partition, but the pike still remained on his side. He had stubbed his nose so often that he now failed to respond. So it is with business today. Figuratively it has stubbed its nose so often and been hurt so frequently that it remains on its side. It needs a stimulus of hope and confidence.

STABILIZE BUSINESS AND INCREASE EMPLOYMENT

I do not think your approach to Congress should be made with the idea of repealing these taxes for the sake of business, because we are talking about the whole welfare of the country. The right approach to Congress would be that these bills of mine would promote employment and make jobs, and as a result farm prices will be stabilized. My primary interest in these matters is to reestablish employment and stabilize our prices, and you cannot stabilize the price of goods without stabilizing employment.

I believe the undistributed-profits tax has had more effect on the business recession than any other factor that could be mentioned. Industry's purchasing power began to go off last December, and it has been accelerating rapidly during the past several weeks. While business naturally is concerned about this situation and the necessity for changes in the undistributed-profits tax, nevertheless, business should not be the most concerned in this matter. The people who are the most affected are the laborers and the farmers, the latter because the farm income is most affected by industrial

production. Industrial production indicates demand. Demand is a more important factor in determining price than supply. If this be true, anything which is decreasing industrial production is of much concern to the farmer. It comes to rest with the farmer while it just passes through business.

One fact stands out clearly today. The business recession that is under way is bringing in its wake unemployment, distress, and loss. The wound to industry grows deeper every day. The greater the delay, the more heroic must be the remedy. The downward trend must be stopped; otherwise increased appropriations must be made by Congress for unemployment relief, thus throwing the Budget still further out of kilter. This is not a sectional, political, or a partisan matter. It is a national problem.

LABOR MOST ANXIOUS TO STOP BUSINESS TAILSPIN

In the automobile, steel, and numerous other industries, thousands and thousands of workers are being laid off daily. Labor leaders are seeking the causes for such business decline, and wish to remove them. They are more and more realizing that unless business prospers labor cannot prosper. We have a most rational statement coming from the lips of the head of the C. I. O., Mr. John L. Lewis, who recently stated as follows:

> Miners (labor) cannot make money unless mine owners (capital) are making money. And I think that a very large percentage of the mine owners (capital) now not only share that view but will testify to our (labor) willingness—in fact, anxiety—to cooperate with them.

The undistributed-profits tax is a monkey wrench in the machinery of business and must be removed. I am quite convinced that labor realizes this as well as capital. Certainly, when 70 industrialists of great consequence in the Nation's business life take the trouble to assemble in Washington at my behest to petition me and my colleagues to repeal the undistributed-profits tax and pledge themselves to create a million new jobs, the Nation, indeed, must prick up its ears and the administration must give heed.

My primary concern is in safeguarding the jobs of the workers now employed and in providing new jobs for those now unemployed. The repeal of these taxes will put to work immediately many millions of dollars that are now idle. This means new jobs. We need these jobs, and we need them now. The working men and women of this country have a greater interest at stake than capital, because their very existence depends on action by Congress. No good doctor permits his patients to suffer from a malady that may prove fatal when he has diagnosed the case and has at hand a simple remedy that can be applied without difficulty. Why should Congress not act likewise?

THE TAX WITHOUT A FRIEND

The undistributed-profits tax, as it is now constituted, is a thorn in the side of all business, but especially annoying to the small and moderate-sized corporation. This act tends to impede progress, slow recovery, and block the growth of employment. This impediment of business is not only a detriment to the 528,000 corporations in this country, but is equally detrimental to laborers, farmers, and the Government alike.

There is a quaint oriental query: "Which is the happier—he with nine millions of money or he with nine daughters?" The answer is, "The man with nine daughters, because he wants no more." So it is with taxes. We want no more. Especially do we want no more of the type of the undistributed-profits tax.

When the tax was originally presented we were told that it would be a sort of painless tax. Experience has shown us that the Government with this tax is very much like the so-called kind mother who gave her son chloroform before spanking him. This tax had as its avowed purpose the forcing of corporations to pay out their earnings in dividends so that wealthy individuals who own stocks would have to pay higher income taxes. Incidentally, it was also argued that this tax would yield more revenue to the Federal Treasury. Like many other acts designed to accomplish two divergent aims, it has not succeeded in either.

SOUND BUSINESS DEMANDS RESERVES

I believe that it is desirable to permit corporations to put aside part of their earnings in good years to be used as a reserve for bad years. Thousands of years ago Joseph solved this same basic problem by storing wheat. We can help solve our present problem of the business cycle by saving money and capital. Indeed, our whole present Social Security Act is predicated on the fact that there shall be set aside a reserve against unemployment and old age. We should apply the same principle to corporations and capital.

Figures of the United States Department of Commerce show that in the years between 1930 and 1934 the national income paid out exceeded the national income produced by a total of more than $26,000,000,000. That huge sum represented the contribution that business made to emergency relief during 5 depression years. These payments in excess of income were made possible only because surpluses had been accumulated.

I want to impress upon you, and I think it is important that you understand, that the chief victims of the undistributed-profits tax are those included in the so-called submerged one-third of our population. The criticism of this tax is coming mainly from the many, not the few. The lower one-third of businesses that are ill-clad, ill-fed, and ill-housed are the ones who are protesting most. Existing tax policies tend to reduce the opportunities for private employment of the submerged third. A revival of the free flow of capital into productive employment is clearly a prerequisite for improvement in the lot of the submerged third that we are all so anxious and eager to bring about.

PROPOSED TAX CHANGES INADEQUATE

It is reported that tentative agreements have been reached by the tax subcommittee of the House Ways and Means Committee to exempt from the surtax provisions of the revenue measure corporations with earnings up to a certain figure ranging from $5,000 to $25,000 per year. Such treatment is totally inadequate to meet the present situation and is dealing with the subject only by halves. If the principle of the undistributed-profits tax is wrong for some business, it is wrong for all business.

Strangely enough, all statements so far given out have emphasized the high percentage of corporations that will be affected by the changes proposed by the subcommittee. This means very little, if anything, in providing jobs for workers through the expansion of private business. The amount of earnings of a corporation by themselves mean little or nothing so far as they may be used as a test for future capital requirements of the corporation for expansion, replacement of obsolete equipment and machinery, and the creation of new jobs. For example, earnings of $25,000 might represent very large profits for a small corporation and might be more than ample to meet its requirements in the way of surplus or reserve. On the other hand, $25,000 would mean nothing to a large corporation requiring hundreds of thousands of dollars for sound business expansion.

The important thing to remember is not the total number of corporations, but what they do, that counts in determining the good or bad effects of tax legislation. Treasury returns will show that possibly 80 percent of the corporations in this country earn only about 10 or 15 percent of the taxable income. The remaining 20 percent of the corporations earn 85 to 90 percent of the taxable income of American business enterprises.

It is this small percentage of corporations, with large taxable income, that give employment to the masses of the laborers in this country. They not only employ most of the workers, but they purchase most of the raw materials and constitute the most vital factor in the revival of business generally. Therefore, such changes in the laws as have been suggested, which neglect consideration of the corporations providing 85 to 90 percent of the taxable income, and, consequently, providing a greater source of employment, do not recognize the facts and do not meet the situation squarely. We must be fair to business—large and small—if we are to

protect the jobs of those at present employed and to create new jobs for those unemployed.

THE CAPITAL-GAINS TAX

Private industry must lead the march back to complete business recovery. There now seems to be general agreement among legislative leaders, administrative heads of the Government, business leaders, and labor leaders that repeal of the capital-gains tax will open the flood gates of industry and business. Public opinion is so thoroughly aroused over the iniquities of this tax and its damper upon recovery that success of repeal seems assured.

Recently, Secretary Morgenthau, of the Treasury Department, stated:

The basic need today is to foster the full application of the driving force of private capital. We want to see capital go into the productive channels of private industry. We want to see private business expand.

How can business expand, how can private capital go into productive enterprises when the present heads-I-win tails-you-lose policy of the capital-gains tax is continued in force by the Federal Government? Take the case of a man who contemplates investing his money in the stock or securities of a corporation. If the project is not successful, he runs the risk of losing the whole or the greater part of his investment. If the project is successful the Government takes a large part of the gain. How, under these circumstances, can anyone expect private capital to be invested in productive enterprises?

SHORT-SIGHTED TAX POLICY

This short-sighted tax interferes with normal business transactions and accentuates the fluctuations of the business cycle. It forces capital to lie idle. It restricts and hinders both individuals and corporations from selling capital assets and transferring their funds to more productive enterprises. Thus, the number of jobs are lessened. It keeps funds out of new enterprises and, in this respect, it is especially harmful. Why start a new business or expand a growing business when any gains will be taken by the Government but no allowances made for any losses?

It retards the circulation of money and slows down business. Of course, this means that less laborers are employed and less goods are produced for everybody. This is certainly contrary to the administration's basic program of "a more abundant life."

Everyone needs better business; the producer needs it to meet his expenses; the investor needs it to put his money to work; the Government needs it to secure the revenue necessary to meet its operating costs; but, most important of all, the workman needs it to safeguard his job at steady wages. How can we get it unless we revise our tax policies to make such an end possible?

That is the story of the capital-gains tax in operation. It works precisely the same whether it be in Wall Street, in Texas, in Georgia, or anywhere else in the country. And the net result is the freezing of capital that might otherwise be put into some economically remunerative enterprise.

It would seem, therefore, that there is no compelling logical reason for denying a proposal, the need for which is clear, the nature of which is reasonable, and the possibilities of which are almost unlimited.

GOVERNMENT REVENUE WILL INCREASE

The Government will lose no revenue by repealing the unfair provisions of these two taxes. Any temporary reduction in tax payments the first year will be more than made up by the tremendous gains in revenue due to expansion and increase of business operations in succeeding years that would flow directly and indirectly from such tax reforms. Such action would actually hasten the date at which the Federal Budget could be balanced. Such a course of action on the part of Congress would remove the jitters from which the country seems to be suffering, and would be the most decisive step that could be taken to restore waning confidence.

Congress recognized a similar situation in 1921, when it realized that our tax laws not only were preventing normal business transactions, but were also causing a loss of revenue to the Government. Relief provisions were inserted in the tax measure of that year, and revenue from the capital-gains tax alone jumped to more than $300,000,000 in a single year. Compare that figure with the estimated yield of about $50,000,000 for the present year. It cannot reasonably be doubted, in view of the facts, that these relief provisions did bring about transactions which would not have occurred otherwise. It is equally certain, as evidenced by the record, that there also was a large net gain in revenue to the Federal Government.

RESOLUTIONS

At a meeting of representatives of business and industry from all parts of the country, held at the call of Representative EMANUEL CELLER, of New York, on December 1, 1937, at the Hotel Mayflower, Washington, D. C., which was attended by more than 72 individuals, the following resolutions were unanimously adopted:

"Whereas an appeal by Representative EMANUEL CELLER to the taxpayers of the Nation was made on the floor of the House on June 30, 1937, to give consideration to H. R. 7550, relating to the undistributed-profits tax, introduced June 17, 1937, and to H. R. 7152, relating to the capital gains and losses tax, introduced May 20, 1937; and

"Whereas, subsequent appeals were made by Representative CELLER by way of the radio, press, and forum to give consideration to these measures: Now, therefore, be it

"*Resolved*, That the following reply to such appeals be made:

"These recommendations take into consideration the element of time and the effect of these measures upon Government revenues, unemployment of capital and labor, agriculture and business recovery and growth. They are the result of inquiry, study, and decision, arrived at through actual contact with business as applied to the two levies in question.

"We believe that an emergency exists which calls for immediate relief by Congress and one that justifies special consideration at the special session of Congress, independent of general tax revision.

"If Congress will effect the changes here advocated it is our conviction that as a result more than 1,000,000 men and many millions of dollars that are now idle will be put to work; and, furthermore, that the general net revenue of the Government will not be reduced, but, on the contrary, that it will be increased; and the plan of promptly balancing the Budget will not be adversely affected. Lastly, it is our conviction that these changes will greatly aid in restoring the full confidence of business in the Government.

"UNDISTRIBUTED-PROFITS TAX

"We therefore urge that Congress pass not later than December 20, 1937, a joint resolution repealing the corporate undistributed-profits tax.

"EMERGENCY RESOLUTION

"In the event that the desired repeal of the undistributed-profits tax cannot be effected by December 20, 1937, as advocated, we request that the Congress by joint resolution defer to July 1, 1938, the application of the undistributed-profits tax to all taxable years commencing after December 31, 1936, and ending prior to July 1, 1938. Thus corporations would not be penalized by reason of dividend policy in the interim.

"CAPITAL GAINS AND LOSSES TAX

"We further urge that—

"1. The capital gains and losses tax be repealed in its entirety.

"2. In the event that this is not possible, it be amended as follows in the case of both individuals and corporations:

"(a) There be exempted from its application gains and losses resulting from the sale or exchange of capital assets held for more than 1 year.

"(b) With respect to transactions in capital assets held 1 year or less resulting in a net gain, the taxpayer be given the option of adding such gain to his ordinary net income or having it taxed at a flat rate of 12½ percent.

"(c) With respect to transactions in capital assets held 1 year or less resulting in a net loss, the loss be deducted from ordinary net income, with the limitation that the tax otherwise payable on such ordinary net income shall not be decreased by more than 12½ percent of the amount of such net loss.

"3. Such action be taken by Congress not later than December 20, 1937.

"NOTE

"Attention is directed to the fact that according to reliable estimates the present capital gains and losses tax will not yield more than $50,000,000 for the year 1937. The present tax freezes capital in the middle and higher brackets, where there is volume. It reduces most of the other Government revenues by retarding trade and becomes a primary contributing cause of panics.

"The repeal of the capital gains and losses tax will increase the revenues of the Federal Government by an estimated minimum of $250,000,000 a year, as well as stimulate business and decrease unemployment of men and money. The repeal of this tax will discourage panics by permitting immediate buying and selling without prohibitive penalties. It will encourage and promote the building and buying of small homes under the proposed new Housing Act.

"CONSUMER LACK OF CONFIDENCE

"Furthermore, we call to the attention of the Congress the recent development of a marked and serious attitude on the part of the consumers, as reflected by the rapid decline in the purchase of many lines of consumers' goods. We have only to recall the events of quite recent years to know the dangerous implications of a consumers' panic.

"We believe this fear and lack of confidence can largely be dissipated by the adoption of these changes in the tax laws.

"JOINT PRESENTATION

"We approve the suggestion of Representative EMANUEL CELLER that there be a general joint presentation of facts and material in support of the aforesaid changes before the Ways and Means Committee of the House and the Finance Committee of the Senate to avoid the contradiction and confusion usually characteristic of the hearings before such committees, due to the large number of witnesses appearing, many of whom fail to give due consideration to all the factors involved. Furthermore, in this way Congress will have a simple and direct authoritative statement from a widely representative group of taxpayers, embracing employers of millions of men and representing billions of dollars of investments.

"BENEFITS TO LABOR

"With the adoption of these changes in the tax laws there will be such an increase in business that, according to a conservative estimate, more than 1,000,000 jobs will be created. Furthermore, we pledge to do all in our power to create as many new jobs as is possible, and, in addition, will urge other businessmen similarly situated to do likewise.

"On behalf of the taxpayers, employers of labor, and investors in private enterprise, we voluntarily enter into a covenant with Government to use our best efforts to fulfill the obligations set forth in these resolutions."

Joint Resolution 529, providing for the postponement of filing undistributed profits tax returns

Whereas the tax imposed by section 14 of the Revenue Act of 1936 (surtax on undistributed profits) places a burden on legitimate and proper business expansion; is accelerating the business depression that is now under way, bringing in its wake unemployment, distress, and loss; and

Whereas this tax does not allow corporations a reasonable time to appraise their financial and cash position and to prepare their statements; and

Whereas these defects have been discovered and have been recognized in official quarters; and

Whereas no loss in revenue will result to the Federal Treasury: Therefore be it

Resolved, That the application of the tax imposed by section 14 of the Revenue Act of 1936 (surtax on undistributed profits) on corporations be deferred, without penalty, until July 1, 1938, for all taxable years commencing after December 31, 1936, and ending prior to July 1, 1938.

A bill (H. R. 8732) to amend the Revenue Act of 1936 with respect to capital gains and losses

Be it enacted, etc., That section 117 of the Revenue Act of 1936 be amended to read as follows:

"(a) General rule: The gain or loss upon the sale or exchange of a capital asset shall not be taken into account in computing gross income or net income.

"(b) Definition of capital assets: For the purposes of this title, 'capital assets' means property held by the taxpayer (whether or not connected with his trade or business), but does not include stock in trade of the taxpayer or other property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year, or property held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business.

"(c) Gains and losses from short sales, etc.: For the purpose of this title—

"(1) gains or losses from short sales of property shall be considered as gains or losses from sales or exchanges of capital assets; and

"(2) gains or losses attributable to the failure to exercise privileges or options to buy or sell property shall be considered as gains or losses from sales or exchanges of capital assets.

"(d) Retirement of bonds, etc.: For the purposes of this title, amounts received by the holder upon the retirement of bonds, debentures, notes, or certificates or other evidences of indebtedness issued by any corporation (including those issued by a government or political subdivision thereof), with interest coupons or in registered form, shall be considered as amounts received in exchange therefor."

SEC. 2. Subsection (j) of section 23 and section 116 of the Revenue Act of 1936 are hereby repealed.

SEC. 3. The amendments made by this act shall apply only to taxable years beginning after December 31, 1936.

A bill (H. R. 8762) to amend the Revenue Act of 1936 with respect to the surtax on undistributed profits

Be it enacted, etc., That section 14 of the Revenue Act of 1936 (surtax on undistributed profits) is hereby repealed with respect to taxable years beginning after December 31, 1936.

Homes on a Solid Foundation

EXTENSION OF REMARKS

OF

HON. PETER J. DEMUTH

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 21, 1937

Mr. DEMUTH. Mr. Speaker, this morning while reflecting upon the problem of helping business in general by stimulating the building industry through H. R. 8730, I received a pamphlet which contained an address by Hon. Homer Cummings entitled "The United States Problem of Monopoly."

There also came to my mind the paragraph in Boeckh's Manual of Appraisals entitled "The Variable Dollar," in which a table shows values that are interchangeable through a dollar, namely, 75 minutes of labor, 2 bushels of wheat, 1½ pounds of wool, 28 miles of railroad ride, 1 inch of advertising space, 30 seconds of broadcasting, $100 used for 2 months, 100 common brick, 20 loaves of bread, 5 gallons of gasoline, 50 newspapers, 2 pounds of candy, three-fourth barrel portland cement, and 20 pounds of crude rubber.

In considering the value of a property you can, no doubt, appreciate the fact that the exchange value of the vast number of products that enter into the value of a home. The importance of a commodity dollar immediately becomes evident as well as a uniform supply of credit money which directly affects the exchange value of our common medium of exchange or common denominator, the dollar.

The building industry represents an exchange of a vast number of commodities affecting the exchange value of goods and services of all labor, be it on the farm or in manufacturing. It has been stated by the Bureau of Labor Statistics "for every dollar spent in the building industry, $2.50 is spent behind the lines by the industries supported by the building industry." Indeed, the various foods consumed by the mechanics in generating the human energy to a great extent was and is supported by the building industries and are part of the exchange value of the finished product, the home.

It cannot be denied that the curtailment of credit money by the private coinage agencies did cause the collapse of our business structure by withdrawing from our people the common unit used in exchange of their products or goods that they had to offer for exchange. If business and industry is ever to be stabilized and let flow at an even and natural velocity for the general welfare of the citizens of our country, it can only be obtained through the establishment of a commodity dollar and by the Government of the United States issuing and controlling the necessary amount of this medium of exchange, the credit dollar.

Even while Mr. Roosevelt, our President, was endeavoring to help the people of our country, our industries, and our financial institutions, the banks continued to, and still are continuing to, work contrary to the interests of our country by continually withdrawing credit money. The bankers continue to threaten and harass mortgagors, and with increased intensity the mortgage is reduced. It may be well to note that when Mr. Andrew W. Mellon, as Secretary of the Treasury, was calling and retiring Government bonds, we were going through a great period of prosperity due to the fact that banks and other financial institutions were compelled to function for the purpose for which they were created by issuing credit to private industry. Today by issuing tax-free Government bonds we are encouraging banks to work against the best interests of our country. Now banks refuse to grant credit to private industries, but prefer to accept welfare by buying tax-free Government bonds. We are abetting and encouraging this practice and in part are to blame for this unhealthy condition.

It is my opinion the value represented in a home which is made up of the goods and services rendered by the vast ma-

jority of the American citizens is of much greater value than the $20 of goods and services rendered by the inhabitants of Africa in mining and refining an ounce of gold. This African gold is sold to the United States Government for a profit of $15 and we then store it under the ground and pronounce the words "hocus pocus, this is now worth $35 of currency," while our own natural resources and the potential services of our mechanics and artisans, made more efficient through our educational system, are of no real value.

Our present monetary system contradicts the statement of our Secretary of the Interior, Mr. Harold L. Ickes, who, in dedicating the Grand Coulee Dam, made the following statement:

> Grand Coulee Dam will endure for many thousands of years; testifying to the imagination, the ingenuity, and skill of this generation. It is not a State or a regional undertaking; it is a national development. The wealth it will produce will be part of our national assets.

Within a few days we will be conveyed to our homes and families by means of our transportation system made up of railroads, air lines, or by automotive power. Transportation is highly developed in this country and to date our transportation system has never collapsed.

Our citizens have been educated and trained to such a large degree and at considerable expense that they are our greatest resource. Our educational system contributes greatly to the potential value of our citizens. Our farmers and our farms produce and raise agricultural products in superabundance sufficient so that no man should ever go hungry. Our industries are more highly developed and capable of manufacturing goods in quantities almost large enough to supply the desires of all those who have other valuable commodities and services to offer in exchange. However, our most vital transportation system, our medium of exchange, has again collapsed. The privately owned system of manufacture of credit money is most certainly in need of reconstruction. Its proper operation is so necessary to the existence of all our people and their general welfare it can no longer be left to the caprice and control of selfish private agencies, to the disadvantage of all our citizens.

By H. R. 8730 we are attempting the impossible by wiring together the superstructure built on an unstable foundation. Failure cracks from time to time are bound to appear. The structure will again fail unless it is built on a firm foundation.

Regionalization of Natural Resources

EXTENSION OF REMARKS

OF

HON. EDWARD T. TAYLOR

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 21, 1937

ANALYSIS OF AND COMMENTS ON THE MANSFIELD BILL (H. R. 7365)

Mr. TAYLOR of Colorado. Mr. Speaker, on June 3 last Representative MANSFIELD, the chairman of the Committee on Rivers and Harbors, introduced a bill (H. R. 7365) to provide for the regional conservation and development of the national resources, and for other purposes. The bill contains 53 pages.

There was a companion bill introduced at the same time in the Senate by Senator NORRIS—S. 2555. Those bills are of almost unlimited scope. Their objects are "to develop, integrate, and coordinate plans, projects, and activities for or incidental to the promotion of navigation, the control and prevention of floods, the safeguarding of navigable waters, and the reclamation of public lands, to conserve the waters, soil, minerals, and forest resources of the Nation," and so forth. While many of the main purposes of those measures are laudable, insofar as they apply to the waters of the streams throughout the entire arid region of the West they are in bold violation of, and absolutely destructive of, the vested property rights and the established system of development of any western resources by irrigation and reclamation of our public and private lands. They utterly ignore the doctrine of priority of water rights by appropriation, which is the foundation of all the agricultural development throughout the arid West.

The entire delegation in Congress from 13 of the Western States are unalterably opposed to the measure in its present form and we have appeared before that Committee and presented as forcibly as we could, our objections to it. I made an exhaustive statement myself before that committee about 10 days ago, presenting what I believe are the sentiments and rights of the people of those States concerning the waters within that region. At that time I presented to the committee "An analysis of and comments on the Mansfield bill, H. R. 7365," as it would affect our Western States. That analysis was prepared by the Colorado Water Conservation Board, which is an official organization headed by the Governor and created by law with authority to speak for the State of Colorado. That analysis has been prepared by some half dozen of Colorado's ablest lawyers, including our attorney general and several eminent engineers, including our State engineer. I feel very earnestly that Congress and the country should be fully advised as to the effect that the regionalizing program would have on the West.

By permission of the House I enclose herewith that analysis, as follows:

ANALYSIS OF THE MANSFIELD BILL, H. R. 7365

A bill to provide for regional conservation and development of the national resources and for other purposes

DIVISIONS OF THE BILL

The bill is 53 pages long. One division is title I, another title II, and a third title III. The first states, among other things, the purpose of the bill, and creates seven regional planning agencies which are to be instrumentalities of the Government, and which are to recommend plans to the President and the Congress of projects and activities for the utilization of water, soil, minerals, and forests of their respective regions.

Title II authorizes, among other things, the President to create regional power authorities to construct, acquire, and operate power plants and to sell or distribute electrical energy, and in connection with such operation to serve also the interests of navigation, flood control, and irrigation. Title II does not provide primarily for projects other than for electrical energy.

Title III authorizes the appropriation of such sums from time to time as may be necessary to carry out the provisions of the act.

THE PURPOSES AND CONSTITUTIONAL GROUNDS OF THE BILL

The purposes of the bill and the constitutional grounds specified in support of the purposes are set forth in title I, section 1, and are to control floods, safeguard navigation, reclaim public lands, conserve the water, soil, mineral, and forest resources of the Nation, stabilize and increase employment—all to the end of promoting interstate commerce, the national defense, and the general welfare.

TITLE I—DEALING WITH PLANNING AGENCIES ANALYZED IN GREATER DETAIL

Regional planning agencies

One planning agency is created for each of seven specified drainage basins, to wit: The Atlantic seaboard planning agency; Great Lakes-Ohio planning agency; Tennessee Valley planning agency; Missouri Valley planning agency; Arkansas planning agency; Southwestern planning agency; and the Columbia Valley planning agency (sec. 2). Since drainage basins include both streams and tributaries, it follows that the jurisdiction of the agencies would extend to tributaries. The President may redefine from time to time the territorial boundaries of the seven regions (sec. 2).

Regional directors and committees

Each planning agency is to consist of a regional conservation committee or committees, of which a regional planning director shall be a member and the chief administrative officer. All are appointed by the President, and the appointment of the director is to be confirmed by the Senate (sec. 3 (a) (b)). The regional director carries out the policies of the conservation committee (sec. 3 (c)).

"The regional planning agencies shall be subject to the supervision and control of the President * * * for the purpose of insuring appropriate conformity of regional plans to a national policy and appropriate coordination of regional plans" (sec. 4 (a)).

The most important functions of the planning agencies are to study and to devise and submit plans to the President and to the

Congress for projects whereby to bring about the most economical use of the Nation's water, soil, mineral, and forest resources, including the control of water run-off (sec. 4 (b)). In doing this the agencies are to cooperate in their investigations with other departments of the Government and to have the right to commandeer the latters' services and information (sec. 4 (b)). So, too, the agencies are to cooperate with the States and public and cooperative agencies (nothing is said, however, about cooperation with private agencies that are not organized on a cooperative basis) in accumulating data and development of plans (sec. 4 (c)).

In submitting plans to the President the agencies shall include recommendations conducive to cooperation among State, Federal, regional, and local agencies in carrying out plans, projects, and activities, and also shall include recommendations for legislation to the same general end (sec. 4 (d)).

Submission of plans

Once a year each regional planning agency shall submit to the President plans for the construction and the undertaking during the succeeding fiscal year of projects in line with the purposes of the bill, namely, conservation and prudent use of the water, soil, mineral, and forest resources; also prevention of floods, safeguarding navigation, reclamation of public lands, conservation of the water, soil, mineral, and forest resources of the Nation (sec. 5 (a)).

If the President approves any of the plans, he is to refer them to the Congress with his recommendations, and he may call upon the agencies for plans for such projects as he desires in carrying out the purposes of the act (sec. 5 (b)). When "plans involve * * * integrated developments traversing the geographic region of two or more regional planning agencies the President may assign or reassign * * * to any one of such regional planning agencies as he finds necessary or appropriate to obtain the advantages of natural and economic boundaries in the planning of such integrated developments" (sec. 5 (b)).

Preparation of plans

Plans shall include projects and activities adapted to conservation and integrated development of water, soil, and forest resources, and include "improved methods of soil conservation, utilization of fertilization and cultivation" (sec. 6 (a) (2)).

Plans shall include "conservation of water for power, irrigation, and other beneficial uses," prudent husbandry of natural resources, and the "integration and interconnection of projects and activities" (sec. 6 (b) (1) (2) (4)).

Plans may include projects to be constructed by various departments of Government or by regional agencies or by the States or by the latter's subdivisions and to be financed by the United States or the States (or the latter's subdivisions) or by both (sec. 6 (c)).

Plans contemplate jurisdiction of planning agencies over tributaries as well as main streams (sec. 6 (a) (1) (3)).

Plans shall classify projects in order of urgency to promote employment (sec. 6 (d)).

Interstate compacts

Consent of Congress is given to States to enter into interstate compacts "(1) to further and supplement on behalf of the States the purposes of this act and (2) to carry out on behalf of the States appropriate projects and activities in relation thereto" (sec. 7).

"Any such agreement or compact shall not become effective or binding upon the States party thereto unless and until it shall have been submitted to and approved by the President after consultation with the regional planning agency within whose geographic region the projects or activities contemplated by such agreement or compact are to be carried out" (sec. 7).

Pollution

Unlawful to pollute streams over which the Congress has jurisdiction under its authority to regulate commerce between the States or with foreign nations (sec. 8).

TITLE II—DEALING WITH REGIONAL POWER AUTHORITIES ANALYZED IN GREATER DETAIL

Creation and composition

The President is authorized to create, by Executive order, corporate regional power authorities when and wherever, and as numerous, as he deems best, and regardless of the seven planning regions established by title I of the bill (sec. 201 (a)).

Each power authority is to have an administrator to be appointed by the President and confirmed by the Senate, and a Regional Power Board, whose members (not less than three or more than five, including the director) are to be appointed by the President (sec. 201 (c) (d) (e)). The Board determines policies and the Administrator carries them out (sec. 201 (e)).

Some of powers

The power authorities are to have the right to construct and operate power plants and transmission lines and to sell and distribute energy either at wholesale or retail in the cities and in the country; and to the power authorities the President, if he deems best, may transfer by Executive order already existing plants operated by other departments (Bureau of Reclamation for instance) or agencies of the Government (secs. 201 (a), 203 (a) (c) (d) (e)).

States, districts, municipalities, and cooperatives are to be preferred over others as purchasers of power (sec. 203 (d)).

Rate schedules for the sale of energy must be approved by the Federal Power Commission (sec. 203 (f)).

The rates, having regard to recovery of cost and to appropriate reserves for maintenance and upkeep and amortization of capital investment over a period of years shall be such as to encourage the widest possible use of electrical energy; and where the generation of energy is only one of several purposes of a project, the cost shall be fairly allocated among the purposes to encourage the widest possible use of water for irrigation and of electric energy (sec. 203 (f) (g)).

Reports

Each power authority shall submit to the President and the Congress annual financial reports of their respective businesses and of the status and progress of their projects and activities (sec. 206 (a)). The Comptroller General may audit (sec. 205 (b)).

Injunctions

Injunctions against the authorities or their representatives are made difficult to obtain, and where temporary injunctions are wrongfully obtained by the plaintiff or complainant the damages, including loss of income, may be assessed against the bond right in the same injunction suit (sec. 207 (b) (c) (d) (e)).

Jurisdiction of courts

The Federal courts are given exclusive jurisdiction of all suits against the power authorities or their representatives (sec. 207 (a) (b)).

Condemnation proceedings

The authorities may maintain suits to condemn both real and personal property for the purposes of the act (sec. 208).

Dams of the United States

All dams now being constructed or hereafter to be constructed anywhere by the United States are, where practicable, to be so constructed as to make possible the generation of power, to the end that water may not be wasted; and adverse reports on such practicability shall be submitted to the President for consideration and final decision (sec. 209).

Receipts

Receipts of each authority go to the Treasury of the United States for the credit of "Miscellaneous receipts" (sec. 211).

TITLE III OF THE BILL

Appropriations

There are hereby authorized to be appropriated from time to time such sums as may be necessary to carry out the provisions of this act (sec. 301).

OBJECTIONS TO THE MANSFIELD BILL, H. R. 7365

A bill to provide for the regional conservation and development of the national resources, and other purposes

INTRODUCTION

While there are arguments for a comprehensive and integrated development of a river system as a whole and for plans whereby to bring such a development about in order to conserve the water, soil, mineral, and forest resources of the Nation, yet the opposing arguments as applied to the Mansfield bill are the more weighty. It is the purpose of these comments to state these objections.

The bill erroneously asserts that the ownership or control of the country's waters is in the Federal Government, thus ignoring in its theory the field of ownership or control that is in the States

The bill erroneously assumes, both impliedly and expressly, that the ownership or control of the country's waters is in the Federal Government rather than in the States.

The very plans for the comprehensive development of projects and activities along stream systems, regardless of State lines, and the very prohibitions laid down by the bill upon the States, testify to such an implied assumption without the aid of any express declaration.

The bill contains, however, an express declaration. It provides that whenever, by it or any other act of the Congress, any project or activity within the scope of the plans of the Authority, "is entrusted to an authority, such authority shall construct, operate, and carry out such projects or activities primarily for the promotion of navigation, control, and prevention of floods, safeguarding of navigable waters, and the reclamation of public lands. In order to effectuate such primary purposes with the greatest public benefits, and so far as is consistent with such primary purposes, to avoid the waste of water, water power, and other property of the United States, such authority, except as the Congress may otherwise provide, shall have such powers as may be necessary to operate and carry out such project or activities * * *" (sec. 203 (a)).

Here we have an express declaration that classifies the "water" and "water power" as part of the "property of the United States." What "water" is, needs no explanation. What "water power" is, as the term is used in the bill, is not defined, but it probably means such flows of water that as to volume, fall, and location could be used in the production of electrical energy. The point is that both are expresely said to be the "property of the United States."

Undoubtedly the Congress, under the commerce clause of the Constitution, may regulate and protect navigation where it relates to interstate and foreign commerce, and, where there is such a relation, may include flood control, and do it without asking the permission of the States. The exercise of this right does not, however, exhaust the control of all of the waters of the country's

streams or all that can be done with them. There is a residuum of general ownership or control in the States or in those persons who under State law have acquired rights in respect to the water. The countless instances of the use of stream waters everywhere by owners of riparian lands in the States of the East and Middle West and by the appropriators of water in the States of the West, where the priority or appropriation system of water rights prevails, attest indisputably the existence of this residuum of water ownership or control that is beyond the reach of the Federal Government. This general ownership or control in the States has the support of the highest judicial authority. In *Kansas* v. *Colorado* (206 U. S. 46), which involved the Arkansas River, it was held by the Supreme Court of the United States that where the interstate commerce clause of the Constitution, with its resulting right to protect navigation, is not involved the powers of the States over the waters within their boundaries are supreme just by virtue of their simple statehood as members of the Union. In *Nebraska* v. *Wyoming* (295 U. S. 40), which involved the North Platte, the same Court decided that claims of the Government to water within the boundaries of a State for irrigation are like the claims of private citizens, in that whatever would bind the State and its citizens in respect to the use of water as against another State and the latter's citizens upon an interstate stream would bind equally the United States, just as if it were a private water user, and that in a suit where interstate commerce is not involved the United States is sufficiently represented by the State and cannot intervene as a party to the suit.

In the 17 States of the West where the priority or appropriation system of water law prevails there are 7 that claim that mere admission to the Union itself gives them, except where interstate commerce powers of the Federal Constitution are involved, the right of ownership or control over their respective water—a position approved by the Supreme Court in Kansas against Colorado, above cited.

Then there is the case of *California-Oregon Power Co.* v. *Beaver Portland Cement Co.* (295 U. S. 142), in which the Supreme Court held that the Congress by act of July 26, 1866, which was the act opening up the mineral portion of the public domain to private purchase, and by the Desert Act of 1877, the Congress of the United States had turned over whatever interest it had in the waters to the States. This transfer of ownership or control did not involve, of course, any surrender by the Federal Government of the powers which the Congress has under the interstate commerce clause, but surely this transfer having been made cannot now be recalled.

In the 31 States of the East and Middle West where the riparian system of water law is found, the ownership of the right to water, to the extent not affected by the interstate commerce clause is, under State law, in the owner of the riparian lands bordering upon the streams. In the appropriation States it is, under State law, in the appropriator. Under both systems of water law the general control is in the States. If the United States happens to own land bordering upon a stream in the former case, or is an appropriator in the latter case, then the United States like any private person is the owner of a right to water but holds its right under the law and authority of the State. If in the appropriation or priority States there are waters not yet appropriated, the general right to authorize the appropriation thereof is not in the United States but in the State.

In the section of the bill above quoted (sec. 203 (a)) the "reclamation of the public lands" is one of the declared functions of the authorities. Water to reclaim public lands has nothing to do with functions or objectives relating to interstate commerce either by way of promoting navigation or controlling floods or otherwise. The right of the Government to water wherewith to reclaim its public lands is a good example of a right that, when coming into existence, is created by the State in favor of the United States just as if it would be in favor of any private individual who acquires a right to water to reclaim his own lands.

Neither riparian nor appropriation States are likely to subscribe to the bill's assertion of ownership, control, and disposition in the Federal Government or to the bill's vast plans for any integrated development of the stream system as a whole regardless of State lines and State authority. Rather will the States themselves want to determine their water future and thereby the future of the industries dependent upon it.

The powers the States do not give up they still retain.

Many of the functions of existing Federal agencies would be curtailed or duplicated

The planning agencies are required, after investigation, to formulate plans for the general development of the water, soil, forest, and mineral resources of the country (secs. 4, 5, and 6). This requirement would be at best a duplication of the work of the other instrumentalities of the Government including the Bureau of Reclamation of the Interior Department, the Corps of Army Engineers of the War Department, and the Soil Conservation Service of the Department of Agriculture, which both plan and execute. At its worst, the requirement would indicate that the functions of these other Federal instrumentalities are to be superseded.

In either event the planning functions would be better performed if they could remain where there are now, since they demand a high order of centralized research and experience and also because the present instrumentalities have the country's confidence. Not only would the planning instrumentalities be either curtailed or duplicated, but there would be an abridgment of the functions of the other Federal instrumentalities in respect to the transfer to the power authorities of projects, or parts of projects, that are now or hereafter would be controlled by the other Federal instrumentalities if the bill were not passed (secs. 201 (a), 203 (a) (b)).

Under the present law the Bureau of Reclamation, primarily in charge of the reclamation of lands, frequently generates and disposes of power as a byproduct; and the Corps of Army Engineers in charge of dams for the purpose of navigation and flood control does, and plans to do, the same thing likewise as a byproduct.

By way of further particularity concerning curtailment and duplication, it may be added that under the Mansfield bill the power authorities are given the right to construct and control such "facilities capable of producing hydroelectric power" together with "appurtenant works" as may be entrusted to them by any act of the Congress, the only exception being that if the facilities are in any way associated with the promotion of navigation and have "locks, lifts, fishways and navigable facilities in connection therewith" these latter shall be operated by the War Department (sec. 203 (a) (b)).

The President by Executive order may transfer to such a power authority "facilities capable of producing hydroelectric power (together with appurtenant works constructed, under construction or hereafter to be constructed by, or on behalf of the United States," meaning by any other agency or department of the United States (sec. 201 (a)). "Facilities * * * together with appurtenant works" is a phrase broad enough to include dams, release gates, spillways, penstocks, dynamos—practically the entire control of a dam project—even though the project is one performing the multiple functions such as controlling floods, supplying water for irrigation, and municipal purposes as well as generating power.

The only exception to the control of the entirety of the project by the power authority, as far as concerns the operation of the dam or the impounding and release of water for the various purposes of the project, is that if the promotion of navigation is connected with the project then "locks, lifts, and fishways and the navigation facilities employed in connection therewith are to be operated by the War Department" (sec. 203 (b)). Apparently flood control itself goes along with the "facilities" and "appurtenant works" to the power authorities.

At any rate that particular function is not expressly exempted from the control of the power authorities. Just how it is going to be practically feasible for the different instrumentalities of the Government to impound and release waters at the same time when the functions are various and when they conflict as to their respective necessities, the bill does not explain. Where the generation of power is only one of several functions it should be looked upon as a byproduct as compared with the others and, in the frequent conflicts of exercise, should be subordinated. This subordination would not be any too likely to be given effect when the transfer of the other project is to an unsympathetic power authority whose primary purpose is power generation.

From these considerations it appears that if the bill were passed, the functions of important existing Government instrumentalities, including the Corps of Army Engineers, Bureau of Reclamation, and Soil Conservation Service would be curtailed or duplicated in planning, execution, and administration.

The bill either abridges or authorizes plans which, if executed, would abridge functions of the States or their agencies, either by limitation or duplication

The States could not, if the bill were passed, authorize towns and cities, mines, mills, and factories "to pollute or to make unsightly waters of or flowing into navigable streams or other streams over which the Congress has jurisdiction under its authority to regulate commerce with foreign nations and among the several States" (sec. 8). Since most streams, if not themselves navigable, flow into streams that are navigable, the practical universality in effect of such a prohibition is apparent.

State water-administration officials, State planning commissions formulating plans for the utilization of the water, soil, minerals, and forest resources of the country are not assured with certainty of consideration by these super-regional planning agencies, since the latter need cooperate with the States only "insofar as practicable," which means insofar as the planning agency itself deems practicable (sec. 4 (c)).

State utility commissions could not fix the rates on electric energy, since these are to be determined by the Federal Power Commission, upon which great areas of the country would not be represented (sec. 203 (f)).

States could not negotiate interstate compacts without the consent of the President (sec. 7), whereas under the Constitution the States have a right to invoke the consent of the Congress, and in that body have direct representation for their protection.

State courts are ousted of all jurisdiction over the power authorities (sec. 207 (a) (b)).

The powers the States don't give up they still retain.

The bill fails to insure with certainty the opportunity of States to be heard on plans to be submitted to the President

While projects of one kind and another for conservation of water, soil, minerals, and forests are not to be constructed or carried out without future appropriations of money by the Congress, yet the

plans themselves for the projects may be submitted to the President and by him to the Congress without assured requirement that a State affected by the plans would be heard by the planning agency. True the bill directs the agency to "consult and cooperate with the States" * * * "insofar as practicable" (sec. 4 (c)). What is "practicable," however, is apparently left to the agency to decide, whereas every State that is affected by a plan to be presented to the President should be assured with certainty of the right to be heard by the agency before the plan is submitted.

Plans submitted by the agencies will carry prestige—perhaps, too much to counteract on account of the sources from which they come. It is important, therefore, that the State be heard on the plan before the President is expected to submit it to the Congress. Since the bill contemplates that the plans may be extensive enough to call for a coordinated or integrated development (bill, sec. 4 (b)) of the entire region of an agency as a whole, and even regardless of State lines, it is all the more important that the agency should be required with absolute certainty to provide States with an opportunity to be heard before the plan goes to the President. Many of the States have planning commissions and other State officers well qualified to advise and to be helpful to the agency in these matters.

The powers the States don't give up they still retain.

The bill apparently gives no consideration to the reclamation of private lands by irrigation

The planning provisions of the bill authorize the regional planning agencies to prepare and submit to the President plans providing, among other things, for the "reclamation of public lands" (sec. 1, 5 (a), 6 (b)). No mention is made, however, of plans that would include the reclamation of private lands. The right of private land owners to buy water is left in doubt; yet all through the West they, as well as homesteaders on public lands, have been allowed under the Reclamation Act of 1902, as administered by the Bureau of Reclamation, to buy water from the Government project for their privately owned lands. Can it be that this apparent change in policy is intentional?

The point is not of much importance since other objections to the bill are so many and so insurmountable that the one under consideration for failing to provide for the reclamation of private lands, as well as public, would not atone for the other objections. Perhaps the chief value of the particular objection is that it shows that the drafters of the bill had little comprehension of reclamation problems and practices and of the needs of the West.

The bill fails to subordinate its regional power authorities in any respect to the law of the States in making appropriations and uses of water and in operating power plants

The Congress may authorize the Federal construction and control of a dam in a stream within a State as against the will of that State and without regard to its laws, only in promoting navigation for the purpose in turn of promoting interstate and foreign commerce and in aid of national defense.

There are in the Federal Constitution no other grants of power to the Federal Government from which the authority to override or disregard the will of a State in respect to its waters may be deduced.

The evident purpose of the bill, however, is to build and operate power plants rather than to promote interstate commerce through improving navigation, or the national defense. If interstate or foreign commerce or the national defense are in any way invoked to support the power program it is only as a technical camouflage for the real purpose, which is the generation and distribution of power.

Regional power authorities may be created by Executive order under the bill "whenever in his (the President's) judgment the national public interest and the interests of economy and efficiency will be served thereby." Section 201 (a), "Public interest," and the "interests of economy and efficiency," do not chance to be found among the grants made by the Constitution to the Federal Government. What is found, and very properly so, is the promotion of interstate and foreign commerce, also the promotion of national defense. That electrical energy may be generated as a byproduct at a Government dam, built and operated in the streams of a State for either of the two primary constitutional purposes mentioned, is certain, but that it can't be done otherwise is equally certain.

There are a number of instances where the Government, under the Reclamation Act of 1902, has built dams in the streams of a State for the purpose of irrigating the public lands as the primary purpose and where the Government generates power as a byproduct but this use of the waters of a State, there being no question of commerce or national defense involved, is in pursuance of the laws of the State just as it would be if a private person or company were to build the dam and operate the power plant. Indeed, the Reclamation Act itself by section 8 recognizes the superior authority of the State and directs the Government to proceed under the laws of the State.

Of the 48 States, 17 maintain an appropriation or priority system of water law. The fundamental principle of that system is that the appropriators or users of water take their respective supplies according to their relative dates of initiation of use—the oldest user having the prior legal right and the later users to take in order of seniority what is left—and that the water may be taken and used anywhere. Seven of these States contend that their very statehood gives them the authority to promulgate that system regardless of any consent of the Federal Government. Others of them claim that the Congress by the act of July 26, 1866 (the act opening up the mineral portion of the public domain to private purchase) and by the Desert Act, 1877, relinquished to the Western States the general control of the waters within their borders and thereby gave them the authority to establish that system of water law to whatever extent they desired (*California-Oregon Power Co.* v. *Beaver-Portland Cement Co.*, 295 U. S. 142).

The remaining 31 States maintain the riparian system of water law, the fundamental principle of which is, that without conclusive regard to any priority of use in point of time, each land ownership that borders the stream has a right to make a reasonable use of the water. This riparian system is predicated on the inherent authority of the State as a State, and therefore, in legal theory, the States maintaining the system are likewise exempt from Federal interference in the control of the waters except when the Congress exercises its constitutional powers either to promote interstate and foreign commerce or the national defense. These exceptions are, of course, applicable to the priority system also.

In truth, then, under the water law of the country the general control is in the States and the exceptions are in the Federal Government. The bill, however, recognizes no authority, not even by way of exception, in the States.

The powers the States don't give up they still retain.

The bill offers no assurance that in the priority or appropriation States of the West a power authority would not create water priorities in one State at the expense of water interests in another

The appropriation or priority system of water law is found in 17 States of the West. As among appropriators of water he who first puts the water to use has a prior legal right thereto as against later users, to the extent of the necessities of his use, and he who is second in time is second in right, and so on throughout the series of appropriators. Whether there is anything for the latest user in the series depends upon whether there is enough water left in the source of supply after first satisfying uses that are older. This is the law within the boundaries of a priority or appropriation State.

What the law is as between States where the stream is an interstate stream is a question, the answer to which has not yet been made clear by the United States Supreme Court. In other words, the question is whether the rule that would be applied is that of "priority regardless of State lines" as was laid down, with certain modifications, in the case of *Wyoming* v. *Colorado* (259 U. S. 419) or whether it would be "equitable division" which is a rule that would guarantee to each State a fair amount of the water and which would do it without conclusive regard to existing uses, as announced in the case of *Kansas* v. *Colorado* (206 U. S. 46). There have been later cases decided by the United States Supreme Court in respect to interstate streams, but they still leave us in doubt as to the rule that would be applied. These later cases are *Connecticut* v. *Massachusetts* (282 U. S. 660) and *New Jersey* v. *New York* (283 U. S. 336).

In this confusion of the law no State possessed of careful regard for its water interests would want to run the risk of an authority establishing a major Federal project in a different State on the same interstate stream.

A project merely for power generation represents a nonconsumptive use of water and, if not retarding the flow and if in an upper State, would do no harm to a lower State on the same stream. If, however, the project is in a lower State then, although the use be nonconsumptive, yet the harm to the upper State is as great as if the use were consumptive, since under a rule of interstate priority the upper State could not, as against the project priority in the lower State, hold back water for a new and later use in the upper State.

It is unfair to use Federal money which is the money of all of the States to establish a Federal water project in one State at the expense of the water interests of another State on the same stream, unless there is an interstate agreement between the States, assuring to the State which does not receive the project a definite quantity or percentage of the waters of the common stream exempt from any claim of priority in behalf of the project so established.

The powers the States do not give up they still retain.

The bill offers no assurance that in the riparian States of the East a power authority would not establish water projects in one State at the expense of the water interests in another

Thirty-one States, chiefly lying east of the Missouri and the Mississippi Rivers, maintain within their respective boundaries, as among their respective water users, the riparian system of water rights, as distinguished from the priority or appropriation system. The fundamental principle of that system is the equal right of each water user to make a reasonable use of the waters of the stream without conclusive regard to the age of the different uses.

Existing uses are considered as among the factors in determining what a reasonable use would be, but they are not factors entitled to a conclusive regard or effect, as they would be under the appropriation or priority system. As between one riparian State and another upon the same interstate stream the rule is that the water users of each State are entitled, as against the water users of another State on the same stream, to make a reasonable use of the waters, in other words, to an "equitable division." *Conn.* v. *Mass.*, 282 U. S. 660; *New Jersey* v. *New York*, 283 U. S. 336. Since, however, existing uses are factors to be considered, although not conclusive in effect, it follows that in deter-

mining the "equitable division" as between riparian States, an existing use cannot help but have some weight. A State that receives from a power authority a major water project, accordingly obtains thereby, practically speaking, at least an advantage against the water interests of other States upon the same stream.

Then, too, it is to be remembered that where the Government constructs a project in one State it is not likely, until it gets its money back, to invest in another in a different State on the same stream. Reimbursement may require many years and therefore may delay correspondingly development in that other State. The only proper way for the Government to proceed is to exact an interstate compact dividing the interstate stream in terms of quantity or percentage between the States before financing a major water project in one of them to the injury of another. This the Government could do easily, for, holding the money bags, the Government could refuse a State that wants the project unless the State enters into a compact with the other States for a division of water recommended by the Government, and could threaten the other States that the project would be given anyway if the recommended division should be refused by them. A riparian State, therefore, having regard to its own future water development, should not run the risk of allowing major projects to become established in other States on the same stream until there shall have been formulated between them an interstate compact determining the percentage or quantity of water which the State or States not receiving the project are to have. It is not fair to use Federal money to forward one State at the expense of the water interests of another.

The powers the States don't give up they still retain.

The bill arbitrarily prohibits the pollution of streams by mining, milling, and manufacturing industries and by municipalities regardless of effect on interstate commerce

By section 8 of the bill "it shall be unlawful for any person by any sewer pipe outlet or other means, devices, or practices to pollute or make unsightly waters of, or flowing into, navigable streams or other streams over which the Congress has jurisdiction under its authority to regulate commerce of foreign nations and among the several States."

This prohibition purports to be absolute, and it is nearly as broad as it is absolute, for most streams either are navigable or else are tributaries of streams that are navigable. Apparently it makes no difference whether the pollution does any harm to the national defense or to commerce among the States and with foreign nations, the protection of which and the national defense are the only constitutional sources of the authority of the Congress over the waters of the country. Again, there is no provision for consent to the pollution even when interstate and foreign commerce and the national defense are not interfered with. Since the prohibition runs against "any person" it runs against mining, milling, and manufacturing industries, and also municipalities. Industries and municipalities cannot be operated without polluting to some extent the country's streams. Can it be that those industries and those municipalities are now to abstain from even necessary pollution and, therefore, to cease operation? Or shall the Government refrain from interference save when interstate and foreign commerce or the national defense are interfered with? The prohibition of the bill extends not only to navigable streams but to their tributaries as well. Better by far to leave the question of pollution when interstate and foreign commerce and the national defense are not involved, or actually interfered with, where it is now—in the States themselves. They best can determine the extent of pollution that is necessary and suppress the unnecessary. They best can look after the public health of their peoples. If a stream is interstate and if one State pollutes unduly as against another State upon the same stream, the latter has its remedy in the Supreme Court of the United States, which will formulate and apply the proper rule.

The bill in prohibiting all pollution goes as far as to direct the Attorney General to proceed against the polluter and to authorize a temporary injunction without bond. Can it be that the industries are to be closed perhaps unlawfully during the temporary injunction period without reimbursement for damages suffered?

The powers the States do not give up they still retain.

Power projects

The bill authorizes its regional power authorities to construct and operate power plants and transmission lines and to distribute and sell electric energy at wholesale or retail (sec. 203 (a), (b), (c), (d), (e)). The President by Executive order may create as many of these power authorities, and without regard to the boundaries of the seven regions, as he may deem best in the public interest, subject to the limitation that he shall "create or establish no more than one regional power authority for the administration of hydroelectric facilities and appurtenant works which are, or may be, economically interconnected by transmission lines" (sec. 201 (a)).

Unconfined as the President would be to the boundaries of any one of the seven regions which are taken as the units for general planning purposes under the planning portion of the bill, free as he would be to establish as many of these authorities as he may desire save for the limitation mentioned, it is evident that Government plants are no longer to be introduced, as once stated, merely for "yardstick" purposes here and there, but rather that they are gradually to absorb the entire field of market demand as rapidly as possible. A further evidence of this fact is to be found in the provisions to the effect that where the Government sells power at wholesale for redistribution the public agencies such as States and municipalities and cooperatives are to be preferred over private purchasers (sec. 203 (d)).

Opinion on the wisdom of this course depends upon how socialistically inclined the owner of the opinion may be. If he favors governmental competition with privately owned but publicly regulated power projects, he will favor this function of the authorities with all of its completeness; otherwise not. Or, if he favors the generation of energy by the authorities, but on account of the great number of employees needed and the danger of political operation he is opposed to having the Government, through these agencies, engage in the distribution of the energy generated, he will favor the generation but oppose giving the authority more than the right to generate and to wholesale the energy generated, thus leaving the distribution among consumers to some private distributing agencies under public regulation. So, too, if, for much the same reason, he is opposed to discrimination against private purchasers in favor of public, he will be opposed to the bill.

The negotiation of interstate compacts would be undesirably and unconstitutionally interfered with

Where streams are interstate and the question arises as to how the waters are to be divided between the States and their respective peoples, the States either settle the question by interstate agreement negotiated by their official representatives with the consent of the Congress, or else settle it by suit between the States in the Supreme Court of the United States. These are the constitutional methods (Federal Constitution, arts. I, sec. 10 (2), and III, sec. 2 (1)).

Under the bill an interstate agreement must be approved by the President (sec. 7). The President, in nearly all cases, could not by any possibility be coming from the States affected, and he might have other ideas than those of the States concerning the agreement. When, however as now, the Congress is the one to give or withhold consent to an interstate compact, the matter not only goes first to a committee where the States may be heard, but they have in the Congress their Senators and Representatives perfectly capable of representing and protecting their interests, more capable, indeed, than any one else.

Under the bill (sec. 7) as worded, if constitutional, no further legislation would be required to take from the States the power to make interstate compacts free from the consent of the President. The constitutionality of the bill on this point may well be doubted. The power to approve or disapprove interstate agreements is a vital one. The framers of the Constitution put it in the Congress not in the Executive (Constitution, art. III, sec. 2 (1)). Very likely a power so important cannot be delegated lawfully. Certainly wisdom suggests it be left where it is—in the Congress where the States affected can always be heard by committees and receive the protection of their Senators and Representatives.

The powers the States don't give up they still retain.

The administrator and the directors of the power authorities might be unfamiliar with and unfriendly to the regions to which appointed

Under the bill the Presidents are to appoint the Administrator of the Authority with confirmation by the Senate (sec. 201 (d)). They are to appoint the directors also but without necessity of confirmation (sec. 201 (e)). There is no requirement that any of these appointees shall come from the different States constituting the power region to which assigned. Since the directors could be appointed without confirmation by the Senate, they could go into the power regions as political carpetbaggers.

The powers the States don't give up they still retain.

The bill requires the authorities to classify their proposed projects for construction in order of urgency in point of relieving unemployment

Section 6 (d) of the bill provides "Plans shall classify the various construction projects with a view to the construction of projects in the order of their urgency, so as most beneficially to promote the national welfare by stabilizing employment and relieving unemployment."

Undoubtedly there would be some projects of one kind or another which, if constructed in one State, would do no direct or particular harm to other States not receiving them, and as to which projects the urgency of providing employment might well be taken into consideration; for it is to be remembered that the various projects in respect to which the authorities are to plan and which the authorities may operate, concern the conservation of the soil, minerals, waters, and forests of the Nation. When, however, the natural resource is what by nature is a common resource such as an interstate stream, and when we reflect that under the law governing the division of interstate waters between States and their respective peoples there is no certainty that the State receiving the authority's water project would not, thereby, acquire a water priority in the priority or appropriation States, or a water advantage in the riparian States against other States not receiving it, then the folly of constructing in the order of urgency of employment of workers as distinguished from advancing and protecting the real present and future interests of States in respect to their waters, becomes apparent at once. No major project intended to put water to beneficial use should be built upon an interstate stream with Federal money (Federal money is the money of all of the States) unless the Government requires from the State which is to receive the project an interstate agreement

with the other States not receiving it, guaranteeing them a quantity or percentage of interstate water undiminished by any claim in favor of the project. In all such cases the Government by reason of holding the purse, can quite easily extract the agreement, for the Government can inform the State supposed to receive the project, that the project will not be constructed unless an agreement is made with the other States guaranteeing to them a certain percentage or quantity of water, and can inform the other States that if they do not agree to the quantity or percentage suggested by the Government that then the project will be constructed anyway. Thus, through the power of the purse, the Government can exact an interstate agreement if it wants to do so.

Where Government money is not involved in the development of water projects on interstate streams but only the money of States or their subdivisions, or their citizens, the States, of course, are to try without compulsion to reach an interstate agreement, or, failing that, they may take their differences to the United States Supreme Court.

The powers the States do not give up they still retain.

The bill indicates a movement to center the control of the economic life of the country very largely in a succession of Presidents through regional instrumentalities amenable to their will

The following points are to be noticed in the bill:

First. That the director and members of the planning agencies and the directors of the power authorities are to be appointed by the President, and the agencies and authorities are to be controlled by the President (secs. 3 (b) (c), 4 (a), 201 (e)). Through the citations referred to, it appears expressly that the planning agencies are to be thus controlled. As for the power authorities, the control would be similarly held because of the fact that the directors of the power authority, who by vote would control the policies of the Authority, are to be appointed by the President without fixed terms and without confirmation by the Senate (sec. 201 (e)).

Second. That the President may change the boundaries of any of the seven regions without consulting the Congress. Section 2.

Third. That he may create power authorities without regard to the boundaries of the seven regions and in such number and in such places as he may deem best and do it without consulting the Congress and may control them after he creates them. Section 20.

Fourth. That he may without consulting the Congress transfer to the power authorities, and therefore to be similarly controlled by him, the "facilities capable of producing the hydroelectric power (together with appurtenant works) constructed, under construction, or hereafter constructed by or on behalf of the United States," meaning by any other branch of the Government. Section 201 (a). Since power generating "facilities" would include all the physical structures and equipment necessary to power generation, and since if there were any doubt about that point, the doubt is dispelled by the precautionary phrase "appurtenant works," it follows that the President could transfer practically the entirety of any other Government project as far as concerns dam, spillways, outlet gates and valves, powerhouse, and generators to the control of a power authority and, therefore, to the control of the President, if only the generation of power happens to be any one of a number of functions served by the project transferred.

Fifth. Under the planning provisions of the bill, the planning agencies are to plan, under the President's control, for the conservation and development of the soil, forest, mineral, and water resources of the country and for the improvement of navigation and control of floods, and are to do all this by regions (secs. 4 (b), 5 (a). Such provisions imply the probability that, sooner or later, an effort will be made to create corporate regional instrumentalities and to invest in them the duty of carrying out the plans by constructing and operating the necessary projects and activities. In that event these corporate regional instrumentalities would be similarly subject to the control of the President. The bill already contemplates the transfer of certain other projects to its power authorities (sec. 201 (a)). It would be easy to create seven regional corporate authorities and transfer to them all projects within their borders. Indeed, why the planning by the seven regions if there are not to be seven regional authorities to carry out the regional plans and operate the regional projects? The one seems to imply the other. Already there is a pending bill containing similar planning provisions, known as the Norris bill, S. 2555, that contemplates just such regional authorities. Doubtless more such bills would follow if the Mansfield bill were to pass. And if such regional authorities were to come they would bring with them their additional restrictions upon the States, including even the prohibition against putting dams in streams, in other words, against making new uses of water, without the consent of the authorities.

Sixth. Many functions of the States would be taken from them, as already more specifically mentioned.

These considerations support the conclusion that the bill indicates a movement to centralize economic control in great degree in the successive Presidents of the United States. This centralized control, this subjection of the States, this curtailment and usurpation of their functions are, in the present instance, more than unnecessary. They are in their trend a denial of representative democracy. Representative democracy does not consist in popular election alone. It requires fully as much active participation by the elected representatives sitting in legislative assembly in the determination of the policies and objectives and laws under which the people are to live and which it is the function of the Executive to carry out.

The powers the States don't give up they still retain.

HOW TO PRESERVE THE GOOD IN THE BILL

The bill contains some good, and what it does contain ought to be preserved. The bill itself, however, is not necessary to the preservation. In fact, it stands in the way because of its curtailment of the functions of various agencies of the Government and because of its encroachment upon the rights of the States.

The good contained in the bill consists of its idea of comprehensive planning for the development and use of our natural resources. Stream systems, for instance, ought to be developed in such wise as to make sure that each State receives the use of an equitable part of the water as against the claims of other States on the same interstate stream. When, to accomplish this division and protection, interstate compacts are necessary, the compacts should be negotiated under the auspices and recommendation of the Federal Government and then submitted to the States affected and to the Congress for ratification.

The general planning should be done by the Government in cooperation with the States. For this purpose the Government has plenty of existing agencies: The Reclamation Bureau, Corps of Army Engineers, Soil Conservation Service, Forest Service, Federal Power Commission, and the National Resources Committee. Federal regional instrumentalities such as are set up by the bill are unnecessary either to plan or carry out plans. The existing Federal agencies can develop the plans in cooperation with the States. The plans then can be presented to the Congress, be discussed in the committees, receive the consideration of the Senators and Representatives, the Governors, attorneys general, and water officers of the affected States. There is no need of creating the proposed regional instrumentalities, which would impair existing Federal agencies, encroach upon the rights of the States and centralize economic and political control in a succession of Presidents. The course recommended would create no new bureaus or instrumentalities, would cost less, and would be more in the public interest.

Why Change?

EXTENSION OF REMARKS

OF

HON. KARL STEFAN

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 21, 1937

ARTICLE BY H. J. GRAMLICH, OF THE NEBRASKA AGRICULTURE COLLEGE

Mr. STEFAN. Mr. Speaker, on the eve of adjournment of this special session of Congress I take this opportunity of extending the season's greetings to you and the entire membership of this House. We from the farming sections of Nebraska pray that the Almighty will guide us in the serious tasks we may have before us in the coming regular session.

By leave of the House I submit some philosophy from the pen of my good friend, H. J. Gramlich, of the Nebraska Agriculture College, who has frequently inspired and aided me in my efforts to be of service to the people of my district and my State:

Christmas is here. How fast the year has spun around. Last year I endeavored to fill you with optimism. From the looks of the stock market I overplayed my hand. Two years ago you received a note on snow. Immediately thereafter snow fell in such quantities that highways were drifted and folks were confronted with several months of the age-old occupation of playing "shut-in."

It takes a good deal of nerve to start a word of greeting today and admittedly much effort to find a central theme to build around. Recently a friend, Joseph Spang, Jr., called my attention to a picture. This depicted a yoke of oxen hitched to a two-wheeled cart. The driver, a man well up in years, obviously possessed of but little of this world's goods and no desire to accumulate more, is portrayed sitting on a board atop the two-wheeled cart trundling slowly down a road. The caption under the picture, "Why change?"

This has set me to wondering. Who is the happier, the man speeding down the concrete highway in a modern, streamlined, high-powered car at 80 miles per hour or this veteran in his two-wheeled oxcart creeping slowly over the trail just as his forebears did a century ago? The contrast presents a thought-provoking picture to us.

John Bates, the driver of the oxcart, continues to live as of yore. He is content with that which went before. Not so Mr. and Mrs. Average Citizen. The inventive genius of man has so

completely changed the picture that life today is indeed but a part of a highly complex atmosphere. One hundred years ago we lived in an era of isolation. Today the entire world is one vast neighborhood. In 1840 but few people could read and write. With the coming of the printing press and the development of our educational system most of us are today able to pick up a paper, a magazine, or a Christmas letter and flounder through, possibly getting therefrom at least one thought which the writer hoped to put over.

When we lived in an age of seclusion we scarcely knew there was an outside world. What are some of the changes which have brought us so much closer together? In 1832, when the first railroads were in process of development, Abraham Lincoln made the statement, "No other improvement can equal the railroad in utility." At that time the railroad looked to be about the only improvement possible. By 1860, when Lincoln was elected President, the telegraph had become a reality. The western terminus was at St. Joseph, Mo. The pony express conveyed messages and mail from there to the west coast in 10 days. Upon the occasion of Mr. Lincoln's election the pony express speeded up and conveyed the news to the Sacramento Valley in 7 days and 19 hours. A year ago we elected a President. Within a few moments after the poll was counted the entire world knew the outcome.

In 1892 Mr. Duryea came forth with a three-wheeled contrivance supposedly on a self-propelled basis which proved to be a forerunner of the modern automobile. The descendants of this clumsy, horseless carriage have influenced man's behavior more than any other single factor since Noah went to sea. From crude beginnings this noisy, undependable, homely unit has developed into the modern streamlined machine which is just about foolproof, provided the driver stays on the water wagon.

Change has brought about tremendous improvements. One outstanding illustration may suffice—the self-starter, which was brought forth in 1914. This did more to universalize the gas auto than any other invention. It made it possible for women, old men, and children to drive. Why change? Of course we want change. Who wants to crank a car tomorrow morning when the engine is cold and the oil is stiff? Who among you have suffered broken wrists from the kick-back which so frequently occurred in the good old days when we cranked our autos? I dare say there are many who have never cranked a car just as there are those who have never changed a tire. Only recently my attention was attracted to a cunning cartoon. A picture of four boys in fur coats busily engaged in puffing cigarettes as they stand beside a car with a flat tire, one, apparently the son of the owner, making this observation, "I wish my old man were here. He used to know how to change a tire."

John Bates probably never would permit himself to take a ride in the air. Airplanes are strictly the product of change. They illustrate an application of man's inventive genius to the *n*th degree. Near the close of the fifteenth century, when Leonardo Da Vinci came out with what he called an ornithopter, much laughter was produced. This invetor studied the flight of birds. He invented a contraption which enclosed a man in a bat-shaped outfit with levers so located that the occupant could propel the wings with his arms and legs. This man Da Vinci should be called "the father of aviation," as he marked the starting move toward one of the greatest of recent changes.

By 1903 the airplane had developed to a point where the Wright brothers took a winged shell to Kitty Hawk, and on December 17 "those crazy Wright boys" were responsible for the first successful flight of a heavier-than-air machine. A few greasy mechanics were there to watch that memorable event. No reporters, photographers, or movie stars were in the small group which witnessed the flight. A few morbid natives had assembled to watch the massacre.

By 1911 the airplane had developed to a point where a successful transcontinental flight was experienced. The machine had to make so many landings for repairs and supplies that a period of 2 months was required to make the flight. Within the past year Hughes has flown from California to New Jersey on a nonstop flight in but little over 7 hours. Does that represent change? Has the change been for the better? Most of us would answer in the affirmative, although in thinking of some of the casualties which occur, we wonder if maybe we haven't gone too far with our speed craze. Possibly John Bates on his oxcart is safer than the passenger in the plane. Who knows? At least, John says, "Why change?"

We of the genus homo are vain. We have turned modern during recent years. Sometimes we forget that thousands of years ago, long before man had any conception of the modernistic things of today, the turtle was possessed of a streamlined body, a turret top, a retractable landing gear, and a portable house. But who wants to be a turtle? Furthermore the turtle functions today just as he did centuries ago. It is not so much when you started as whether you kept going. The turtle didn't change; man did.

We live in an age of change. There is nothing so certain as uncertainty. In this era of hectic ups and downs, man's ability to adjust himself to his surroundings and his fellow men is taxed to the limit. He is forced to use good, old-fashioned judgment or he will be swept into the sea of oblivion. There is nothing so uncommon as common sense. This characteristic is needed today in adapting one's self.

The person who applies yesterday's methods to today's living is out of the picture tomorrow. A person of that type is not unlike the man of whom it was said that all the exercise which he took was jumping at conclusions. We do not know what is ahead. We are certain that changes will occur. We know our problem will be that of adapting ourselves to these changes as they come.

Sometimes there has been a continuity which has seemed highly desirable. As I pen this paragraph I visualize the Goddess of Liberty as she stands upon the small island near the mouth of the Hudson River, a few knots off the lower tip of Manhattan Island with its Wall Street, its famous skyscrapers, and its highly concentrated mass of humans. When the French gave us this big lady, a woman of Jewish faith wrote the following inscription to put on the big girl's feet:

"Give me your tired, your poor,
Your huddled masses yearning to breathe free;
The wretched refuse of your teeming shore—
Send these, the homeless, tempest-tost, to me—
I lift my lamp beside the golden door."

Fifty years ago we were a growing nation. New York was a landing port. We could not get human hands fast enough to expand and develop as we desired. There seemed ever to be a shortage of men and women to work in factories, mines, logging camps, and on farms. We did all in our power to encourage people to come. Today we have put up the bars. Obviously the inscription might as well be chiseled from the bunion upon the goddess' concrete toe. Yet with all of this change the big, overgrown sister with the 35-foot waist measurement continues to be the most popular damsel in the United States of America. Thank God, she hasn't gone on a head-lettuce and skim-milk diet.

Of one thing we may be sure, the Christmas season never fails us. Once every 12 months it comes back to remind us that the most important thing in the world is our friends. The season brings to us the beautiful snowfall, the sharp snappy atmosphere, the clang of skates on the frozen pond, the bobsled and the frosted pictures on Christmas cards depicting the days of the stagecoach. It helps revive memories of the old-fashioned home where hospitality and friendship reached out into the darkness of the night to encourage the wanderer to come back and reenact the joys of youth.

May the fat old man with the long beard and red jacket whom we were taught to believe was a reality and whom we later learned was either a myth or Dad in mask and cotton, find you upon Christmas morning. Even though your stocking may have increased in size to a cavernous volume, I trust that it may be filled to overflowing with apples, peanuts, and Christmas joy.

Our International Policy

EXTENSION OF REMARKS

OF

HON. HERMAN P. EBERHARTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 21, 1937

RADIO ADDRESS BY HON. HERMAN P. EBERHARTER, OF PENNSYLVANIA, DECEMBER 19, 1937

Mr. EBERHARTER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following radio address delivered by me on December 19, 1937:

Now that the wage and hour bill is out of the way, it can safely be said that more attention will be given to the international situation, for the people of America realize that, although there is a vast expanse of water separating us from the scene of the terrible conflicts raging both in Europe and Asia, after all, the threat of war is not as remote a possibility as they would like to have it.

A violation of the sovereign rights of this country by the Japanese has stirred this country out of its seeming lethargy. If the recent sinking of the United States gunboat *Panay* and the killing of Americans were an isolated case it would not have caused so much concern, but it is within the memory of all of us that Japan has in the past shown contempt for the rights of American citizens. It is true that the Japanese Government has accepted full responsibility and has made abject apologies. This, however, will not entirely erase a feeling of resentment, particularly when we recall to mind that it is claimed by the Japanese Foreign Office that they are fighting a defensive war against China and their troops are not on Chinese soil because of territorial ambition.

During the past few years the democracies of the world have watched with increasing concern the utter disregard of established principles of international law by certain powerful and aggressive nations—violations of treaties solemnly and voluntarily entered into, and the open avowal and execution of policies which brazenly invade the sovereign rights of other peaceably inclined nations. Military operations have been carried on by inhumane methods, with little distinction made between combatants and noncombatants. Domestic and other national interests have been subordinated to the building up of powerful military and naval establishments. Therefore, it was not surprising to hear the President

of the United States call upon the peace-loving nations of the world to unite for the purpose of saving those ideals and modes of living which heretofore have constituted enlightened civilization. He said: "The political situation in the world has been growing progressively worse, and is such as to cause grave concern and anxiety to all the peoples and nations who wish to live in peace and amity with their neighbors. Innocent peoples and nations are being cruelly sacrificed to a greed for power and supremacy which is devoid of all sense of justice and humane consideration."

After pointing out the evils which threaten the entire world, he said: "If those things come to pass in other parts of the world, let no one imagine that America will escape, that it may expect mercy, that this Western Hemisphere will not be attacked, and that it will continue tranquilly and peacefully to carry on the ethics and arts of civilization. The peace-loving nations must make a concerted effort in opposition to those violations of treaties and those ignorings of humane instincts which today are creating a state of international anarchy and instability from which there is no escape through mere isolation or neutrality."

The spirit animating aggressor nations will not be curbed by fine phrases and declarations on our part that we desire peace. The people of America have no quarrel with the civilian population of Japan, but the fact remains that the civil government of Japan is not able to control the military branches of the Government. It is not the function of the military branches of the Japanese Government to carry out the policies the civil government decides upon. Instead, the military and naval general staffs of Japan determine for themselves the policies that involve the employment of armed forces. Former Secretary of State Simpson wrote in 1931 that "The theory that the civilian government as the representatives of the entire people should command the loyalty of the Army and the Navy had not been generally accepted by the Japanese Nation. The chiefs of those military services, instead of being subordinate to the Cabinet, had direct and independent access to the Emperor as the head of the state." And so the apologies of the diplomatic civil government of Japan will be accepted at their true value.

The view is held by many that America should withdraw all ships, naval and merchant, from the scene of the Sino-Japanese operations, and that all American citizens in the danger zone should be deprived entirely of the protection of the United States Government. Just as many others hold the view that America cannot run away from the situation or ignore the violation of solemn treaty rights, without giving notice that this great country of ours is not really interested in protecting her rights and has decided to follow the policy of peace at any price. But the peace-at-any-price policy of China has not saved that nation from the horrors of war, and it is the civilian population which is bearing the brunt.

It is now the belief that in 1916, Germany would not have chosen to sink American ships on the high seas were it not for the fact that that nation was convinced that America wanted peace at any price, and that aggressions on their part would not draw us into the conflict. At that time the people of America were determined upon a peaceful policy. None of us will forget that Woodrow Wilson was reelected on the slogan "He kept us out of war." Perhaps the militarists of Japan hold the same views now as Germany did 20 years ago.

There is no doubt but that the foreign policies of governments are largely influenced by public opinion holding sway in other of their nations. It would seem to be a serious mistake for this country to say to the world that we will not protect American citizens, nor expect other nations to respect treaty obligations.

This brings me to a discussion of the so-called Ludlow resolution, which would amend the Constitution of the United States, requiring a national referendum before this country could engage in a foreign war. This would take from the Congress a power which was imposed upon that body by the founders of the Constitution—the power to declare war. This power is a grave and, indeed, an awful responsibility, and one to be exercised only after the most serious, careful, and prayerful consideration. In the exercise of this power may depend the very future of our Nation. No one would dare to find fault with the desire to prevent this Nation from becoming engaged in any war, either foreign or domestic. The purpose of this resolution is most commendable and is actuated by the very highest of motives. Already the State Department has indicated its opposition, Secretary of State Hull, whom no one will accuse of being a saber rattler, saying that as a means of preserving peace and keeping us out of war, he cannot see either the wisdom or the practicability of such an amendment to the Constitution. This proposed amendment will come up for debate in Congress in January, a sufficient number of Congressmen having signed a petition to bring it before the House for debate and action. The very fact that such a proposal has made such headway is having an effect upon the conduct of our State Department and our diplomatic corps. Representations made by the State Department naturally will not carry the same force and effect with foreign diplomats when they consider that the people of the United States are determined upon a policy of peace, and that the people have a referendum and a check upon the President and the Congress. The policies of the administration today are being shaped with that knowledge.

The question seems to be, with respect to the Ludlow resolution, Shall we express it as our belief that aggressor nations will refrain from taking what is rightfully ours because we have convinced them that we want nothing belonging to them and will not resist their efforts to drive American citizens and American business from every land except our very own and even go so far as to destroy American shipping?

The United States exports many millions of dollars' worth of merchandise to other lands. China is one of these lands. Shall we permit Japan to drive out of China all American interests? And if we decide to permit that, shall we then permit them to drive American interests out of Russia? And further, just when should we say stop—or else?

History teaches us that in the past wars have been fought, from the time of savagery to the present time, almost wholly for commercial reasons. Some few have been fought for religious or political reasons, but for the most part they have been fought for the control of hunting grounds, pastures, sources of raw material, markets, or trade lanes. We may sneer at commerce and make light of it all we please, but the fact remains that the commerce of a nation is the commerce of its people. It is the commerce of the rich and the poor; of the man who labors on the farms and in the mills, mines, and factories. The United States is a commercial nation. We are by no means self-sufficient. We depend upon importation of many commodities necessary to our national welfare in time of peace and our national existence in time of war. The interruption of the importation of some of these commodities, for even a few days, would be serious. When an emergency arises, those in charge of our national defense should be left free to act quickly or dire consequences could easily result. Our enemies would like nothing better than to have us shut up within our own borders for a period during which a political campaign would be waged to determine whether or not we would go to war. In the last generation there has arisen a new cause for war, and that cause is purely political. Wars are today being fought to establish the supremacy of different schools of political belief.

The European conflict now raging is to determine whether fascism or communism shall prevail. A political campaign in the United States to determine whether this Nation should go to war against any particular nation would lead to a flood of furious and violent propaganda, from which it would be impossible for even the most intelligent citizen to pick the real truth. I can conceive that a referendum on such a subject might, of itself, bring on a civil war. The Ludlow resolution contains the words "except in the event of an invasion of the United States." Suppose a country would have a vast navy lying in wait just outside the 3-mile limit, ready to pounce upon some unprotected section of our fair land. No move could be made against that enemy until he actually arrived on our shores. He may decide not to invade at all, but rather to destroy our shipping and harass our commerce traveling in and out of our ports. A blockade would shut off essential commodities. Suppose enemy planes are flying all around us but have not actually invaded. Must we then wait until we go through a political campaign before we could take steps to protect ourselves?

My friends, the so-called Ludlow peace resolution, while springing from the highest of motives, is a fanciful and futile proposal. I do not think it will get the necessary two-thirds vote in Congress.

As a veteran of the World War, no one craves peace more earnestly and sincerely than I, but the embracing of such a futile proposal as this will be more harmful than beneficial toward insuring a lasting peace in this country.

Compulsory Vaccination

EXTENSION OF REMARKS

OF

HON. USHER L. BURDICK

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 21, 1937

ADDRESS OF WILLIAM HOWARD HAY, M. D., POCONO, PA., ON JUNE 25, 1937, BEFORE THE MEDICAL FREEDOM SOCIETY

Mr. BURDICK. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address by William Howard Hay, M. D., of Pocono, Pa., on June 25, 1937, before the Medical Freedom Society on the Lemke bill to abolish compulsory vaccination:

I was glad to hear the Honorable Mr. LEMKE's presentation of the subject matter of his bill. I have thought many times of all the insane things that we have advocated in medicine, that is one of the most insane—to insist on the vaccination of children, or anybody else, for the prevention of smallpox, when, as a matter of fact, we are never able to prove that vaccination saved one man from smallpox. Naturally not. When you have protected anybody, as we denote protection in medicine, you have at the same time destroyed your evidence. If that man doesn't take the disease against which he is supposed to be protected, how can you ever know he

would have taken it if he hadn't been protected? We have destroyed the evidence.

As a matter of fact, perhaps it is safe to say that not more than 10 percent of the people ever would take smallpox if sleeping in the same bed with an infected smallpox victim. We know there is a large immunity to smallpox. Very few people are subject to it, and these usually in the filthiest surroundings. Now, if we carry that natural immunity to smallpox as we do to other diseases, and we have been protected by vaccination and then we are exposed to smallpox and don't take it, don't you see there is no proof there? We may be carrying a natural immunity. If one case that has been successfully vaccinated afterward develops smallpox, that is proof that it isn't protection, now, isn't it?

I know of one epidemic of smallpox comprising nine hundred and some cases in which 95 percent of the infected had been vaccinated, and most of them recently. I have had in my own experience one very small epidemic comprising 33 cases, of which 29 had vaccination histories and a good scar, and some of them vaccinated within the last year. There was no protection there.

Among these was one girl who was not vaccinated, never had been, who had five cases of smallpox in the family, nursed those cases that were ill, a baby among the others, the worst case of smallpox among them, refused vaccination and was never infected at all—a natural immunity.

What is true of smallpox is true of every other disease. We are not all equally subject to all the diseases that occur. We know that without thinking. An epidemic of influenza sweeps over the country. Why doesn't everyone have it? The germ, if it is a germ, and we don't know that it is, is ubiquitous. They are everywhere. You can't hide from them. And yet perhaps but 10 percent of the population of any region will be infected. What protects the 90 percent? Natural immunity.

We may have natural immunity this year and we may not have it next year, but we can't create it artificially by using a so-called immune serum. As I say, when we do use an immune serum we have destroyed every possibility of using that case as evidence, because we have no way of knowing whether it would ever have been infected.

We have always recognized the fact that but 15 percent of children are subject to diphtheria, no matter how thoroughly they are exposed. Statistics of every epidemic of diphtheria in every section of the country, if averaged, will show that average, with 85 percent who are not infected. We have taken diphtheria antitoxin, we have used toxin-antitoxin and toxoid, and if we found a susceptibility or reaction to this, we have immunized that case against diphtheria by a series of three injections of antidiphtheritic serum. We have to admit 15 percent of the children are still unprotected because they take diphtheria. Isn't that the same 15 percent? We have no way of proving it isn't.

A number of years ago when we were just beginning to study diphtheria antitoxin minutely, Cook County, Ill., hospital decided to immunize one-half of the nursing staff and not the other half. Diphtheria broke out soon afterward among the immunized cases, not the others. It invaded both halves, both the immunized and the unimmunized, and the total of cases was much higher among the supposedly immunized cases than among those not immunized. We didn't do much for those nurses.

When we took over the management of the Philippines and all of its destinies, we announced to the bloomin' cockeyed world we were going to clean up smallpox in the Philippines. Well, we waited a few years but we did make a serious effort. In fact, in a population of 10,000,000 people we consummated 30,000,000 vaccinations within a period of 6 years. The Province of Rizal, of which Manila was the center, was the most accessible, of course; the little rascals couldn't get away there; we could catch them, and did, and some of them were vaccinated three and four and five and six times in the 6 years. We were going to make it thorough. In Mindanao and some of the other more outlying provinces, more mountainous, we couldn't catch the little rascals, so there was a smaller percentage of vaccinations in the outlying districts. Rizal had to take it.

Within 6 years of that time the Philippines suffered the worst attack of smallpox, the worst epidemic three times over, that had ever occurred in the history of the islands, and it was almost three times as fatal. The death rate ran as high as 60 percent in certain areas where formerly it had been 10 and 15 percent, and the thing that climaxed the whole point was this: In Rizal we had the highest incidence and the highest mortality of any part of the Archipelago. The Navy reported that vaccination of the sailors went on as regularly as drills, every so often they were vaccinated, but they had their usual percentage of smallpox, and yet they were protected!

Now we are asking in many States to have the privilege of deciding whether we will be vaccinated or not. No one wishes to deny his brother the privilege of being vaccinated if he has any faith in it, but here is the ridiculous thing about it: The ones who are objecting to abolishing the law and who are insisting on vaccination are the ones who are afraid that they will take smallpox if their brothers are not vaccinated. Now if you are vaccinated, you are protected, aren't you? What are you afraid of? Suppose your next-door neighbor does get smallpox because he was not vaccinated; that is his business; he has a right to have smallpox if he wants to; he can't give it to you if you have been vaccinated, so what are you worrying about? Let him do as he pleases. That is all we are asking; we are not asking that they forbid vaccination Let everyone have what he wants, but let us not compel those to have vaccination who know there is nothing in it, who know it is not a protection.

It is now 30 years since I have been confining myself to the treatment of chronic diseases. During those 30 years I have run against so many histories of little children who had never seen a sick day until they were vaccinated and who, in the several years that have followed, have never seen a well day since. I couldn't put my finger on the disease they have. They just weren't strong. Their resistance was gone. They were perfectly well before they were vaccinated. They have never been well since. Now you can't record those as deaths from vaccination because they are still alive; but in England, where statistics are a little more frank than they are with us, where they are kept a little more accurately, a little more aboveboard than in this country, the actual official records show three times as many deaths directly from vaccinations as from smallpox for the last 21 years. If they record three times as many deaths, I will guarantee you that there are three times that many deaths that were not recorded that are directly traceable to vaccination. That doesn't take into account the many, many cases of encephalitis or sleeping sickness, of this or that form of degeneration, that occur as a direct result of vaccination. That case is still alive. It hasn't entered here the mortality records yet, but it is suffering and has suffered ever since vaccination.

And if you had been dealing, as I have, with the derelicts from all over the world for 30 years, you would find an almost fatal relationship between this history of vaccination and some failing that follows this for many years that has kept a person from being as well as he should have been.

It is nonsense to think that you can inject pus—and it is usually from the pustule of the dead smallpox victim; that is the basis of it; we used to think it was from cowpox, but the manufacturers deny that and say the most reliable form originates in the pustule of someone who has died from smallpox—it is unthinkable that you can inject that into a little child and in any way improve its health.

What is true of vaccination is exactly as true of all forms of serum immunization, so called. There is no such thing as immunization, but we sell it under that name—immunization. We jab a needle full of pus germ, we will say the streptococcus, for instance, in attenuated form so it won't pollute too badly, and we increase the dose or potency of that little by little until we build up what we call a resistance to it. You can do the same thing with the rattlesnake venom. You can be bitten just a little by a rattlesnake and not die, and if you are bitten often enough, you can be bitten in a vital part and not die; you have built up a resistance to the venom of the rattlesnake, but have you improved your physique by doing so? If we could by any means build up a natural resistance to disease through these artificial means, I would applaud it to the echo, but we can't do it. The body has its own methods of defense. These depend on the vitality of the body at the time. If it is vital enough it will resist all infections; if it isn't vital enough, it won't, and you can't change the vitality of the body for the better by introducing poison of any kind into it.

The Treasury Advertising Campaign

EXTENSION OF REMARKS

OF

HON. FRED L. CRAWFORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 21, 1937

THE OLDEST PUBLISHERS' AND ADVERTISERS' JOURNAL IN AMERICA COMMENTS EDITORIALLY ON TREASURY'S MAGAZINE ADVERTISING ALIBI

Mr. CRAWFORD. Mr. Speaker, some few days ago in discussing freedom of the press, I called the attention of the House to the fact that the Treasury Department was discriminating against newspapers in its advertising campaign intended to promote the sale of baby bonds. Under leave to extend my remarks I insert here an editorial appearing in the December 18 issue of Editor and Publisher, the oldest publishers' and advertisers' journal in America, commenting on Mr. Morgenthau's advertising program:

FALLACY—OR ALIBI

When he noticed the advertising of the Treasury Department for United States savings bonds in several popular magazines, Representative FRED L. CRAWFORD, of Michigan, asked Secretary Morgenthau why newspapers had not been included in the campaign.

The Treasury's reply, signed by Herbert E. Gaston, a former newspaperman who is now Assistant to the Secretary, was that "it

would be most difficult for us to advertise in any newspapers without advertising in all. To do this would call for far greater expenditures than have been made or would be appropriate in the premises."

Mr. Gaston's reply is the usual one. It ignores the obvious fact that the advertisements appear in some, not all, magazines. It assumes and asserts that an advertiser cannot use any newspaper without using all, thereby ignoring the experience of hundreds of advertisers who obtain the coverage they want with a selected list of newspapers.

If advertising of the Treasury Department is regarded by the Treasury as a piece of political patronage, then, to be sure, it must be parceled out without regard to business objectives. If, as it seems, the object is to sell bonds, there is no reason why the United States Treasury, any more than the American Tobacco Co., the Aluminum Co. of America, or John Wanamaker, should use any media it does not choose to use.

If the Secretary of the Treasury decides to overlook the great market for his securities afforded by newspaper readers, we believe that his expenditure of public funds for the purpose should be respectfully challenged. The Treasury should not be allowed to hide behind the fallacy or alibi that a special and an asinine principle applies to Uncle Sam when he has a business proposition to offer his investing family through advertising channels.

The Postal Service

EXTENSION OF REMARKS

OF

HON. ROBERT J. BULKLEY

OF OHIO

IN THE SENATE OF THE UNITED STATES

Tuesday, December 21 (legislative day of Tuesday, November 16), 1937

ADDRESS OF HON. JAMES A. FARLEY, POSTMASTER GENERAL OF THE UNITED STATES, AT THE TWENTIETH NATIONAL CONVENTION OF THE NATIONAL FEDERATION OF POST OFFICE CLERKS, CIVIC AUDITORIUM, TOLEDO, OHIO, SEPTEMBER 7, 1937

Mr. BULKLEY. Mr. President, I ask unanimous consent to have printed in the RECORD an address on the Postal Service delivered by Hon. James A. Farley, Postmaster General of the United States, at the Twentieth National Convention of the National Federation of Post Office Clerks at Toledo, Ohio, September 7, 1937.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

It is a great pleasure to be here and I am much indebted to Leo George, Gilbert Hyatt, and their associates in Washington for the cordial and oft-repeated invitation to attend this convention of the National Federation of Post Office Clerks.

I think it is in the public interest and good for you as individuals to hold meetings of this kind. The contacts you make here with officials of the Department and with people from other post offices give you an opportunity for exchange of ideas which should increase your knowledge of the Postal Service.

You men and women who are here as delegates are, I presume, the leaders of your particular groups in your local offices. During the course of the convention you will consider many resolutions and suggestions affecting the general welfare of post-office clerks. Therefore, what you do while at the convention and what you report back home has a definite influence on the morale of a large number of postal employees.

For that reason it would appear to be in the interest of all concerned to discuss with you briefly, but quite frankly, some of our problems of management, with the idea that a common understanding of our relative responsibilities will bring about real cooperation in our mutual effort to give to the public a most efficient service, with proper regard for the personnel, and with proper regard for the taxpayer's pocketbook.

One of the Department's greatest problems is the elimination of complaints caused by carelessness and indifference. If we are to function as we should and fully meet the needs of the people, we must have intelligent personnel, properly trained and eager to serve. It is essential that everyone connected with mail handling be alert, careful, and interested in the work. All mail is important to the sender. Some classes, of course, are more important than others, but all of it must be handled promptly and efficiently.

A single letter or parcel which is missent by a careless clerk often causes delay which results in loss of time and money to both sender and addressee. Likewise, clerks who contact the public and who give information concerning rates of postage, classification, regulations as to packing, dispatch schedules, and the like, must be well informed on such matters, otherwise they will mislead the patron and cause complaints which are most embarassing. Regardless of the assignment an employee occupies, if he applies himself diligently and studies his work thoroughly he will find his task much easier to perform.

After careful observation and investigation I am convinced that the United States Postal Service can be, and should be, maintained from its revenues. From the employees' viewpoint it seems most important that income and expense balance. To illustrate: Several years ago when you were asking for the passage of a shorter workweek law and the bills were presented to Congress, the congressional committees, following their usual practice, asked for my recommendation. When the matter was first presented, notwithstanding the fact that I believed in the shorter workweek and recognized that its passage would provide an opportunity to give jobs to substitutes—thousands of them who had stood by us for several very lean years—I felt it my duty to withhold approval until the income of the Department indicated an upward trend sufficient to provide the money. When the additional money was in sight I was most happy to give my approval, and so indicated to the Congress. You well know what followed.

In this connection I feel I should say to you that we have been pleased over the results obtained. More jobs were created, practically all of our older substitutes were put on the pay roll regularly, efficient service has been maintained, and the increased cost I am sure has been made up from increased business and increased efficiency among the workers. I am very grateful to each and every one of you who have had a part in that accomplishment. In approving the shorter workweek the present administration under that great humanitarian, President Franklin D. Roosevelt, proves that it is giving more than lip service to the workers of America.

Today you occupy an enviable position among the workers of America. Those of you who have completed your period of apprenticeship, and most of you have, are receiving not less than $2,100 a year salary. A considerable number of you receive $2,300 a year. Let us consider the larger group in the $2,100 grade. From this is paid 3½ percent, or $78.50 per annum into the retirement fund, leaving $2,021.50 net. By virtue of existing laws your workweek is limited to 40 hours. You have annual vacation of 15 working days, or 3 full weeks. You are granted when actually ill 10 working days a year sick leave, with pay. You are also granted time off on seven national holidays, or its equivalent. Disregarding the sick leave and the time off for holidays, you are required to render service 49 weeks a year, with a wage of approximately $41.25 a week, of 40 hours, or more than $1 per hour for actual work performed. When you work at night your pay is increased 10 percent, and when you work overtime you are compensated for such time. You are protected against poverty in old age by retirement on annuity, which averages $1,200 per year. You probably know that your contributions do not pay for much of the annuity. Ordinarily the worker pays for about $300 of the amount and the Government provides the balance of $900. Your work is performed under favorable conditions on a fixed schedule, except in emergencies. You have opportunity for advancement to supervisory positions, to the inspection service, and to administrative places in the Department.

Compare this with the earnings, opportunities, and general conditions prevailing in other lines of endeavor and you will find that you are quite well off. This is especially true when you consider the life tenure of your positions during good behavior. The benefits which I have enumerated are proper and just. As time goes on, and to the extent that you merit them, even greater benefits will come to you.

I have no doubt that postal organizations have played an important part in bringing about many of these benefits, and I congratulate you and the other organizations of employees on the success attained.

However, you who operate the Service have no rights of ownership. The Postal Service belongs to the people, and you have been selected as the agents of the people to carry on their work. You must consider your employment as a public trust, and remember that your attitude will govern to a large extent the measure of confidence the public reposes in you.

Since I have been Postmaster General I have been pleased to receive you as individuals or as representatives of organized groups, for the discussion of your welfare and to enable you to present your grievances. My assistants, all postmasters, and the supervisors in the field have been encouraged to do likewise. In saying this I do not mean that in the Department or in the post offices we have permitted or can permit any employee or organization of employees to determine our course of action, nor can we permit any individual or group organized or unorganized, to willfully disobey the regulations or interfere with the proper and orderly conduct of the Service. I shall, however, maintain a broad and fair policy with respect to employees and the representatives of their organizations. I want them to be happy and I want to know their side of the story before reaching a conclusion on any problem which affects their welfare.

On the other hand I feel that all employees should meet the requirements of the Department without complaint and without grumbling. They should cooperate with the postmasters and the supervisors. They should be industrious and honest, and amenable to discipline. They must be courteous to the public, to their supervisors, and to their fellow workers.

I am pleased to tell you that Bill Howes, my good friend and able First Assistant, head of the Bureau under which you serve, will be with you later in the week. Jesse Donaldson, Deputy First Assistant, and one of the efficient career men I had the pleasure

of bringing into the administrative staff of the Department, is also here. You will learn from them many things about departmental policy which I trust will be helpful to you.

In conclusion may I again express to your officers and to you my sincere appreciation for the invitation to be here, and thank you for your patience. I trust that your convention will be both pleasant and profitable for all of you.

Balancing the Budget

EXTENSION OF REMARKS

OF

HON. LOUIS LUDLOW

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Saturday, December 18, 1937

Mr. LUDLOW. Mr. Speaker, President Roosevelt's economy program presents to Congress and to the country a wise and well-considered national policy which, if carried out, will go a long way toward restoring prosperity and normal conditions in industry and employment in America. As a member of the Appropriations Committee and chairman of one of its subcommittees, I pledge my earnest support to the President's program to hold appropriations down to the Budget estimates. Our country greatly needs at this time a certain kind of tonic and restorative to wash out the remnants of the depression and to revitalize business and employment. It needs this certain kind of tonic and restorative to rekindle confidence and to start America humming again with the activities that connote prosperity and happiness. When I use the term "our country" in this connection I speak in the broadest collective sense and refer to all of the 130,000,000 people who comprise the American Nation. The remedial agent which I have in mind to tone up America and to lead us the remainder of the way out of the economic morass would benefit, directly or indirectly, every citizen of the Republic. The certain kind of tonic and restorative to which I refer is a reduction of Federal expenditures. If the reduction is made so real and so far reaching as to accomplish a balancing of the Budget in the fiscal year 1939, which I think is possible, the remedy will be perfect.

When I say that all of the citizens of the Republic would benefit by a reduction of public expenditures and a balancing of the Budget, I am stating what perhaps will appear to many as an inexplicable paradox. Some will say:

"How can I possibly be benefited if the Federal appropriation from which I get my living is cut off? I am now assured of an income that is fixed and certain because it comes from the money of the taxpayers."

Yet when such persons are further questioned they will invariably say that they would rather have a regular job than a synthetic job. As between a leaf-raking job and a regular job in industry, the red-blooded, self-respecting American will prefer the regular job every time.

And this brings us to the crux of the situation. A governmental retrenchment program, having in view an ultimately balanced Budget and an ultimate reduction of taxes, coupled with a removal of some of the unreasonable restrictions now imposed upon business and industry, such as the unwholesome and repressive provisions of the undistributed-profits tax, would revive business and industry, restore employment, and facilitate the transfer of millions from synthetic Government jobs to real jobs.

There is nothing the business and industrial world needs quite so much right now as a governmental economy tonic. Given that tonic, it is ready to forge ahead on the recovery road at a pace which I am sure would be amazing. During the years of depression and gloom factories have run on a hand-to-mouth basis and their output has been away below par. The result is that supplies and stocks in many lines have been depleted almost to the point of exhaustion. Given assurance of a balanced Budget and cooperation between Government and business, factories will soon boom with activity in manufacturing the stocks which the country so vitally needs. This would start a transfer from relief jobs to regular jobs, from make-believe employment to real employment, which is the heart's desire of every self-respecting man and woman. In America, under President Roosevelt's leadership, we do not allow people to starve or freeze or go naked, and we never will. As long as any person is exposed to such hardships, that person must be and will be granted relief. That is a doctrine dictated by the simple humanities which we all recognize. But if we can reduce dependence upon governmental support to the minimum by opening the avenues for employment in private industry, it will be best for everybody concerned.

In this great country of boundless resources every employable person is entitled to a job at a saving wage, and every far-seeing leader in the ranks of labor knows that a person cannot be employed unless there is someone who is capable and willing to employ him. A railroad employee, for instance, does not want to own the railroad he works for. What he does want is steady employment, excellent wages, and the best of working conditions; and it follows that under our capitalistic system anything the Government may reasonably do to encourage and fortify honest employers so that they may furnish work with regular wages and under the very best working conditions will be beneficial to the employees as well as to employers. If Congress will only recognize a truth, which should be as patent as a lighthouse on a rockbound coast, there is no more certain way to correct existing maladjustments and to afford business and industry the encouragement to take employables off the relief rolls than the economy way. If business and industry and our people in general can be assured that vast governmental expenditures are to cease and that appropriations are really to be cut so that the Budget may be balanced, the psychological influence will be great and a movement will be started which, if given a little time, will bring America out of the kinks.

If we adopt this policy now, we need not expect national disaster to result from the heavy depression spending. Whether or not all of that spending has been absolutely necessary is not now the question at issue. That it would lead to disaster if continued is perfectly clear. It has left us with a national debt mounting up well toward $37,000,000,000. A country worth $350,000,000,000, with great recuperative powers, can absorb a debt of $37,000,000,000 without collapse and without running the risk of dangerous inflation. But it would not be wise or prudent to subject the Nation's financial sinews to any heavier strain. Our executive officials and our national lawmakers will pursue the course of wisdom if they will face about and lay down a new national policy of retrenchment, so that as soon as possible we may approach the time when the Nation's tongue and buckle will meet. Whether or not the tongue and buckle of the Nation's financial belt may be made to meet in 1939, thus achieving the cherished goal of a balanced Budget in the next fiscal year, depends upon the will to cut appropriations. I mean this statement exactly in its literal sense. It depends upon not only the will to cut in Congress but also the will to cut in the executive departments.

Members of Congress and the executive branch must pull together with a mutual determination to do the job, however disagreeable it may be. There is no doubt that it can be done if Congress and the executive officials will apply the grim philosophy of the elder statesman who said, concerning the resumption of specie payments, "The way to resume is to resume."

The modern paraphrase of that saying is: "The way to balance the Budget is to balance it." Cuts can be made without crippling any essential governmental activity which in the aggregate will produce enough savings to balance the Budget in the fiscal year 1939 without any help from increased taxes. We already have a very wide tax base, and with expanding revenue due to reviving business and returning prosperity our tax receipts should be adequate to run

the Government and to cover fixed charges such as debt retirement. A balanced Budget at the end of the present fiscal year 1938 is not in the picture.

It is amazing how many times appeals are made to Members of Congress to vote for measures of questionable worth because of the financial benefits that would accrue to their districts. That type of measure is responsible for most of the "hog combines" that have such a devastating effect on the United States Treasury.

If we are to have real retrenchment, Members must steel themselves to vote against such bills, even at the risk of being charged with unfaithfulness to their districts. As a matter of fact, in most instances a vote against such a bill is a vote in the best interest of the districts that are supposed to be sugared as well as the country at large, for there is no congressional Santa Claus except in somebody's imagination, and the people always have to pay. There is not a nickel of tax revenue spent by any governmental unit—Federal, State, or local—that does not come out of the taxpayer.

Any Member of Congress knows places where vast savings can be made by retrenchment without in any way doing injury to governmental operations. The enormous sums that are being poured out on reclamation and irrigation projects seem very much like a travesty when we recall the strenuous efforts the Government is all the time making to curtail crop production. Why not go slow on those projects for a while? In our former years of highest prosperity we spent not over $50,000,000 or $60,000,000 a year on river and harbor improvements. Now, when we are struggling to get out of the worst depression America ever has known, we are spending about $140,000,000 a year on our rivers and harbors. Why not mark time for a while?

And why not put a check on our expenditures for public roads? The Federal appropriations for roads during the last 5 years have been staggering. I am referring now to the cost of original construction, and on top of that every time a million dollars is spent for roads the maintenance cost goes up. The specific appropriations for roads during the 5 years have been in excess of $430,000,000. In addition to this enormous outlay for road building, Harry L. Hopkins spent from relief funds prior to June 30, 1937, $1,300,000,000 for highways, roads, and streets, and he has outstanding commitments amounting to between $200,000,000 and $300,000,000 more for roads. Altogether we have spent more than $2,000,000,000 for roads in 5 years. America today is beribboned from coast to coast and from Canada to Mexico with hard-surfaced highways. We should pause in our road-building activity, at least until the Treasury is in better condition and the danger of inflation and bankruptcy ceases to hover over the land.

Such items as these, rather than personal services, must bear the brunt of the heavy cuts if we are to get the Budget in balance. In the Government service, no less than in the ordinary walks of life, "the laborer is worthy of his hire." The vast army of workers who carry on the operations of the Government, such, for instance, as the postal workers, certainly are not overpaid, and it would be a fatuous undertaking to try to balance the Budget by taking it out of the backs of the Government employees.

If we are to have real economy, the future appropriation, euphemistally called an "authorization", is to be shunned just as surely as actual, unnecessary appropriations must be avoided. When such a measure comes before the House or Senate the persistent advocate will not fail to assure his colleagues that "this is not an appropriation—it is just an authorization." Seasoned legislators are not fooled by such talk. They know that, just as a big oak from a small acorn grows, what appears to be an innocuous authorization in ninety-nine cases out of a hundred develops into an appropriation. So if we are to do a real job in cutting, we must insert the pruning knife in authorizations as well as in appropriations.

In conclusion let me repeat that the Budget can be balanced and, in my judgment, it must be balanced to save America from disaster. It can be balanced in the fiscal year 1939 if we have the courage and determination to do it.

To balance the Budget is not the job of Congress alone or of the executive branch alone, but it is the job of both, and it is the biggest job before them.

The "Panay" Incident and the Ludlow Resolution

EXTENSION OF REMARKS

OF

HON. HAMILTON FISH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 21, 1937

RADIO ADDRESS BY HON. HAMILTON FISH, OF NEW YORK, ON DECEMBER 21, 1937

Mr. FISH. Mr. Speaker, under leave to extend my remarks, I include the following radio speech over the Intercity Broadcasting System, Tuesday evening, December 21, 1937, on the National Council for Prevention of War program:

I propose to speak in a serious vein, free from partisanship of any kind.

The sinking of the *Panay* has raised an issue of paramount importance, affecting the preservation of the peace of our country. I believe it should be openly and freely discussed, and that all the known facts should be presented to the American people who are the ones most concerned.

There seems to be no dispute, according to the press, over the facts in connection with the sinking of the American gunboat *Panay* on the Yangtze River. In an attack in broad daylight the *Panay* was bombed and sunk by Japanese airplanes and the survivors were fired upon by Japanese machine guns.

The issue presented is an American one, far transcending all party lines. Naturally, the American people resent bitterly this uncalled-for attack on our flag and on our gunboat, resulting in the death of several Americans. I wholeheartedly support the demands made by the President and the Secretary of State for full apology, compensation, and permanent guaranties against the repetition of such attacks on our ships and on American citizens. These demands should be supported by united public opinion, by Republicans and Democrats alike.

I have repeatedly in the past urged that our gunboats and our armed forces, except the legation guards, be withdrawn from China, with whom we are at peace. I still believe in this policy. However, I do not believe in withdrawing one single American gunboat or soldier from China while under fire or as a result of threats or coercion. The American flag has never been hauled down on account of intimidation, threats, or fear of violence, and it should not be in China until full and complete guaranties have been obtained and existing incidents settled on a proper, fair, and peaceful basis.

I loathe and abhor war, because I believe it is a form of national suicide. Furthermore, any war with Japan would be criminal folly, as there is nothing to be gained even if we won and a great deal to lose if it lasted for a number of years with no definite result.

I urge the American people, regardless of party affiliations, to refrain from hysterical, provocative, and inflammatory speeches, pending the settlement on a friendly basis of our difficulties with Japan. I also urge them not to enter into boycotts, reprisals, or embargoes of any kind, because all of them tend to inflame the passions of our people, develop hatreds, and, in return, cause bitter enmity in Japan, which will probably eventuate in war.

I have the utmost sympathy with the attitude of the American Federation of Labor, which assumed the lead recently in an Ohio city, where unemployment was largely due to the importation of the low-priced commodities from Japan, where labor is paid 20 cents a day. Their grievance is not against Japan but against the administration for not providing adequate tariff protection to American workmen. On the other hand, we must remember we have sold to Japan within the first 10 months of this year about $254,000,000 worth of goods and bought $175,000,000 worth, which means that Japan is one of our best customers. In the same period we sold to China about $46,000,000 and bought about $92,000,000 from her.

I want to take this occasion to warn the American people that there are groups within our own country of skilled propagandists—Communists, Russians, Chinese, and possibly English—who want to inflame the passions of the American people against Japan, and that from now on we will be subjected to a vast propaganda campaign of hate, trying to force the United States to police China and to make war on Japan.

There is no more sensitive, proud, or warlike nation than the Japanese. If we deliberately become victims of foreign propaganda and of war psychology, it can only mean that we are embarking on the road to war. It is the easiest thing in the world, if we start out with a chip on our shoulder, to enter into a war if we are looking for it.

My message is, and I hope it will be heeded by the American people, that they remain calm, cool, and keep their feet on the ground, free from propaganda and partisanship, and consider the facts on a sound and sane basis, having in mind the best interests and welfare of the American people.

I am convinced that the Japanese Government will comply with every request made by our Government, as to apology, compensation, and guaranties, and pending that we should take the attitude that we are ready to arbitrate every single dispute with any foreign nation that does not involve deliberate attacks on our country, our territories, or our citizens.

Everyone must understand that the American people will go to war in defense of our country and its territories if attacked by foreign powers. The American people do not want any conquered territory, and will not go to war over foreign boundary disputes and ancient blood feuds, or over conflicts about trade, property, and neutral rights, all of which should be settled by arbitration.

I think we should keep out of every foreign war. If other nations want to go stark mad, arm to the teeth, and go to war, it is their war and not ours.

Representative LUDLOW, a distinguished Democratic Member of Congress from Indiana, has introduced a resolution providing for a constitutional amendment giving the people the right to vote, in a referendum, on the question of war. I signed the petition gladly with a majority of the Members of the House of Representatives, and also with an overwhelming majority of the war veterans of the House, both Republicans, and Democrats alike.

I know of no resolution that has ever caused more inspired propaganda from various sources, including the White House and the State Department, and with little or no justification. Statements have appeared in the newspapers and editorials have flourished like a green bay tree filled with false and misleading information concerning the purposes of this resolution.

The proposal simply seeks to give the American people the right to vote on wars of aggression, and in no way affects our national defense. It specifically provides that it shall not go into effect in case of an invasion of our country or territories by a foreign power. It is intended to make it more specific, by amending it to include the words, "or any military or naval expedition against the United States."

I received a letter from one of my constituents asking me how it was possible for me to vote for such a resolution which would not permit us to go to war even if our Navy were destroyed by a foreign power. This is typical of the absurd attacks that have been made upon this proposal, and shows a complete lack of confidence in the patriotism and Americanism of Members of Congress.

If we actually believe in our free institutions and a government by the consent of the governed, neither the President nor the Congress should be allowed to take the Nation into any foreign war to which a majority of the people are opposed.

At the present time the war-making powers are largely in the hands of the President, and the Congress has become merely an instrument to ratify the international moves and commitments of one man. By way of demonstration, with a 4-to-1 Democratic majority at the present time the President might, if he cared to, make commitments that would practically compel a majority of his party to support him in the Congress, but if there is an effective check such as a war referendum which compels the Chief Executive to convince the people that he is right, it would be a deterrent to such action involving us in wars that may not be justifiable.

I want to point out, however, that the Ludlow resolution does not affect the present situation in the Far East, as it would take at least a year to be ratified by three-quarters of the State legislatures.

I doubt, in view of the determined opposition of the President and the State Department, that it will be possible to get the necessary two-thirds vote in Congress for the passage of this resolution, but I am convinced that if it should be passed by Congress it would be overwhelmingly adopted by the people back home and by the different State legislatures.

The people don't want any wars of aggression, or wars as a result of trade disputes, property rights, or neutrality rights, or any wars arising from ancient foreign blood feuds and boundary disputes between other nations, or attempts to quarantine or police other nations. The American people are prepared to spend millions for national defense, but not $1 to send American soldiers to foreign lands to fight other people's battles.

In spite of the tremendous barrage of propaganda against the Ludlow resolution, I urge upon my unseen radio audience that they write to their Members of Congress, Republicans and Democrats alike, in the interest of peace, and ask them to vote for the Ludlow resolution when it comes up in Congress on January 10.

War has only recently become a matter that affects every citizen in the Nation and amounts to mass suicide. Certainly the people who are going to carry the muskets, and the mothers and fathers, have a right to determine whether the facts in each case warrant the sacrifice they will be called upon to make and justify our going into a modern war where everyone loses and no one wins.

I am no pacifist, believing in adequate national defense, but I shall do everything in my power to isolate the American people and the United States from participating in unnecessary foreign wars. The best way to do that is to give the people the final vote to determine this issue themselves.

QUESTIONS

(1) Mr. Congressman, there seems to be a fear that the war referendum would delay effectual action by our Government in time of crisis. Do you believe this?

Answer. Certainly not. There has been more inspired propaganda and false statements made regarding the proposed Ludlow resolution than any other proposal in recent years. It in no way affects our national defense in case of attacks or invasion of our Territories or of our country. Its main purpose is to give the American people the right to vote to keep us out of what they may consider to be unnecessary wars, arising over property rights, neutrality, trade, foreign boundary disputes and attempts to police or quarantine other nations.

(2) Mr. FISH, why would the Ludlow war referendum be opposed to representative government, as a high official has just implied?

Answer. I do not agree with the President's statement that the Ludlow war referendum is opposed to representative government. The fact is that war issues arise generally between elections, and there is no mandate from the people. Furthermore, I believe the American people, who have the most at stake, are as competent to pass on questions of war or peace as the President or Members of Congress. In fact, one of the purposes of the resolution is to prevent international-minded Presidents who want to quarantine and police other nations from getting into wars of aggression. The war referendum would be a check and a deterrent on any militaristic-minded President that we may have in the future.

(3) Congressman FISH, the *Panay* incident is said by some to have resulted from a governmental policy that keeps American armed forces where they have no right to be; namely, in the line of fire of a no man's land where other nations are fighting. Will not the increase of our armed forces in Chinese waters now increase the likelihood of more incidents?

Answer. Although I am opposed to withdrawing American gunboats or hauling down the American flag under fire or under threats or coercion, I see no reason for the gunboats to be there in the first place, and believe they should be withdrawn as soon as guaranties that we asked for are given by Japan. I am not in sympathy with the suggestion of having the American Navy patrol the Chinese coast, together with the Navies of Great Britain and France, as it is bound to create some incident which will eventuate in war. Great Britain has a great stake in China, and I do not believe our Navy should be used to safeguard her commercial interests.

(4) Congressman FISH, does America face a greater danger from outside dictatorships or from domestic tendencies that ignore the will of the Congress and the people in the matters of war and peace?

Answer. Believing, as I do, in our free institutions and popular government, I would much rather put my trust in the will of the people than in any foreign or outside dictatorships, or dictatorship from within, that ignores the will of both the Congress and the American people.

(5) Mr. Congressman, as a war veteran, do you believe the Ludlow war referendum dangerous to our national defense?

Answer. A very large majority of the war veterans in the House of Representatives have signed the Ludlow petition, and they have done so because they know that it will in no way interfere with or endanger our national defense. There is no group of Americans that loathes and abhors war more than the veterans of the World War, but at the same time there is no group that is stronger for adequate national defense. Furthermore, I do not believe there is any group that will go any further to keep us out of foreign entanglements, war commitments, and of actual war than those who fought in our armed forces on foreign battlefields.

The Proposed British Trade Agreement

EXTENSION OF REMARKS

OF

HON. ROY O. WOODRUFF

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 21, 1937

Mr. WOODRUFF. Mr. Speaker, the "weazels" in the proposed Anglo-American reciprocal military trade treaty negotiations are beginning to show their heads. With the holes all carefully plugged at the American end by the State Department, much concern is being occasioned Mr. Hull and his "Yankee traders" because, apparently, the British end

of the tunnels, which are being driven under the Johnson Act, are open and the "weazels" insist upon popping out over there and displaying themselves in full view of those abroad and in America who are carefully watching these sinister and secret negotiations.

Several weeks ago I commented upon the fact that the real purpose of the British-American trade treaty, which is now under negotiation, was to tunnel under the Johnson Act, which is to bar to further credit loans by America to our former allies of the World War who have defaulted their honest debts to the people of this country.

While war was still a matter of the somewhat distant future, the Johnson Act and their debts to us were regarded with scorn and a shrug of the shoulders by Britain and France and the other nations who had defaulted. The lone exception to this was the honorable and sturdy little nation of Finland, which has met its debt payments promptly and fully, with the result that its example is the one bright and shining spot in a world situation dark and gloomy with dishonesty and broken pledges.

A few days ago, authentic information from London revealed the fact that Great Britain has asked our State Department to consider the question of future war credits should Great Britain become involved in conflict. Britain is, of course, leading the way for France to follow.

With war threatening, Britain and France have become very much concerned(?) over their defaults in debt payments, and are so contrite that they now earnestly desire to begin "token" payments—provided the debts are again scaled down, and provided that the "token" payments are not too heavy, and provided that the payment of the fraction of the debt remaining after the new reductions is spread over 50 years, and provided that in the meantime the United States will agree that Britain (and, I suppose, France as well) can begin borrowing, for war purposes, more money than they would probably repay us in the reduced debt. Are we to expect, when this has been accomplished, that the process is to be repeated so often as it seems possible to impose upon the American people?

Such a proposal, of course, can be ventured only because of the contempt which the nations of Europe must necessarily feel for American intelligence.

These recent revelations from London state that:

> The possibility of such war credits presupposes a settlement of the present war debts which Great Britain is now anxious to bring about, and the functioning of a trade agreement between the United States and Great Britain and the British Dominions now being negotiated.
>
> These war credits, Washington has been advised, would be used by Great Britain for the purchase of food and materials for primary consumption and industry.
>
> An early study may be made of the way in which such credits could be available, either directly to the British Government or indirectly through American business firms who would be guaranteed repayment by arrangement through the American and British Governments or through official banks.

The most startling "weazel" which popped out in London in this connection is the following statement:

> What the British Government seeks is a secret understanding in principle that should war break out Great Britain could reply upon the United States for a continuous supply of food and materials. Without credit such a supply would be endangered.

Here is the absolute confirmation of the statement I made some weeks ago that under the guise of a reciprocal-trade treaty, which in itself is highly dangerous to American industrial and agricultural interests, Mr. Roosevelt and Mr. Hull are actually negotiating what in reality constitutes a secret military alliance in absolute defiance of the Neutrality Act, and an alliance which inevitably would involve this country on the side of the British Empire in any war in which Britain might become engaged.

Some months ago, in discussing editorially the possibility of a trade agreement between Great Britain and the United States, the London Economist stated:

> It is fully possible * * * that Great Britain has already gained more from the concessions made by the United States in her treaties with other countries than could be obtained by a direct Anglo-American treaty.

Added to this situation, we now find that the British dominions expect to get compensatory markets in the United States in exchange for all the markets they give up in Great Britain or her dominions under the terms of this proposed trade treaty. The imports which would thus flow in upon American producers would be principally competitive agricultural products, to the further detriment and embarrassment, of the American farmer.

No situation more highly loaded with dynamite can be imagined than these negotiations, utterly secret in character, now being carried on between British officials, President Roosevelt, Secretary of State Hull, and roving Ambassador Norman Davis.

Not only are the implications of this trade treaty of sinister import to American industrial and agricultural producers, particularly the latter, but they are of even more sinister import to every American mother who has a son of the proper age for cannon fodder.

It is utterly inexcusable, and it is difficult to find words by which adequately to characterize such action on the part of the President and the State Department in deliberately and secretly carrying on these negotiations for a military alliance under the guise of a trade treaty while concealing that fact from the American people, who in the finality have to do the fighting, the suffering, the dying, and the paying which may become necessary to validate those unauthorized and atrocious treaties.

While Mr. Roosevelt tries to abate the fears of the Nation by heralding his determination to "keep on seeking peace," he is actively engaged in treaty-making negotiations which, if our experience of 20 years ago teaches us anything, will ultimately lead us straight to war.

The Ludlow War Referendum Resolution

EXTENSION OF REMARKS

OF

HON. HERMAN P. KOPPLEMANN

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 21, 1937

RADIO ADDRESS OF HON. HERMAN P. KOPPLEMANN, OF CONNECTICUT, AT HARTFORD, CONN., DECEMBER 19, 1937

Mr. KOPPLEMANN. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include the following radio address delivered by me on the Ludlow war referendum resolution at Hartford, Conn., on December 19, 1937:

> This afternoon I had intended to discuss the special session of Congress, but instead I am going to talk about war.
>
> The other day I telephoned the White House for an appointment with the President. I wanted to see him about legislation and matters of importance to my district. The President's secretary replied impatiently that all appointments were being canceled because the President was too busy with the war in the Far East. To him that was the most important matter. In comparison, everything else was insignificant. The day before an American boat had been bombed and sunk in China. The day after the last of 218 signatures to a petition to bring up the Ludlow war referendum resolution for debate in the House was obtained.
>
> The signing of that petition is mighty significant. The Ludlow resolution seeks an amendment to the Constitution for a referendum to the people of this country to say whether or not the United States will wage a war of aggression. The resolution had been locked up in a committee for more than 2 years.
>
> Understand that this Ludlow resolution does not apply if we are invaded or attacked. It has to do solely with the question of whether we will send our boys and ships to foreign territory to fight a war. That question, according to the constitutional amendment which the Ludlow resolution seeks, must be decided by the people themselves. Congressman LUDLOW himself signed the petition first. My name went on as the second signer.
>
> A telegram from Hartford reached me the other day which advised that the sender was unpleasantly surprised at my support of the ridiculous Ludlow resolution; that it seemed too grotesque for serious consideration; that it was hardly the reasoning of adult minds, and to please note his active opposition. That person should not have been surprised. My advocacy of peace is no secret.

In my three campaigns for Congress I have repeatedly emphasized that I would vote for every proposal which would insure peace for the United States and against every proposal which would lead us into war.

When the Founding Fathers, who wrote our Constitution, decreed that Congress should have the power to declare war, they made a radical departure from the method of declaring war pursued up to that time. In Europe the rulers declared war without questioning the people. Now we reach another point in history wherein many of us feel it is high time that the American people themselves decide whether this Nation should go to war.

With our facilities for communication, whereby an hour or two after an event has transpired thousands of miles away the account can be carried to the public by press and radio, with the public informed every hour as was never dreamed possible when the Constitution was drafted, the people are now in a position to know and decide for themselves what they want to do about war, not hastily but with sufficient time for calm deliberation.

Everybody claims to be for peace, only too often they inject a big "but."

Congress enacted a neutrality law under the terms of which the minute trouble broke out in the Far East Americans should have been warned that if they remain there or travel there they do so at their own risk. Under the terms of our neutrality law American ships should have been immediately withdrawn from the troubled zones.

Since last August we have had repeated warnings of trouble. This is the Japanese-American score in China to date: August 19, 1 sailor killed 17 wounded by shellfire on the U. S. S. *Augusta*. The Japs disclaimed responsibility. October 13, another sailor aboard the *Augusta* wounded. The Japanese apologized. October 24, Americans imperiled by Japs' machine-gun fire at Shanghai. The Japanese expressed regret and apologized. November 1, Jap bluejackets seized a junk from the American protected side of Soochow Creek. The Japanese Navy apologized. November 30, American-owned launch seized by Japanese. The boat was returned, the Japs apologized. December 3, Jap troops encroached upon United States marine-held section in Shanghai, withdrew on the marines' demand. The Japs apologized. December 12, the *Panay* was bombed and sunk. The Japs are apologizing.

With the bombing of the *Panay* we have one of those real incidents which are used as a direct cause for war. The *Panay* was escorting three Standard Oil vessels. Japan has been most profuse in her apologies, but the grim fact remains that Americans are dead, many are wounded and missing, an American gunboat has been sunk, and a war hysteria is being built up and spread in the United States. All of this might have been prevented had we pulled out of China when the rumblings of the volcano were first heard.

The protection of American commercial interests in China is not worth involving this Nation of 130,000,000 souls in a war they will be called upon to fight and pay for.

The situation would be different if the United States were committed to a course of international cooperation to aid China or if we were actually participating in a program to quarantine the aggressor.

The meeting at Brussels last month showed that international cooperation at the present time is impossible. Under these circumstances the only thing we ought to do is to bring our people and our ships home. We have had clear warning of what lies ahead.

In the face of these troubling events, the affixing of these 218 signatures of Members of the House of Representatives to the Ludlow petition 2 days after the bombing and sinking of the *Panay*, itself an act of war, despite the profuse apologies, is significant. It proves that the voice from back home is loud enough to convince my colleagues that the American people do not want a war, not of their own making.

Opposition to the Ludlow resolution says that the delay involved in a referendum would hamstring immediate action which the administration and Congress might consider advisable. That might have been true 150 years ago. It is not true today. If something were to happen tonight which might warrant our going to war, within 10 days voting booths could be set up all over the United States, and the people could register their decision.

It may take years before this amendment is adopted. I hope it will not require another war on foreign soil to emphasize the great need for this constitutional amendment. The gratifying thing is that the germ has been implanted, and what seemed to many an impractical proposal of a dreamer bids fair to become the only practical method of protecting you from a war which you do not want.

It may be that the war in the Orient, and in Europe for that matter, will lead the American people to approve of our entering into the conflict. Well and good, if that be their wish. However, I won't believe that this is the wish of the people of my district unless a vote is taken.

In Australia in 1916 there was a referendum held on conscription. A Mr. W. Morris Hughes, political leader at that time in the House of Representatives in Australia, traveled to England and made quite a hero of himself with his promise that Australia would give the mother country voluntary and enthusiastic cooperation for conscription. Mr. Hughes returned to Australia, and a referendum on conscription was held. It resulted in a decisive defeat. A second referendum followed. Again, more emphatically this time, the Australian people gave an emphatic "no" to conscription. Mr. Hughes lost his political leadership in Australia. Whatever participation Australia had in the World War was voluntary on the part of her people. There was no conscription of men who did not want to go.

I am going to leave with you a few facts to think about. Four hundred and fifty-five Members of Congress voted for war in 1917. I am told that only two of them actually went to war. I grant that many were ineligible for one reason or another, but the fact remains that a Congress which voted for a war did not do the fighting. There was scarcely a family in the United States which did not one way or another fight the World War. Many of you who are listening to me are today paying for that war which was declared when you were too young to know what it was all about.

Here is another fact. Did you know that there was an interlocking connection between the munitions industries in the different countries, and that munitions factories, regardless of where they were located, were selling to both sides? I am told that rarely, if ever, were munitions factories bombed, whereas destruction was meted out freely to hospitals, cathedrals, and homes.

The World War was fought to end wars. Today there is a war.

The World War was fought to save democracy. Today there are 12 dictatorships, all of them established since 1918.

Democracy cannot withstand another war—neither here in the United States nor elsewhere. Should this Nation go to war, that war will be followed by a depression which will make a shadow of the last one. There are at the present time forces in this country waiting for an opportunity to seize and change our form of government. That opportunity will come with the next war, and it will mean the end of democracy in the United States.

Agriculture—Subsidies and Monopoly

EXTENSION OF REMARKS

OF

HON. CHARLES R. ECKERT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 21, 1937

Mr. ECKERT. Mr. Speaker, agriculture is in distress. Many farmers are crying for help. In desperation they are appealing to the Federal Government for relief. In that respect the farmers are keeping step with industry, commerce, finance; with wage workers and the unemployed. Hardly a group, whether engaged in business or workers in industry, remains that is not casting eager eyes in the direction of the Federal Government, seeking aid and help. And so the farmers of America are not only keeping up with the custom and practice of the times, but in certain aspects have much to offer in justification. The American farmer has been in distress and suffering the pangs of unrequited toil for many decades. The millions of American citizens whose livelihood is dependent upon tilling the soil are being sorely tried. Their homes and their farms are constantly passing out of their hands, so that the roll of the tenant farmer is growing larger and larger with the years. In consequence there has been an acute American farm problem for more than 50 years.

During those years political parties vied with each other in fulsome platform promises. The declarations of the party platforms always turned out to be empty and elusive. Of course, the game of deception could not continue indefinitely, and so the time arrived when the farmers were no longer contented with empty mouthings and vain promises. The Democratic Party in 1932, by solemn declaration, assured the farmers of America that, if entrusted with power, action in their behalf would be taken. After assuming control of the Federal Government in 1933, the party immediately undertook to honor its plighted word, and steadfastly continued to translate its platform promises into law.

Contrary to common report that the farm legislation is emanating from certain self-seeking individuals high in the councils of the administration, whose sole aim is the establishment of a totalitarian state and the consequent loss of our cherished liberties, the farm program occupied a prominent place on the agenda of the special session of Congress in response to insistent appeals from the farmers themselves. The administration would be quite happy and the Congress relieved of a vexing and perplexing problem if farm legislation could be consigned to the limbo of forgotten things.

But there is no such good luck in store for the Congress and the President. The farmers are demanding legislation on the subject of agriculture. While the farmer has ample

precedent for his present course, might it not be profitable to inquire as to the reasons why such economic distress?

There was a time in the life of the American Republic when the American farmer was the envy of the world. He occupied a place in the national economy that was everywhere recognized as the strength of the Federal Union. His station in life fostered and developed sterling manhood and true citizenship. He was sturdy and strong; vigorous and wholesome; independent and self-reliant. He represented the bold peasantry of which Goldsmith wrote:

> Ill fares the land, to hastening ills a prey,
> Where wealth accumulates, and men decay:
> Princes and lords may flourish, or may fade;
> A breath can make them, as a breath has made:
> But a bold peasantry, their country's pride,
> When once destroy'd, can never be supplied.

No longer does he occupy this high estate. In common with his fellow toilers in mill and mine and marts of trade, he is the victim of economic forces and conditions over which he has no control, and so day by day and year by year his place in the national economy is becoming more and more precarious.

Agriculture is our basic industry. It is the most essential of all human endeavor. All other activities are dependent upon the tilling of the soil. Food and clothing are primary necessities. Both are first-hand products of the soil. The place of agriculture in the national economy is vital to national well-being. No people can survive, let alone grow great, without healthy and profitable agriculture. And yet we find this industry, in spite of its importance in our national life, helpless and prostrate. Why?

A little journey to the field of elementary political economy might shed light on the perplexing and baffling problem. Political economy is the science of the production and distribution of wealth. As we stand puzzled and confused before this baffling problem, one thing at least is clear: The farmer —the dirt farmer—does not present any unemployment problem. He always has work to do. And this brings us to the very brink of the problem of production, for all productive effort involves work.

The farmer is a producer of wealth. The products of the farm are brought into existence by the application of labor to land. Wealth of every kind is created in the same way. There is no other method known to man by which wealth can be created. The farmer is the pioneer in the field of production. He is a living example of the process of bringing wealth into existence. In the cultivation of the crops of the field all the factors in production are employed. These in terms of political economy are:

LAND, LABOR, CAPITAL

Land is defined as "the material universe outside of man and his products." The term "land" necessarily includes not merely the surface of the earth as distinguished from the water and the air but the whole material universe outside of man himself. The term "land" embraces, in short, all natural materials, forces, and opportunities.

Labor is defined as "all human exertion directed toward the production of wealth."

Capital is defined as "wealth used in the production of more wealth."

The result obtained from the application of labor with the aid of capital—tools—to land is wealth. Wealth therefore is "all material things produced by human labor having exchange value."

The process of production or the creation of wealth is quite simple. The farmer has many striking examples. In his activities he runs the entire gamut of production. He is a first-hand user of land. The very nature of his labor impels him to contact the soil. He is a user of tools—capital. And so the farmer in action employs all the factors of production—to wit, land, labor, capital—more distinctly than many other producers of wealth. Let not this fact, however, obscure the simple truth, that in all production—no matter how intricate and complex—the three factors of production are employed.

Now, since the process of production has been analyzed, let us examine the problem of distribution. This is important. For it availeth the worker little unless the factors involved in production receive their just share of the product. In the unjust distribution of wealth there lurks the germ of economic and social disintegration. The farmer's troubles cannot be discerned, nor proper remedies proposed, without a clear understanding of the laws of distribution. The farmer's miseries are not due to his inability or unwillingness to produce. He, in conjunction with generous Nature, produces in abundance, but somehow and somewhere in the course of the processes of distribution of the things his labor brings into being there passes out of his possession a major portion without due recompense. It is this fact that is accountable for his troubles.

And so let us examine the laws of distribution. It has already been noted that the factors in production are land, labor, and capital. The sum total of all production is primarily divided among these three factors—the portion allotted to land as rent, the portion allowed to labor as wages, and the portion allotted to capital as interest.

It is clear, therefore, that the amount which the farmer will receive for his labor and capital will depend upon the amount the factor land is able to exact. If land is plentiful and cheap, rent will be low. On the other hand, if land is scarce and dear, land will be high. These phenomena are illustrated in the history of our own country, the former by the settlement of our western frontier and the latter during the World War, when the cry went up over the land that we would win the war with wheat. Homesteads and fairly sizable farms could be had during the settlement of the West for the asking, and consequently the item of rent was absent. But after all free land was homesteaded or monopolized, then arose the item of rent, and henceforth it played a decisive part in the fortunes of the farmer. The experience of the farmers during the World War is a case in point. The prosperity of the farmer depends in large measure upon the terms for which land may be had.

By way of illustrating the laws of distribution, let us suppose that A is the owner of 100 acres of virgin wheatland, worth, in its virgin state, $100 per acre. B, a farmer, rents the land from A for $600 per year. B has no capital and so borrows from C, let us say, $5,000 at 6-percent interest. With the capital thus borrowed B obtains the necessary tools, seed, fertilizer to plant the 100 acres and erect such buildings as are necessary for the protection of himself and family. Thus equipped, B plants the 100 acres of land in wheat. In due course he harvests his crop and finds that his labor was rewarded with 2,500 bushels of wheat. He converts his wheat into cash by selling it at $1 per bushel, so that the total income for his year's labor—assuming that the production of 2,500 bushels of wheat requires the labor of one man 300 days, involving 2,400 man-hours of human labor—is $2,500. Now, the distribution of the $2,500 would, by virtue of the operation of the laws of distribution, appear somewhat in this fashion:

Rent paid to A	$600
Interest paid to C	300
Cost of seed	150
Cost of fertilizer	300
Cost of threshing	125
Cost of transportation	125
Taxes	100
Total	1,700

It will be observed that B has remaining for his year's labor $800 as wages with which to support himself and family and amortize the $5,000 debt within the lifetime of his farm equipment and buildings.

The figures in the illustration, of course, are arbitrary and are not intended to represent an exact picture of wheat husbandry. It does, however, show the operation of the natural laws of distribution. It must be noted that as one or the other factors employed in production exacts a larger or smaller portion of the total product, the others will rise or fall, thus affecting the amount that the farmer will receive as wages. If rent rises, interest and wages will fall; conversely, if rent falls, interest and wages will rise.

Inasmuch as the farmer is never out of employment and since all wealth is the creation of labor applied to land, and as the farmer produces a large portion of the wealth of the Nation, as evidenced by the sum total of all the agricultural products, and again inasmuch as the total production of the farmers represents the farmers' wages, less, of course, the amount paid for the use of capital as interest and the use of land as rent, does it not seem passing strange that his lot should be so hard and his income so low?

It is plain that his troubles are not due to lack of work nor of production. His labors are fully rewarded with the products of the field. Nature responds freely and generously to his toil. Then why his unhappy plight? Since it is not due to his indolence nor the niggardliness of Nature, the explanation must be sought elsewhere.

Since his wages are low and the total sum of the products of his labor are distributed to the three factors in production, to wit, land, labor, capital, it would seem that the demand of either land or capital, or both, are responsible for the low income of the farmer. Capital, however, being the tools used in the productive process, is powerless to exact more than a fair share of the product. Capital is subject to the law of supply and demand. In periods of economic sluggish activity, interest is low; in periods of active activity, interest is normal. Therefore the trouble is not due to excessive interest. And since wages are low and interest not excessive, it follows that the exactions of landholders are responsible for much of the farmer's troubles. That the major woes and worries of the farmers are due to the latter cause becomes clear upon critical analysis of the problem.

The social phenomenon of the increase of land values with advancing civilization must be taken into consideration when seeking the cause of the woes and worries of the farmer. This phenomenon is outstanding in every civilized country. It follows the wake of progress as unerringly as do the colors of the prism in the wake of the shining sun. It is a law of Nature as immutable and changeless as the law of gravity. The greatest and mightiest stand helpless and powerless to stop or impair its march with progress. Therefore the effects of this social phenomenon upon the fortunes of the farmers are of paramount importance in the consideration of the farm problem.

In periods of prosperity land values rise. During the hectic days of the World War, when the cry went out over the land that wheat would win the war and the price of wheat was soaring, wheat land and other lands likewise increased in value.

The rise in agricultural lands kept pace with the demand and price of wheat and other agricultural products. It was not uncommon during those hectic days to see agricultural land sell for as much as $500 per acre. And as the selling price of agricultural land kept pace with the price of wheat and other farm products, the landowner was eagerly anticipating his full share of the high price of farm products. Just as farm prices increased, he demanded higher and higher rent for the use of his land. This is the universal practice of the landowner. It will continue to be his practice as long as he will be permitted to collect the profits arising from land values. This is true no matter whether the farmer happens to be landowner, laborer, and capitalist all in one or as tenant or mortgagor. The ultimate effect on the fortunes of the farming fraternity will be exactly the same. The result is exploitation of the farmer as a worker. In view of the fact that there is no escape from the relentless working of the law of rent, does not the fundamental cause of the farmer's troubles become clear? In view of this stubborn fact, surely prudence would dictate a change in our land policy.

The farmer is weighted down with excessive and burdensome taxes. He pays a tax on his capital investment; he is taxed on everything he buys; he finds himself a victim of a vicious tariff system; and in addition to the endless list of taxes, both direct and indirect, he is the victim of excessive freight rates on the things he ships to market and on the things he has to buy. But this is not all. He finds himself the victim of trusts and combines and patent monopolies in addition to the perpetual exactions of the landowner. What is the trouble with the farmer? He is the victim of monopoly exactions. And while he remains the victim of monopoly, no planning—whether it be crop control, soil conservation, subsidies, or whatnot—will permanently solve the farm problem. As long as the farmer remains the victim of the ruthless and relentless exactions of monopoly his woes and his worries will continue. Obviously the remedy for the farmer's troubles is to abolish the monopoly privileges now in private hands.

We are told farming is a way of life. Yes. But first of all it is the way of 20,000,000 American citizens by which they gain their livelihood. It is all very well to sound the praises of agriculture as a way that leads to noble virtues and high spiritual attainments. But before this noble enterprise can be touted in such strains the exploitation of which the farmer is now a victim must be abolished, to the end that his material wants may be gratified short of utter physical exhaustion and spiritual bankruptcy.

The farmer must be freed from the many monopolistic exactions from which he suffers. First and foremost of these is land monopoly. Land monopoly can be easily abolished by the simple device of collecting for public revenue the economic rent in lieu of the many burdensome and depression-breeding taxes that now rest not only upon the farmers alone but upon industry and business generally. Such a policy would clear the way for the repeal of all taxes upon production. And with production freed and released from present-day monopoly and tax exactions industry would receive a mighty impetus. Production in all lines would expand, and with the expansion of industry there would arise an effective demand for labor. Consequently wages would increase, employment would be steady, and the purchasing power of factory workers would rise. With the purchasing power of the wage earners increased trade and commerce would experience new life and vigor and, in turn, the demand for the products of the farmer would increase.

It is contended by students of the farm problem that if the American people had adequate steady buying power the farm problem would be solved. And in support of this contention they cite the statement of the Department of Agriculture to the effect that if the American people were possessed of adequate purchasing power there would be a market for 40 percent more poultry, 40 percent more dairy cattle, 100 percent more acreage devoted to fruit, almost twice as much devoted to truck crops, 50,000,000 more acres of harvested food crops, and 40,000,000 more acres of feed grains.

This is not an idle dream. Everyone knows that there are millions of American families who are deprived of proper living conditions due to their low purchasing power. With this condition corrected by means of a proper and just system of distribution the farmer's problem would be solved. Then there would be no need for aid or assistance at the hands of the Government other than such help and counsel as are now available through the Agriculture Department State experiment stations and local farm agents. In addition, the farmer can improve his economic status by the establishment of voluntary devices such as cooperative associations, better farm management, and modern business methods, and availing himself of the advantages that science and invention have given to the world.

But first of all he must be freed from the many monopolistic exactions and unjust tax burdens from which he now suffers.

The Second "Do-Nothing" Congress

EXTENSION OF REMARKS

OF

HON. ALLEN T. TREADWAY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 21, 1937

Mr. TREADWAY. Mr. Speaker, another "do-nothing" session of Congress has drawn to a close, further emphasizing the collapse of the Democratic leadership and the

inability of the administration to deal effectively and adequately with the pressing problems of the day.

We were called into special session on November 15 in response to the following proclamation by the President of the United States:

By the President of the United States of America

A Proclamation

Whereas public interests require that the Congress of the United States should be convened in extra session at 12 o'clock, noon, on the 15th day of November 1937, to receive such communication as may be made by the Executive;

Now, therefore, I, Franklin D. Roosevelt, President of the United States of America, do hereby proclaim and declare that an extraordinary occasion requires the Congress of the United States to convene in extra session at the Capitol in the city of Washington on the 15th day of November 1937, at 12 o'clock, noon, of which all persons who shall at that time be entitled to act as Members thereof are hereby required to take notice.

NO MAJOR LEGISLATION ENACTED

The so-called public interest which seemed to the President to require this extraordinary session of Congress were outlined by him in his message of November 15. These were: (1) Crop control legislation, (2) regulation of wages and hours, (3) reorganization of the executive departments, and (4) regional planning along the lines of the Tennessee Valley Authority.

Not one of these measures has been enacted into law, and only two have been considered by the Congress. The mountain has labored, but has not even brought forth a mouse. Five minor measures were enacted during the session, but none had any bearing whatever upon the serious problems with which the Congress was confronted.

Here are the results of our labors: (1) The passage of a $12,000 appropriation for paying the salaries of the Senate and House pages, (2) the passage of a $225,000 appropriation to pay the Members' railway mileage in connection with the convening of the special session (incidentally, I was one of the few who voted against this measure), (3) the enactment of a measure providing for the loan of four paintings to the Constitutional Sesquicentennial Commission, (4) the enactment of certain amendments to the Cooperative Credit Union Act, and (5) the passage of a bill to extend the time for building a bridge down in Alabama.

If the Democratic majority are able to derive any satisfaction from this record, it must be that they are very easily pleased. I am sure their feeling is not shared by the country at large. When we consider what the Democratic majority started out to do, and then look at what was accomplished, it becomes apparent that the New Deal's legislative machine, which formerly ran so smoothly, has now completely broken down. It is significant that the President failed for the first time to express his appreciation to the Congress for its labors, but of course it would have been out of place to do so in the present instance.

MAJORITY LEADER GOES FROM SUBLIME TO THE RIDICULOUS

The majority leader [Mr. O'CONNOR] made a valiant effort to paint a glowing picture of the "accomplishments" of the present session, but he had little material to work with. In fact, he was so hard up for subject matter that he was led to make the following ridiculous statement:

The progress made toward tax relief alone would justify the existence of the special session.

The gentleman from New York has been here a great many years and knows as well as anyone else that it was not necessary for Congress to be in session for the tax subcommittee of the Ways and Means Committee to carry on its work. The committee was granted authority at the last session to sit during the recess of Congress, and it would have been able to make still greater progress had the special session not been called. In that event the members of the subcommittee could have devoted the entire day working on tax revision rather than spending each afternoon on the floor of the House taking part in debate and answering roll calls. Thus the gentleman's statement is obviously absurd.

PRESIDENT FAILED TO DEAL WITH MOST PRESSING PROBLEMS

Although at the time the President sent his message to Congress the country was in the midst of another business depression, the message took scant cognizance of the seriousness of the situation and utterly failed to comprehend its cause or suggest an adequate remedy. With business "on the skids," with unemployment increasing by leaps and bounds, with confidence shaken and fear rampant, the President was content to remark that "the present decline has not reached serious proportions." This despite the fact that the downward spiral of the so-called Roosevelt recession has been the most abrupt of any depression in the history of the country.

We do not hear the New Deal spokesmen coming forward now to say, "We planned it that way." The administration is quite willing to take credit for business improvement, even when it is the result of decisions of the Supreme Court invalidating repressive New Deal laws, but when it comes to taking the blame for a depression, that is another story. The President can always find a scrapegoat on whom to shift responsibility for his mistakes.

ROOSEVELT RECESSION DIRECT RESULT OF NEW DEAL POLICIES

If it were possible to have complete frankness on the part of those in charge of the Government—an ideal which I will concede is Utopian—we would be told that the Roosevelt recession is the direct result of New Deal legislation and New Deal policies and lack of policies. When the President suggests in his message that "an immediate task is to try to increase the use of private capital to create employment," he tacitly admits that the cause of the present depression is the disinclination on the part of private investors to assume, in addition to normal risks, restrictive governmental regulation, tax laws which are both oppressive and repressive, and the uncertainty of economic and business stability due to the loose fiscal policy of the administration.

FEAR OF BUSINESS REAL, NOT MANUFACTURED

The gentleman from New York [Mr. O'CONNOR], in his special-session "swan song," repeated the assertion that has been made by other administration leaders, including the President, that much of the present fear on the part of business and industry is "manufactured."

It is natural that the members of the Democratic majority would attempt to make such an excuse, but the fact remains that the fear which now abounds is very real and perfectly justified. Hard-headed businessmen do not go around "seeing ghosts." Their fears are based on the actual effect of present administration policies and the uncertainty which they create as to the future. Business has to take conditions as it finds them.

PRESIDENT'S REQUEST FOR COOPERATION IRONICAL

The President states in his message that "the ultimate answer to the condition of today is a cordial and confident cooperation not only between government and every kind of citizen but also between every kind of citizen and his Government." In the light of his past record, his arraying class against class, and his relegation of business to the "economic doghouse," the President's statement is somewhat ironical. But there is some hope for the country if "at long last" he has come to realize that we must all pull together if we are going to get anywhere.

One difficulty, as I see it, with the President's method of dealing with the problems of the day is that he has kept on administering legislative opiates to build up an artificial recovery—destined eventually to aggravate the disease—rather than trying to get at the cause and correct it. He now suggests that private capital come out of hiding, but he does nothing to allay the fears or remove the impediments which forced it into hiding.

OPPRESSIVE TAXES ONE OF CHIEF FACTORS IN BUSINESS DECLINE

One of the major contributing factors in the present slump has been the baneful effect of the undistributed-profits and capital-gains taxes on business. Together they have operated to put a damper on recovery by discouraging—yes, even preventing—the employment of new capital in productive enterprise. They have not only closed the avenue to increased employment for our workers, but they have actually caused more unemployment.

None are so blind as those who cannot see the wisdom of their own words. It was the President, himself, who said:

Taxes are paid in the sweat of every man who labors, because they are a burden on production and can be paid only by production. If excessive, they are reflected in idle factories, tax-sold farms, and, hence, in hordes of the hungry tramping the streets and seeking jobs in vain.

Our workers may never see a tax bill, but they pay in deductions from wages, in increased cost of what they buy, or (as now) in broad cessation of employment.

There is not an unemployed man—there is not a struggling farmer—whose interest in this subject is not direct and vital.

When these words were uttered on October 19, 1932, we had no undistributed-profits tax which placed a heavy tax penalty on business earnings used for purposes of expansion and the creation of new jobs. We had a tax limit on capital gains of 12½ percent, instead of the present surtax rates running as high as 79 percent. If what the President then said was true, then how much more true is it today, when taxes have not only been vastly increased but at the same time transformed into direct penalties on capital used for putting men to work.

LABOR FEELS EFFECT OF BURDENSOME BUSINESS TAXES

We have always taxed capital gains, and properly so, but never until the New Deal came along did we tax them to the point where the incentive to invest was taken away.

We have always taxed business profits, and properly so, but never until the New Deal came along did we impose a special penalty tax on earnings used for rehabilitation and expansion, the building up of rainy-day reserves, or the payment of debts.

While these taxes are imposed on business and private capital in the first instance, they ultimately rest on labor, or at least their destructive influence is ultimately felt by labor. Just as the President himself has said, they are a burden on production and can only be paid by production, and, when excessive, result in idle factories and hordes of hungry tramping the streets seeking jobs in vain.

REPUBLICAN OPPOSITION TO UNDISTRIBUTED PROFITS TAX

When the undistributed-profits tax was proposed by the President last year, I joined with my Republican colleagues on the Ways and Means Committee in filing a dissenting report severely condemning the measure and predicting that it would have precisely the effect that has resulted during the first year of its operation.

Last spring, when the ill effects of the undistributed-profits tax were beginning to be felt, I made a lengthy speech in the House calling attention to the many iniquitous features of the measure and stressing the need for its repeal.

In the intervening months, the demand for its repeal has grown to be almost universal, yet nothing has as yet been done to remove its strangling influence upon business.

DEMOCRATIC MEMBERS OF TAX SUBCOMMITTEE PROPOSE FACE-SAVING MODIFICATION

On November 4 a special subcommittee of the Ways and Means Committee was called together in advance of the special session to begin work on a general revision of the revenue laws. I have the honor of being a member of that subcommittee. The first subjects to be taken up were the undistributed-profits tax and the capital-gains tax. There was ample time, before the special session began, to prepare a bill repealing the undistributed-profits tax and modifying the capital-gains tax. But the Democratic members of the tax subcommittee, while privately conceding the mistake they had made in enacting the undistributed-profits tax, refused to take action to bring about its outright repeal. For obvious political reasons, they did not want to do the thing which would be tantamount to an outright repudiation of the President's undistributed profits tax plan. So as a face-saving gesture, they agreed upon a new method of corporate taxation, which involves the retention of the undistributed-profits tax in principle, although the so-called "pressure rates" are scaled down almost to the vanishing point.

REPEAL OF UNDISTRIBUTED-PROFITS TAX COULD HAVE BEEN EFFECTED DURING SPECIAL SESSION

By reason of setting up a new method of taxation, time was naturally required to perfect the plan. This was the excuse given by the committee for failure to bring out a bill during the present session. But, if the Democratic members of the committee had not insisted on retaining the undistributed-profits tax in some form, we could have had a repeal bill ready for presentation to Congress on the day it convened. At the same time we could have made provision for modification of the capital-gains tax.

REPUBLICAN REPEAL MEASURE VOTED DOWN BY DEMOCRATS

The Republican members of the tax subcommittee were ready from the first day the committee met to vote for outright repeal of the undistributed-profits tax and the restoration of the old 12½-percent tax on capital gains. However, the chairman of the subcommittee refused to entertain any motion along that line until Friday, December 17, the day before the subcommittee recessed for the holidays. At that time, which was the first opportunity we of the minority had to do so, a motion was offered to substitute for the tentative recommendations of the subcommittee respecting undistributed profits and capital gains the provisions of the bill (H. R. 8629) introduced in the House on December 6.

Under this bill, which I introduced as representing the views of the Republican members of the Ways and Means Committee, the undistributed-profits tax would be repealed outright as of January 1 of this year. In order to make up the loss of revenue, the normal corporate income tax would be increased by 1 percent in each bracket. Then, in lieu of the present confiscatory tax on capital gains, an option would be given of paying a flat tax of 12½ percent on capital gains, segregated from other income.

The Treasury Department, under instructions from the Democratic majority, brought in a ridiculously high estimate of possible loss of revenue under the Republican proposal, which was obviously "cooked up" in an endeavor to discredit the measure. Naturally I was not content to take their partisan figures. Thereafter I obtained an estimate by one of the ablest actuaries in the country, whose judgment is respected by Democrats and Republicans alike and who has had considerable experience in making estimates of tax yield. According to the estimate made by this impartial expert the bill which the minority offered would not cost more than $77,000,000 in revenue without reference to any improvement in business. This $77,000,000 could be made up by increasing the normal corporate rate by 2 percent instead of 1 percent, which I would be quite willing to do and which, I am sure, would be acceptable to business so long as the undistributed-profits tax were repealed.

REPUBLICAN PROPOSAL WOULD STIMULATE BUSINESS AND INCREASE REVENUES

However, there is no question but what the enactment of the Republican proposal would result in a marked stimulus to business and reemployment, with a consequent increase in revenue receipts by the Treasury. If the present law is continued the sources of revenue will be dried up, tax receipts will fall off still further, and unemployment will continue to increase, resulting in the demand for billions of dollars additional relief expenditures. The measure which we of the minority offered would not only save this drain upon the Treasury but bring about the much-hoped-for balancing of the Budget.

RESPONSIBILITY IS ON DEMOCRATS FOR FAILURE TO ACT ON TAX REVISION

The failure to take action at this session rests squarely on the shoulders of the Democratic majority. The undistributed-profits tax is "their baby" to begin with, and they must take full responsibility for its enactment. If they had followed the advice of the Republican minority it would never have been placed on the statute books in the first place, and the administration would not now be embarrassed by having a depression on its hands. The march of recovery would not have been stopped, nor would thousands of men have been thrown out of work.

While the Democratic majority on the tax subcommittee refused to bring in a tax bill during the present session to

give business the relief which necessity demands, it had been stated that a statement would be issued to the country prior to the holidays outlining the measures that would be undertaken at the next session. Today, however, we were informed that no such statement would be issued, the reason being, it was said, that some of the tentative agreements reached by the subcommittee might have to be altered at the next session.

I am not surprised that the Democratic members feel that some alterations ought to be made, because there is certainly great room for improvement. The proposals thus far agreed upon do not go far enough, in my opinion. There is, of course, the further possibility that as a result of the decline in revenue receipts, due to the present business depression, further taxes may be recommended.

In this connection, I note in the press the statement that the September 15 income-tax collections were "up to the estimates," which seems to be regarded as very reassuring. But let me call attention to the fact that these receipts are not on incomes earned in 1937, but on incomes earned in 1936, before we had any Roosevelt recession. The tax liability was fixed and could not be altered by any subsequent change in business conditions.

The reason that income-tax receipts are greater than in prior years is that the rates have been drastically increased, and not altogether because of improved conditions. The question we are concerned about now is, "How much income tax will we collect on 1937 incomes?"

NECESSITY FOR BUDGET BALANCING BECOMING ACUTE

I should now like to turn my attention to a discussion of the budgetary situation. For years, now—in fact, ever since the President began campaigning for office—we have been promised a balanced Budget. Every year the date of accomplishment has been put off a little further, until now we have learned not to pay much attention to such promises. Nevertheless, the necessity for Budget balancing becomes more and more acute.

In his Budget message of last January, the President stated that the 1938 Budget was "in balance." Many, including myself, were skeptical. Sure enough, in April the President came forward with a revised estimate which indicated a deficit for 1938 of $418,000,000. Then last October another revised estimate was made, putting the estimated deficit at $695,000,000.

With only 5½ months of the current fiscal year elapsed, the deficit for 1938 stood at $688,000,000 on December 15. This is approximately the amount estimated by the President for the whole year and, of course, the effect of the business recession on tax receipts has not yet fully been felt.

This means that the President is going to have to revise his figures again, and possibly again and again, as the months elapse and business continues on the down grade. Even without increased expenditures, the deficit for this year will probably exceed a billion dollars or more, and if increased relief expenditures become necessary, as at present indicated, the 1938 Budget will be hopelessly out of balance.

Thus for the eighth straight year we will have been heading, as President Roosevelt put it, "on the road to bankruptcy." During 5 of those years he has himself been at the steering wheel.

PUBLIC DEBT AT ALL-TIME HIGH

As of December 15, 1937, the public debt stood at $37,563,000,000, the most stupendous total in all history, and some eleven and one-half billions in excess of the debt at the end of the World War. When Mr. Roosevelt took office on March 4, 1933, the public debt stood at $20,937,000,000. Thus his administration, in 4¾ years, has added sixteen and one-half billions to the total, or about three and one-half billions each year.

Of course this does not represent the total expenditures of the New Deal administration. The increase in the debt is simply the amount spent in excess of the increased tax burden which has been laid upon the backs of an already overburdened people.

INCREASE IN COST OF GOVERNMENT UNDER NEW DEAL

Under the New Deal, expenditures have increased from $5,143,000,000 in 1933 to $8,105,000,000 in 1937. In the same period revenue collections have increased from $2,080,000,000 to $5,294,000,000. Thus it is apparent that the present revenue receipts would be more than enough to give us a balanced Budget had the President maintained expenditures at the 1933 level. It will be remembered that in the campaign of 1932 he promised to reduce expenditures by 25 percent below that figure.

NEW DEAL HAS ADDED TO PEOPLE'S TAX BURDEN

Taxes under the New Deal have increased from $14.20 per capita in 1933 to approximately $41 per capita this year, an increase of 300 percent. A large part of this increase is represented by so-called hidden taxes, which in 1935 made up 60 percent of the total Federal tax burden.

Early in the session I presented to the House some figures dealing with the amount of hidden taxes paid by the average workingman. I showed that a man with only $80 a month income paid $116 a year in taxes that were hidden in the cost of the things he had to buy. In the case of a man with $150 monthly salary, the yearly burden in hidden taxes was $229.

These figures go to show the vital interest which every citizens has in the total tax burden, no matter how lowly he may be.

Every dollar which the Government spends must be raised from the people in taxes, imposed at one time or another in some form or another.

Hidden taxes are most popular with legislators because the people do not realize they are paying them, and, of course, there is then no reaction at the polls. But the truth is that the average citizen is now paying, and is going to continue to pay, the bulk of the tax burden.

Moreover, any increased taxes will have to come from the masses, rather than those in the higher-income brackets, because the latter are already being taxed as high as 79 cents out of each dollar earned. Hence it is of importance to every wage earner that the present trend of governmental expenditure is reversed. Every dollar of money that is wasted or spent unnecessarily by the Government is just that much out of the pocket of the taxpayer, for which he gets nothing in return. The amount that we are forced to pay in taxes, whether direct or hidden, cannot be spent for other things. In other words, the purchasing power of our wage dollar is reduced in exact proportion to the amount of direct and hidden taxes that we bear.

ALL TAXES EVENTUALLY FALL ON CONSUMERS

It is estimated that the total tax burden this year—Federal, State, and local—will be about $12,000,000,000. Of this total, the Federal Government will collect about half. Many of the Federal taxes are of the hidden variety, but even those which are not ultimately fall on consumers in the form of higher prices for the things they must buy.

The taxes that are paid by business in the first instance are passed on to the consumer the same as other costs of doing business. Every time we pay the landlord our rent one-fourth goes to reimburse him for the money he has laid out in real-estate taxes. Thus there is no way we can escape the tax burden, even though we pay no taxes whatever direct to the Government. The sooner the people realize this, the sooner we will return to a sane spending program within revenues and begin to reduce the appalling national debt.

The people have been taught to believe that the rich were going to pay for the extravagance of the New Deal, but they are beginning to awake to the fact that they have been hoodwinked. They are gradually coming to realize that the New Deal has been spending their own money all the time, and even mortgaging their future income and that of their children and grandchildren.

NEW DEAL CANNOT FOOL ALL THE PEOPLE ALL THE TIME

In conclusion, let me call attention to the fact that we have now had two do nothing sessions of Congress in a row. Due to the dissension in the ranks of the Democratic majority, and the inability of the leaders to unite their forces

and offer a sound, constructive program for meeting present-day problems, there is little hope that the coming session will be any more productive of accomplishments than the past two sessions.

I predict that as a result of the Congressional elections which will occur next fall the Seventy-sixth Congress which will convene in January 1939 will be vastly different in political complexion from the present Congress.

The New Deal can fool some of the people all of the time, and all of the people some of the time, but it cannot fool all of the people all of the time.

Another Crisis—A Real One This Time

EXTENSION OF REMARKS
OF
HON. ROY O. WOODRUFF
OF MICHIGAN
IN THE HOUSE OF REPRESENTATIVES
Tuesday, December 21, 1937

Mr. WOODRUFF. Mr. Speaker, President Roosevelt has taken a sudden about face in his position of wanting to cooperate with business and industry to halt the depression. For a time during the special session of the Congress he seemed to be willing and ready to make such changes in burdensome and destructive taxes and to relax such hampering regulations as were admitted to have contributed greatly to the depression, if not to have precipitated it.

In a press statement published the day this was written, Mr. Roosevelt contends that "the business recession is largely psychological." He intends to insist on his legislative program, and is quoted as saying that while he would cooperate with legitimate business, there would be "no retreat from present regulations," which, of course, means complete regimentation if he can bring it about.

His statement that "a psychology of fear is being fostered by a large percentage of newspapers and a small minority of public utilities," is typical of the policy constantly followed by Mr. Roosevelt who has never admitted a mistake, but has always sought to cast the responsibility for any unfortunate results of his policies on lack of cooperation by someone else. He now includes the press of the country among those "spreading the psychology of fear."

No one has been more active than Mr. Roosevelt himself in instilling fear of "new emergencies" and "new crises" in the mind of America. He constantly talked about such "new emergencies" and "new crises" during his fight to put through his Court packing program. He declared that such an emergency existed when he called the Congress into extraordinary session. The fact is that almost every time Mr. Roosevelt has asked for new powers, he has claimed some emergency or crisis required the immediate passage of "must" legislation in order to enable him "to cope with it."

If there is any one thing calculated to drive a paralyzing fear into the very vitals of industry, large and small, throughout the United States it is this latest statement by Mr. Roosevelt from which it is clear that he intends to broaden and increase his regulation and regimentation of business, and that there will be no retreat from present regulations, burdensome and crippling as they are to business.

The result of Mr. Roosevelt's pronouncement will be a new and more severe pressure of despair, a deeper sense of futility and hopelessness on the part of the businessmen of this country, a further slowing up of business, and a rapid increase of unemployment.

This fact is very clearly set forth in a letter received by me today from a small manufacturer in my district. He wrote in part as follows:

> What is actually doing more to prolong the present depression is that the average small-business man has been so harassed and hounded by burdensome taxes and labor troubles that in the back of his head he has, without saying anything to anyone, decided that he will get out of business as soon as he can shape his affairs to do so. This in itself would not be so serious but for the fact that his next-door neighbor is planning on the same thing. And when you get an entire community or district or State where 90 percent of the small-business men are getting ready to quit, you have arrived at the place we now are at, and it is going to take very much more than a few promises from the President to make them change their minds as the average businessman is pretty thoroughly licked just at present.

The one real encouragement which has done most to stiffen the determination of American industry, American business, and American citizens to resist the onslaught of depression has been the belief, based upon Mr. Roosevelt's own public statements, that there would be immediate relief from burdensome and inequitable taxation and from the drive which has continued for 5 years to put more and more leg irons and handcuffs on the legitimate business activities of this Nation. There still remains the hope that Congress will resume its constitutional functions of deciding the national policies and the hopes of our people justified.

It is announced that the Chief Executive is to make a "new and aggressive bid for more confidence" in his message to the Congress at the opening of the regular session. He appears to forget or to be unsatisfied with the confidence the country has given him for 5 years; he feels it incumbent to demand an increase of this confidence, regardless of the effects of the New Deal policies, which, after 5 years, have brought the country to a new depression, the responsibility for which certainly cannot this time be laid upon any previous occupant of the White House.

"The American Peace Policy Requires Fullest Freedom of Speech"

EXTENSION OF REMARKS
OF
HON. HAMILTON FISH
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Tuesday, December 21, 1937

Mr. FISH. Mr. Speaker, all Americans, regardless of political affiliations, should applaud the able handling of the *Panay* incident by Secretary Hull, in the hope that there will be no further difficulties with Japan.

I am puzzled and alarmed at the inspired statements appearing that the foreign policies of the administration are above criticism. Governor Landon, who knows less than nothing about international issues and amply demonstrated that fact in the last campaign, rushed to the defense of the President slamming Members of Congress without the faintest knowledge of the situation. The fact is that every Republican Member of Congress supported Secretary Hull's firm note to the Japanese Government demanding apologies, compensation, and guaranties.

I do not agree with such ardent internationalists or League of Nations supporters as Mr. Henry Stimson, Colonel House, and Norman Davis, who want to give the administration a free hand to enter into concerted action to quarantine other nations which would involve us in every European and Asiatic war. Ninety percent of the American people desire to be isolated from international blood feuds, boundary disputes, and war. Their attitude is that if the old nations of the world want to go stark, raving mad, arm to the teeth, and go to war, it is their war and not ours.

They know that if we do attempt to police China we would be holding the bag, and would be expected to pay the bills and do all the fighting. It is not our concern what form of government prevails in other nations; whether there is communism in Soviet Russia and China, fascism in Italy, nazism in Germany, or militarism and imperialism in Japan. I am in favor of appropriating millions for defense but not one dollar to send American soldiers to foreign lands to fight other people's battles. It is essential that there should be the fullest freedom of speech and that no attempt be made to

censor or gag any criticism of the administration's foreign policies. The international motives and moves of the President must be analyzed and tested without regard to partisanship, but based on the welfare and interests of our people and the peace of our country.

The preservation of peace with honor is the most important issue confronting the Nation.

The Administration's Old Army Game of Passing the Depression Buck

EXTENSION OF REMARKS

OF

HON. HAMILTON FISH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 21, 1937

Mr. FISH. Mr. Speaker, the administration is now engaged in the old Army game of "passing the buck" as to the responsibility for the Government-made Roosevelt depression. The New Deal spokesmen have apparently been ordered to pull every known political trick and lay down repeated smoke screens to cover up the real cause of the depression—the administration's economic fallacies, attacks on business and the Supreme Court, and destruction of confidence.

A few weeks ago President Roosevelt said the depression was an assumption. It certainly is no myth to the 2,000,000 Americans who have lost their jobs in the last few months and to 2,000,000 more on part time. If the President still thinks it is a myth he should study the drop in steel production from 85 to 30 percent.

Congressman SABATH, the dean of the Democrats in the House, proclaimed without reservation that the recession was solely due to Wall Street, but even Miss Perkins, Secretary of Labor, refused to agree to such political nonsense.

A few days ago the President came back with a brand-new idea, and that was to blame the press for the fear that pervaded the Nation. This angle of attack is amusing, if not ridiculous, if one stops to remember that the New Deal has thrived on propaganda and publicity like a green bay tree and at huge cost to the taxpayers.

Today's newspapers carry a lengthy statement from Robert H. Jackson, Assistant Attorney General, blaming big business for the present recession, as if business was not already burdened with taxes and trying to keep its head above water.

The fact is that President Roosevelt has no effective program for recovery. His nostrums lead only into a blind alley of unemployment. I am reminded of a ditty in Lewis Carroll's Through the Looking Glass, where the White Knight said:

> But I was thinking of a plan to dye one's whiskers green,
> And always use so large a fan that they could not be seen.

The White Knight of Democracy owes it to the American people to let them know without further evasion or alibis if he has any plan to lead us out of the depression and put American wage earners back to work.

The Post Office at Grassy Point, N. Y., Folds Up

EXTENSION OF REMARKS

OF

HON. LOUIS LUDLOW

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 20, 1937

Mr. LUDLOW. Mr. Speaker, if anyone ever says to Postmaster General Jim Farley "Physician, heal thyself," he will have to confess that he is not a good doctor, as far as his own ailments are concerned. All of us have seen Mr. Farley in action. He has toned up the Democratic Party until the most weak-kneed member thereof would feel rejuvenated and bellicose; he has salvaged the hide of many a suffering politician and he has even built up the political constitution of Presidents, but he was unable by his most diligent ministrations to save the life of a tiny post office in the tiny village where he was born, and as a result the little post office at Grassy Point, N. Y., a local forum where great issues were decided in a pervading odor of prunes and the circumambient warmth of a big base-burner, has flickered and folded up.

The following news release just issued by the Post Office Department tells the sad story:

The story of how Postmaster General James A. Farley, as a result of the intercession and representations of a Washington newspaper correspondent, succeeded in saving a small Indiana post office that was about to be discontinued in the village in which the correspondent's aunt resided while being unable to save the small fourth-class post office in his own home town in Grassy Point, N. Y., was revealed last night in a letter from the Postmaster General to Everett Watkins, Washington correspondent of the Indianapolis Star, which was made public at the Post Office Department.

In June 1935, Watkins appealed to the Postmaster General to save the Lincoln, Ind., post office, pointing out that whatever grave and important problems confronted this country and the world at large, these paled into insignificance when compared with the problem of eliminating a small post office which plays so vital a role in the daily pursuits of those who live within its territory.

As a result of Watkins' appeal, Mr. Farley canceled the order to discontinue the Lincoln post office, and today it continues to act as the very pulse of the small Indiana community in which it is located, while the Grassy Point post office is no longer, having been discontinued by an order of the Postmaster General within the past few days.

The complete text of Mr. Farley's letters to Watkins and the latter's latest letter to the Postmaster General follow:

JUNE 4, 1935.

Mr. EVERETT C. WATKINS,
Press Building, Washington, D. C.

DEAR EVERETT: I have received your very interesting letter of May 7 relative to the post office at Lincoln, Jackson township, Cass County, Ind. I remember your handing me the letter as I was leaving the White House Executive Offices on Friday. Immediately upon my return to the Post Office Department I looked into the situation and took the necessary steps to cancel an order previously issued relative to the closing of the Lincoln post office.

After having read your very interesting letter I definitely came to the conclusion that there was only one course for me to pursue. I, too, was born, as you indicated in your letter, in a small town named Grassy Point, N. Y., and naturally if any move was ever made to close that post office I can well appreciate the reaction of its citizens. I have every reason to believe, after reading your letter, that no greater volume of mail arrived at Grassy Point than reaches Lincoln in the course of a given period. I was touched when I received your letter, because Grassy Point is in exactly the same position as Lincoln. They, too, have no Rotary Club; no Elks Lodge; no courthouse; no city hall; no poolroom; no bowling alleys; no ping-pong parlor; no airport. They did have a barber shop in the old days, although my belief is that there isn't any barber shop located in that community at the present time. In Grassy Point we have our local politics, of course, but I doubt very much whether we have anyone who could match your Aunt Emma, whom you referred to in such a friendly way. The post office in Grassy Point is in a grocery store, the same as our thousands of post offices of a like character in the United States. You know, Everett, I have a friendly regard for small post offices and shall always have that feeling for them. I remember full well as a kid going to the post office every morning exclusively for the purpose of getting the letters which rarely arrived, but really for the purpose of looking at the old New York Herald, which of course carried the baseball scores and stories of the baseball games the preceding day. As a matter of fact, I used to meet the mail carrier as he passed my home and walk to the post office with him to make sure that I would be there upon the arrival of the only copy of the Herald that, in those days, reached the community of Grassy Point. It was delivered to the postmaster, a fine old fellow who ran the grocery store and happened to be a strong Republican although he was a great personal friend of mine. So when I received your communication I want you to know that it fell upon friendly ears. Consequently I was happy to take immediate steps to comply with your request. I am sure that by this time the citizens of Lincoln will be contented with the knowledge that everything is well.

In your letter you indicate that if I fail to comply with your request I will lose the last of the few remaining hairs on my head. Naturally, having complied with your wishes, I feel secure in the fact that I will not lose any more hair. In return for having done what you requested, possibly you might be willing to suggest some way for me to secure a few more hairs on the top of my bald head, bearing in mind the fact that I will never wear a toupe.

I assume that a mass meeting has already been, or will be held, at which time your Aunt Emma will take the necessary steps to "Whereas" and "Resolve" the Post Office Department and the Administration, on the action taken in accordance with your request.

Your reference to my photograph is noted. I am going to send one to the postmaster with the suitable autograph thereon.

Seriously, Everett, I got a great kick out of your letter. It was good to receive it because frankly, as you can imagine, most of the letters that we receive are serious in character, and the people that write are usually complaining or begging, and because your letter was so different, it pleased me immensely. I am always anxious to be of service if I can, and I hope you will never hesitate to call upon me if you think I can help.

With assurance of high personal regards, I am

Sincerely yours,

(Signed) JAMES A. FARLEY,
Postmaster General.

DECEMBER 12, 1937.

Hon. JAMES A. FARLEY,
Postmaster General of the United States, Washington, D. C.

DEAR MISTER POSTERMASTER GENERAL: On behalf of my village birthplace, Lincoln, Ind., whose post office you saved 2 years ago, I voice strong protest against abolishing the post office at your village birthplace, Grassy Point, N. Y.

At Lincoln, the home of my oratorical Aunt Emma, we erected at the post office a billboard sign on which we proudly proclaim: "Lincoln Postoffice. Thanks to Jim Farley." We appreciate our post office. We are a proud people at Lincoln.

In June 1935, you wrote me that you would continue to protect the Lincoln post office from rural route oblivion if I would solemnly pledge my support, if ever needed, to preservation of the Grassy Point post office. I am remembering my promise.

Indeed, you wrote me that "if they ever attempt to do anything to the Grassy Point post office there will be trouble." You pledged my assistance. You have it.

It's time for you to act; it's time for you to start the promised "trouble" for the Grassy Point post office is in jeopardy. I appeal to you to fight. Are you a "man or mouse"?

Surely Grassy Point hasn't lost its pride; surely Jim Farley hasn't lost his fighting qualities.

For Grassy Point to permit its post office to fold up amounts to an admission that "grass grows in its streets," amounts to admission that, after all, Herbert Hoover was right. You surely can't permit such admissions to stand.

How could Grassy Point, without a post office, ever hope to attain the abundant life?

I note the reason for the closing of the Grassy Point post office is that your postmaster, Vincent Hannigan, says he refuses to continue in office because the volume of business is too limited. Imagine a Democrat giving up an office! But surely there is a Republican, be the pay ever so meager, who, with pride in Grassy Point, would jump at the chance to get an office.

Perhaps the sale of stamps is small, but doesn't your postmaster appreciate that a village post office has other important functions. It is at the village post office, serving as a forum for cross-road debaters, that the problems of the day are settled. Perhaps some of your own early education on the affairs of the Nation was obtained while sitting about the stove in the Grassy Point post office.

I appeal to you to take action so that Grassy Point, like Lincoln, can continue to hold its head high and point with pride to its post office.

Defender of Grassy Point,

(Signed) EVERETT C. WATKINS.

DEAR EVERETT: I am in receipt of your interesting letter of the 12th and appreciate keenly the desire on your part to put forth every effort at your command to retain the Grassy Point post office.

It is too late now—nothing can be done because the order has already been issued to close the post office and put Grassy Point on a Rural Free Delivery route. Of course you can imagine my feeling in the matter. Here I have been able to save post offices all over the country, including the one for Aunt Emma at Lincoln, Ind., and I'm not able to do so in my own community which is over 100 years old. The truth of the matter is that there are only two or three stores left and no one wanted to be bothered with the post office. They wanted to close it a year ago, but I succeeded in holding it up until a few days ago and nothing could be done. I think it is an unusual situation and probably unique in the annals of the Post Office Department, that the Postmaster General issued an order closing the post office in the town of his birth, where I resided practically all my life.

I recall very many pleasant instances when I visited the Grassy Point post office as a youngster getting the mail. I remember going down there on March 18, 1897, to get the New York Evening World, which gave an account of the fight between Fitzsimmons and Corbett, and giving it to my father, who was then alive. He felt very much disappointed when the paper gave the story of Corbett's defeat. I used to visit the post office and look over the old New York Morning Herald and read the baseball scores as I sat on a cracker box. In the old days it was quite a busy place. There were many brickyards, a shipyard, and also an iron foundry. The brickyards have long since disappeared and with it went the foundry and shipyard. They still have a fire company up there, however—Grassy Point Engine Company No. 1—and the boys can meet there to settle all questions of state, which in the days that have passed were settled in the post office.

I want you to know that we will still continue to hold our heads high and point with pride to the fact that at one time Grassy Point had a post office.

With every good wish, I am

Sincerely yours,

(Signed) JAMES A. FARLEY,
Postmaster General.

My Activities During My First Year in Congress

EXTENSION OF REMARKS

OF

HON. ALBERT THOMAS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 21, 1937

Mr. THOMAS of Texas. Mr. Speaker, by virtue of the permission of the House, I am taking this opportunity to extend New Year's greetings to the citizens of my district, and to give them an accounting of my activities during my first year in Congress. I believe they are entitled to know what I have done as their Representative, so that they will be better able to judge my past actions, and be better able to advise with, and assist me, concerning the future.

The year 1937 has witnessed much activity in the Congress. Congress has authorized the various governmental agencies to engage in many useful undertakings. For instance, the Public Works Administration was authorized to make grants of money for the construction of useful and needed public improvements, such as schoolhouses, other public buildings, and sewer systems. For that purpose, the Public Works Administration made grants of approximately $5,000,000 to Texas. Our district was fortunate enough to receive approximately one-third of that sum. Here's how over $1,500,000 of P. W. A. money will be spent in Harris County:

1. Goose Creek Independent School District (for schoolhouse)	$204,545
2. Pasadena Independent School District (for schoolhouse)	81,813
3. City hall for Houston	818,181
4. Addicks Independent School District (for schoolhouse—grant not used)	45,000
5. Faith Home	72,765
6. Houston sewer system	403,785

The Honorable Harold Ickes, Secretary of the Department of the Interior, and Public Works Administrator, has been more than generous with the district. His many friends in Harris County admire his outstanding ability and appreciate his generosity.

The Bureau of Air Commerce will construct a modern lighted airway from Houston to New Orleans, at a cost of $330,000. Work will begin in the spring of 1938. Equipment will consist of lighted air lane, teletype machines, landing fields at intervals of every 50 miles, and so forth. When constructed, Houston will have a direct air line east and north (day and night flying) to New Orleans, Washington, New York, and Boston. An air line already connects Houston with Mexico City. This new project, which we have needed for several years, will make Houston the airway center of the South. It will be a great aid to passenger transportation, and mill make our air-mail service unexcelled. Hon. Harilee Branch, Second Assistant Postmaster General, Hon. J. M. Johnson, Assistant Secretary of Commerce, and Mr. Fred D. Fagg, Chief of the Bureau of Air Commerce, were most gracious to me in our dealings which made this project possible.

The Works Progress Administration has also been good to our district. Mr. Harry Hopkins, Works Progress Administrator, and his most valuable and hard-working assistant, Mr. Aubrey Williams, allotted to our district $235,000 to be spent before June 30, 1938, for the purpose of taking men off the relief rolls, and to aid county-wide flood control. This project will not only provide needed employment

for our people, but it will also assist in draining thousands of acres of farm land, and will materially protect the port against floods. I am hopeful that the Works Progress Administration will continue to allot funds for this project for several years to come. It is the initial step, I hope, in a well-thought-out work-relief and drainage project.

The Works Progress Administration also granted us $150,000 for work relief on the city airport. Col. F. C. Harrington, chief engineer of the Works Progress Administration, has been most sympathetic and helpful in directing the approval of these W. P. A. projects. The genial and understanding State administrator, Mr. H. P. Drought, has done much for Harris County.

No one can doubt the great value of the port of Houston to Harris County and to Texas. It is the mainspring which furnishes a livelihood to thousands of our local people. The port has needed several major improvements for years, such as a foods laboratory and a new appraisers and customs warehouse. Mr. Walter G. Campbell, Chief of the Food and Drug Administration of the Department of Agriculture, in November 1937 established the foods laboratory. It will serve all of Texas and the Southwest for food-inspection work. Mr. Campbell promises me to improve its service, and to enlarge it so that we shall have one of the best foods laboratories in the entire country.

The lack of a new appraisers and customs warehouse for the port has been a crying need for years. Dingy, unsightly, and inconvenient buildings will be replaced with an up-to-date $260,000 structure.

Our people are deeply indebted to Hon. Smith Purdum, Fourth Assistant Postmaster General, for his work and thorough knowledge of the port of Houston. As a member of the Procurement Division of the Treasury Department Mr. Purdum did wheel-horse work in making the new warehouse a reality. Construction will begin soon.

Again the Army engineers have demonstrated their friendship for Harris County and their faith in "their baby," the port and the ship channel. For years Buffalo Bayou has been a threat to navigation. The flooding of the bayou has silted the turning basin and the channel and has destroyed much property. The damage runs into millions of dollars. Hon. Harry H. Woodring, Secretary of War; Gen. J. L. Schley, Chief of Army Engineers, who was a colonel in charge of the Galveston district when the port was beginning to "bud"; Maj. Gen. Edward M. Markham, recent Chief of Army Engineers; Capt. L. D. Clay; Capt. J. C. Marshall; Col. William A. Snow, Chief of Rivers and Harbors Division; Lt. Col. F. S. Besson, our present district engineer, have worked out a plan to control the bayou. They have shown me every consideration, which I humbly acknowledge, and for which I am grateful. Their plans were sent to Congress on December 13. I am hoping that Congress will appropriate the necessary outlay of funds to put their plans into effect.

The growth of the county in population since the 1930 census is noticeable at every turn. As a result of that growth our Rural Mail Delivery Service needed to be expanded. The Post Office Department was most cooperative in bettering that condition. In August 1937 five new rural routes were created. On some of these routes mail-delivery service was speeded up 24 hours.

Houston is growing so rapidly it was not a difficult task to convince the postal authorities that an immediate investigation should be made of the city's postal needs. An investigation is now being made of those needs for the long pull. Special attention is being given to the necessity for new substations and contract stations.

Public health is an interesting and vital question. Dr. Thomas Parran, Jr., the capable and energetic Surgeon General of the United States Public Health Service, has impressed upon the country the urgent need for an out-in-the-open attitude toward syphilis, and an active campaign against it. Federal funds are available for this endeavor and other public health activities. The United States Public Health Service willingly made a health survey of our county. It is sincerely hoped that the financial and moral help of the Government in regard to the prevention and treatment of syphilis, and child and mother care, can be effectively used as a part of our local public health program. I have every assurance from Dr. Parran that his service will cooperate with our local authorities in this undertaking. This work will control present active syphilitic cases and help keep future generations out of insane asylums and penitentiaries.

A new judgeship for the United States District Court for the southern district of Texas is practically assured us. The House passed a bill creating the additional judgeship. I have assurances that the Senate will agree to it in January.

The veterans of Harris County, East Texas, and South Texas, have been inconvenienced by lack of a nearby veterans' contact unit. They have had to travel many miles for their medical examinations. The Veterans' Administration now realizes this handicap and proposes to establish a contact unit in Houston. Records will be kept there, and medical examinations made. This is a needed convenience, and I rejoice with the veterans over our good luck.

Our able Secretary of Agriculture, the Honorable Henry Wallace, allotted $231,000 for the Sam Houston Farms project at Highlands, Tex. This project is under the supervision of the Farm Security Administration, which is headed by a most capable administrator, Dr. W. W. Alexander. It is an experiment to reduce farm tenancy. There are some 64 units which are nearing completion. Each unit consists of from 40 to 60 acres, a house, barns, well, and so forth. Loans on same are payable over a period of 40 years at 3 percent interest. Rehabilitation loans are also available for purposes of stocking the farm, buying feed, equipment, seed, and other operating necessities. We are indeed fortunate that our district has been chosen for this experiment.

Our district, during the year 1937, has received direct Government benefits in excess of $2,900,000.

I greatly appreciate the wholehearted cooperation that the mayors and councilmen, the county officials, the many splendid civic and business organizations, and the chambers of commerce have given me. Their support and assistance have been invaluable. Our friend and neighbor, the Honorable Jesse Jones, is at all times eager to do something for our district. He is never too busy to help, and he knows how to get the job done. Our resourceful and energetic Senators, MORRIS SHEPPARD and TOM CONNALLY, have, at all times, been willing and eager to cooperate in all matters of interest to the district.

A Congressman's duties are twofold: He should try to procure all available Federal benefits for his district, and he should study and help legislate for the good of the country. Much permanent and forward-looking and far-reaching legislation was passed during 1937. The Railroad Retirement Act blazes a trail in a new field of Federal activity, which proposes to bring old-age security to employees, based upon continuous service to his employer. I heartily endorsed this legislation. The railroad boys deserve much credit for its enactment. They are always leaders in social legislation.

Civil service is not as effective as it should be. Most certainly it should be expanded—and many existing administrative defects should be removed. Promotion should be encouraged. Ability and faithfulness to duty should be rewarded, and politics inside and outside the administration of the Civil Service Act should be eliminated. I am proud of my 100-percent record in favor of civil service.

Child labor, sweatshops, and the chiseler in business should be stamped out. These elements are a curse on humanity. They are a drag upon business. The time is not far distant when they will be behind us. No fair-minded employer wants them.

The slum-clearance bill, which was passed in August 1937, is another piece of forward-looking legislation. The erection of sanitary and safe homes at a rental within reach of the low-wage group will pay national dividends. Insanitary and unsafe homes are not economical, nor are they an asset to any community. It is my sincere hope that our district participates in this program. Mr. Nathan Straus, the Ad-

ministrator of the act, will assist us in every way. The Government will pay approximately 90 percent of the cost of the low-rent housing projects.

The House and Senate have just amended the National Housing Act. The bill is now in conference. Think what a $3,000,000,000 home-building program for the year 1938 will mean. All types of construction employment—carpenters, painters, plumbers, brickmasons, and all others—all types of business—the lumber industry, the hardware business, the butcher, the grocery man, the filling-station operators, as well as insurance concerns and furniture companies—will greatly benefit. And, too, can anyone fail to vision the fine results of increased home ownership? Hundreds of $1,500 to $6,000 homes which families can call their own are more important to the Nation than countless skyscrapers. Home ownership builds morale, and morale builds good citizens. The Government will guarantee the payment of the mortgage on homes built under this program, up to 90 percent of their value. The value is not to exceed $6,000. The interest rate is approximately 5 percent. The mortgages cover a period of 20 years. This is real Americanism.

The problems of our dependent old people, and our helpless cripples, should be given far more attention. There is no good reason why totally and permanently crippled persons, excluding mentally deficient persons, should not be included within the benefits of the Social Security Act.

We have a business recession looking us squarely in the face. Most well-informed authorities agree that the bottom has been reached, and we shall again start on a period of prosperity. Business should be given every opportunity to carry on under its own drive. Doubtless, a modification of the undistributed profits tax law will afford much encouragement to the smaller businessman. The administration is eager to keep Federal expenditures within the limits of the Budget. If spending exceeds those limits, the responsibility belongs to Congress. The country is now ready to avoid overlapping spending.

Un-American Activities

EXTENSION OF REMARKS
OF
HON. SAMUEL DICKSTEIN
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Tuesday, December 21, 1937

Mr. DICKSTEIN. Mr. Speaker, I wish to thank all of the Members of the House who were kind enough to cooperate with me during my speech on the floor on December 21, 1937, and who so generously supported my desire for a congressional investigation on un-American activities.

The gentleman from Missouri [Mr. COCHRAN], the gentleman from Missouri [Mr. SHORT], the gentleman from Pennsylvania [Mr. DUNN], the gentleman from New York [Mr. FISH], and the gentleman from New York [Mr. O'CONNOR] have each in their own manner expressed their satisfaction with my efforts to stamp out un-Americanism and to purge this country from all efforts to bring to these shores intolerance, bigotry, and fascism. I am sure there were others who did not voice their views, but are of the same opinion.

But in true contrast with this cooperative spirit manifested by my other colleagues, the gentleman from Minnesota [Mr. KNUTSON] took a position which is more than objectionable to all true lovers of America. The gentleman from Minnesota, perhaps, in his foolish desire to curry favor with some of his German constituents, saw fit to criticize my efforts and minimize the importance of the action which I am seeking to take in the matter of this growing menace of anti-American propaganda.

Does not the gentleman from Minnesota know by this time, not only from my remarks on the floor of the House but from public utterances and overwhelming documentary proof, that the German Government today is engaged in vicious, malicious, and unscrupulous propaganda not only in this country but throughout the world, seeking to convert this commonwealth of ours into a Fascist dictatorship? Does not the gentleman know that to carry out its nefarious propaganda camps are being established in many parts of the country for the purpose of engaging in military drill, rifle practice, and other activities training the adherents of this foreign philosophy in the use of firearms and military tactics so that they may become the nucleus of a revolutionary band to bring about an upheaval of the Government of this country? Does not the gentleman know or has he not been able to obtain information about the tons of literature which are being imported into this country by every vessel that comes to these shores under the German flag? Does not the gentleman know that inflammatory literature criticizing our Government and institutions and painting a beautiful and roseate picture of institutions in Nazi Germany finds its way into each home and fireside? Does not the gentleman know that particularly on the Pacific coast Nazis have been celebrating real orgies under the stimulant of the Nazi consul, Manfried von Killinger? Does not the gentleman know that the German Government has proclaimed the doctrine that all Germans living abroad are ipso facto National Socialists? Does not the gentleman know that the Government in Germany brands as traitor every German national or person of German extraction who does not subscribe to the tenets of national socialism? Does not the gentleman know that the Nazi Government is committed to work for a pan-Germanic movement to unite all Germans and those of German extraction under the leadership of the Nazi Party in Germany, and that to accomplish this a propaganda network has been flung all around the world?

I do not know with what interest the gentleman pursued the work of the commitee which was appointed by the last Congress under the chairmanship of my colleague from Massachusetts [Mr. MCCORMACK], with myself as vice chairman, and in which we pointed out the many instances of the operation of German secret police in this country and of the work of paid propagandists.

I am sure that the gentleman from Minnesota can profitably utilize the holiday period for the purpose of acquainting himself with all the aspects of this obnoxious un-American propaganda, and I feel certain that if he devotes as much time to the stamping out of this menace of un-Americanism as he did to curry favor with those of his constituents who do not deserve any favor he will emerge from his studies a better American and will be able to fulfill his duties as a Member of Congress with greater efficiency and for the benefit of the country.

"C. C. C. Strength as Army Cited—Fechner Claims 2,300,000 Trainees Can Become Soldiers Overnight"—Pure Unadulterated "Bunk"

EXTENSION OF REMARKS
OF
HON. CHARLES A. PLUMLEY
OF VERMONT
IN THE HOUSE OF REPRESENTATIVES
Tuesday, December 21, 1937

Mr. PLUMLEY. Mr. Speaker, under Miami date line of December 21, an Associated Press dispatch carried the following in the Washington Star:

Robert Fechner, National Civilian Conservation Corps Director, said yesterday the United States has 2,300,000 youths trained in C. C. C. camps who are ready to act as a volunteer army in an emergency.

"While C. C. C. men are not militarized in the ordinary sense of the word," he said, "their training is such that they are about 85 percent prepared for military life."

ARMY ON SHORT NOTICE

"The 300,000 boys now in camp and the 2,000,000 who were trained before them could be turned into first-class fighting men at almost an instant's notice."

Director Fechner said in an interview the military aspect of the C. C. C. was unintentional. "Since its inception by President

Roosevelt in March 1933," he said, "the C. C. C. has partly solved a tremendous unemployment situation, helped prevent crime by giving footloose young men gainful work, and has wrought 'literal miracles' in conservation projects."

"Aside from that, however," he said, "the C. C. C. has provided a gigantic protective body which could back up the Nation's standing military units."

TAUGHT DISCIPLINE

"C. C. C. men," Mr. Fechner said, "have been taught discipline, how to live in large groups harmoniously, to care for themselves, and to maintain rigid sanitation."

"It is such training," he said, "that constitutes the groundwork for any armed force. The manual of arms and drill formations are but a very small part of a soldier's training."

Now, Mr. Speaker, I have been one of the sponsors of the Civilian Conservation Corps, and am gratified at what it really has accomplished toward the salvation and the training of youth, but to assert that this group could be turned into first-class fighting men overnight is pure unadulterated "bunk." To say they are 85 percent prepared for military life is more than 85 percent wrong.

Thanks to the officers of the Army and Navy and Marine Corps, who labored under the tremendous handicap of having no real authority to discipline the men under them other than outright dismissal, the C. C. C. enrollees, nevertheless, "have learned some of the essentials of living harmoniously in groups; how to care for themselves; how to maintain rigid sanitation." To think, however, that these qualifications and such training make even an 85-percent citizen or soldier shows a lack of appreciation of what it costs in time and effort to accomplish such a result.

The statement is palpably a fallacy because a large percentage of the C. C. C.'s as they have left the outfit are not even soldier material, much less soldiers. The statement is analogous to that which the late lamented Secretary of State, William Jennings Bryan, made, when he said: "We could turn out 4,000,000 men as soldiers overnight."

The C. C. C. camps have discharged their obligation insofar as affording a refuge and a haven for the enrollees and a relief to the public is concerned.

In order to publicize and perhaps to lay the foundation for extending the life of the organization, it is now obvious that the general public is being propagandized with the idea that the C. C. C. is a protective unit for the country. To save face as against the ultrapacifist it is suggested that the group has not been militarized, and to gain favor with militarists it is suggested they are 85 percent militarized.

Now the fact is, and the truth is, without respect to the military end of it, if you will have it so, that according to my observation the training of the C. C. C. enrollees has lacked the very thing which inculcates a sense of responsibility, proper respect for lawfully constituted authority, and a comprehension of the duty which devolves upon every young man to make the most of himself—to serve his time as a man, and his country as a good citizen and a patriot.

Discipline, under whatever form or name it shows its head, is the first essential and necessary element in the training of youth to impress upon his mind the absolute necessity for attention to the business in hand; to show him that merit is properly recognized; to teach him that no man is fitted to command who has not first learned to obey; to recognize the fact that he must assume responsibility; to realize the importance of punctuality; to know how absolutely indispensable is accuracy; to realize that while saluting his superiors and commanding his inferiors he is doing nothing else or other than learning the rights and prerogatives of each; namely, what goes with authority and how he may use, but never abuse it.

Discipline makes it possible for him to acquire the knowledge, both theoretical and practical, of what constitutes "proper preparation, the worth of his word, and what honor is."

Discipline, to which he is obliged to respond, and on the basis of which he gives orders, makes it possible for him to estimate his own strength, and his limitations; teaches him a lesson invaluable, and without which no man can fairly expect to accomplish anything; namely, that properly constituted authorities are entitled to be obeyed and that certain responsibilities attach to the rights and duties of citizenship.

Now, all the foregoing is a training for peace, not war. Incidentally, it might make a soldier of him, but actually it increases his employability and makes a good citizen of him.

Until a program is adopted by the C. C. C. based upon the necessity for discipline, which program has not been adopted, it is probably a fallacy to suggest that the discharged enrollees of the C. C. C. are prepared for either the discharge of their duties as citizens in time of peace or as soldiers in time of war. Moreover, a citizen soldiery is essential to the maintenance of free government, and at the cost of blood and treasure we ought to have learned, whether we have or not, that "obedience to law is liberty."

The New Farm Bill—Lip Service With a Strait Jacket

EXTENSION OF REMARKS

OF

HON. WILLIAM LEMKE

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 17, 1937

Mr. LEMKE. Mr. Speaker, this Nation is still in agony. It is still hungry. Millions are still unemployed and millions are suffering from malnutrition—starving because of unnourishing and insufficient variety of foods. Unthinking people and the Department of Agriculture still persist in calling this overproduction, still continue to talk of surpluses, when intelligent people know that our trouble is underproduction, underconsumption, and maldistribution.

It is rumored that the unemployment census, if and when it is made public, will shock this Nation. It is rumored that hundreds of thousands of people, mistaking the Census Bureau for an employment agency, have written personal letters asking for employment. These state that this is the first time that they have been compelled to ask for help, and that unless they get employment they, too, will have to go on relief. Every courthouse in this land of ours is still a poorhouse. Millions are asking for relief and millions clamoring for more.

The previous administration was defeated because of its do-nothing policy, because of its incompetency, because it failed the people in its sacred duty to put an end to this man-made depression. The present administration came into power because it promised a remedy. Five years have now passed, and we are just becoming acquainted with the depression; its name has now been changed and it is being called a recession, but is the same old depression.

We are aware that we had a little cash-and-carry prosperity among certain classes. We know that a few of the rich have been getting richer at the expense of the poor. We know that this cash-and-carry prosperity was brought about by selling $20,000,000,000 worth of 3-percent interest-bearing, tax-exempt bonds to the coupon clippers. We also know that pay day has arrived—a recession.

Congress has now been wrestling with the depression—or should we say with the recession—for over 5 years, but we are again back at the point of beginning. We have roamed around in and explored all the wildernesses of proven failures. We should now be in a splendid position to go forward to success. Congress should have learned by this time not to blindly follow the ignorant suggestions of the "abundant life by scarcity" given out by the bureaucrats in the Department of Agriculture.

Congress should now assume its constitutional duty and again write the Nation's laws. It should write a farm bill which will give to the farmers cost of production for that part of their commodities consumed in the United States. It should write a labor bill which will give to every laboring man a living annual wage—an American standard of living. The time is at hand when the intelligent people of this

Nation must wake up and assume their responsibility. They must realize that in the future we must live and let live. We have followed ignorance far enough. There is danger ahead.

The farm bill passed by the House and the one passed by the Senate is not the bill that the Congress or the farmers want. It is the bill of the Department of Agriculture. Congress has now been wandering around in the dismal swamps of confusion and failure with the Secretary of Agriculture for 5 years. I used to believe in the law of averages. I thought any person, according to the law of averages, would hit upon the right thing once in a while. I believe that we must now, however, adopt the law of accident as far as the Secretary of Agriculture is concerned, because if he ever hits it right it will be by accident.

The philosophy of the Secretary is the proven failure of destruction and curtailment, the massacre of millions of pigs, sheep, and calves, the restriction and destruction of agricultural commodities. A few years ago, by order of the Secretary, hundreds and thousands of acres of cotton, wheat, oats, and barley were either burned or plowed under. In exchange for this wholesale destruction of property the farmers were promised allotment checks, but these allotment checks were mostly given to landlords, mortgagees, insurance companies, and investment banks.

Allotment checks from $50,000 to $100,000 were paid to foreign corporations for not producing sugar on lands that they owned in the United States. Again, hundreds and thousands of dollars were paid to corporations for not planting sugar in Puerto Rico, Hawaii, and other possessions of the United States. But the average allotment check that the farmer, who paid the processing tax and who actually tilled the soil, received amounted to less than $100.

The money with which these allotment checks were paid came from the farmers, because the processing tax was deducted from the prices of the commodities they produced. This is now an admitted fact. In the meantime our agricultural markets are sold in foreign market places to horse traders—foreign diplomats. We are the poorest horse traders in the world. We generally trade away two or three good colts and get in return one broken-down old nag.

This Nation became great because it always had an abundance of wealth, but now we are suddenly asked to believe in the doctrine of scarcity, in obtaining abundant life by destruction. To destroy property is legally criminal, morally and economically wrong, and religiously sinful. This has been so well established that even the Secretary of Agriculture should know it.

We have destroyed—restricted the production of—agricultural wealth so much so that now we have to import it from foreign countries. We imported from other nations over $1,643,000,000 worth of agricultural products, manufactures, and substitutes during the first 10 months of this year. That is the foreign valuation. The domestic valuation would be over $3,200,000,000. That is what the consumer pays and that is what our own producers should have received in place of the foreigners.

That is not only 2 percent of our agricultural production, but it is almost one-half of our agricultural income. This would have been sufficient to give to every head of our 6,000,000 farm families a check for $500 and would have left $200,000,000 with which to organize the farmers in order to protect themselves.

In 1935 the Department of Agriculture used the money of the taxpayers of the United States to buy imported cattle from Canada at South St. Paul in order to keep up the price for the American farmer, while at the same time the Secretary of State increased the importation of Canadian cattle by special trade agreements. It is just simply a crazy quilt.

Among these importations we find 437,941 head of cattle, 157,000 head of hogs, 151,629,644 pounds of meat and meat substitutes, 262,053,075 pounds of fish, 253,738,171 pounds of hides and skins, 84,828,124 bushels of corn, and $98,449,437 worth of grain and grain preparations. Not satisfied with that, we invaded the poultry market of our farmers' wives and imported $3,899,046 worth of poultry products.

In addition to that we imported 124,114,965 pounds of unmanufactured cotton and over $44,000,000 worth of semimanufactured and manufactured cotton, together with 136,000,000 square yards of cotton cloth, and yet we talk of overproduction of cotton. All this within the first 10 months of 1937. All of these commodities should have and could have been produced by our own farmers.

You and I know that our export surpluses reduce the domestic price to the foreign price. We also know that foreign imports to the same extent reduce the domestic price to our farmers. We now ask that $65,000,000 be loaned to the corn farmers. Yet we imported over $55,000,000 worth of foreign corn. If we had excluded these importations it would have meant not only $55,000,000 more to our corn farmers, but they would have received at least $500,000,000 more in higher prices for their entire crop and we would not have to provide for loans.

Charity begins at home. The time has come for Congress to work for the American people and not for some foreign interests. I am not opposed to foreigners, but I do not believe in bringing our own people down to the standards of living that exist in some foreign nations. We should rather bring their standards up to the American standard by setting an example for them to follow, by giving to our laboring people a living annual wage and giving cost of production to our farmers.

The farmer is not responsible for the high cost of living. He gets less than 20 percent of what you pay to live on. The high cost of living is not caused by the price the farmer receives. The cause is that we have restricted our own production until we give to foreign nations about one-half of the money we pay for the agricultural products we consume. The time has come when this madness must be stopped. In place of forcing our farmers to permit their land to lie idle and pay taxes on it, so that we can import these products from foreign nations, who already owe us $26,000,000,000 and refuse to pay, we should increase our agricultural acreage by at least 100,000,000 acres.

The farm bill forced through the House contains 93 pages, consisting mostly of a conglomeration of words, contradictions, and meaningless phrases. No two people in the United States could read this bill and agree upon its meaning. This bill does not give to the farmer parity of prices or income with manufactured commodities. It does not contain a single word about crop insurance. It does not give the farmer cost of production. It does continue the soil conservation, but that is already a law, and this monstrosity really takes from that law rather than adding anything to it.

This bill is of doubtful constitutionality. It will reduce the farmers to the status of Government wards; it will keep them permanently on the dole and regimented as serfs. It is indefinite, complicated, incapable of being understood by Congress, by proposed administrators, and by farmers, and it is unworkable. It would freeze the farm income under a limitation of price and a limitation of production at less than the farmers' cost of production. It will cost the Treasury of this Nation from seven hundred million to one billion dollars without benefit to anyone. It will add to the unemployed and increase "the ill-fed, ill-clad, and ill-housed" of our population. It would do this by restricting production and thereby decreasing farm employment.

This bill does not provide for an ever-normal granary. These are simply catchwords. The object is to continue to import one-fifth of all the agricultural products and substitutes that we consume. It will take the American farmer out of the foreign market and put the foreign farmer into the American market. The bill as now amended is the result of sectional logrolling. No one can successfully defend its honor or its integrity. If it becomes a law it will continue to divide the people along sectional lines. It will lead not only to hatred and sectionalism but may end in disaster.

The bill contains over five and a half pages of criminal law and penalties. If passed in its present form, it will make peons, slaves, and cowards out of our farmers. On page 46 it contains this gem:

In any action brought to enforce the collection of penalties provided for in this section the farmer shall have the burden of proving that he did not market field corn in excess of his farm-marketing quota.

In other words, it puts the burden of proof upon the accused person and not upon the accuser.

Congress knows what the farmer wants. He wants cost of production for that part of his crop that is consumed in the United States. No honest man or woman can ask him to sell for less than it costs him to produce. Then he wants the Frazier-Lemke refinance bill. That is all and that is just.

Do you know that during the last 5 years one farmer out of every six lost his farm by mortgage foreclosure, tax sale, or forced sale? Do you know that the price of agricultural commodities were very near the level they reached in 1932? In my own State we were selling potatoes for 12 cents a bushel. That was 1 cent lower than they were in 1932. We were selling oats for 16 cents a bushel and corn for 30 cents a bushel.

I have not yet discovered a single Member of Congress who honestly is for the bill and who does not secretly wish its defeat. Not a single farm organization now defends this bill. Even Ed O'Neil, of the Farm Bureau, whom we once suspected of being the bill's daddy, now disowns this monstrosity. The truth is that both the Senate and the House Agricultural Committees have Wallace's bear by the tail and do not know how to let go.

Why I Am a Democrat—Wage and Hour Legislation

EXTENSION OF REMARKS

OF

HON. JOHN J. McGRATH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 21, 1937

Mr. McGRATH. Mr. Speaker, when a person establishes and maintains membership in an organized political party he can quite frequently claim no better reason than that his ancestors were members of that party or that he lives in a particular section of our country. I can claim neither of these reasons as a basis for my membership in the Democratic Party.

As a young man, I had charge of a gang of workmen employed by one of our largest American corporations. In the depression of the 1890's these men were working for wages barely above the starvation level, and I knew that at that time the corporation was making a profit. The men threatened to strike, but I persuaded them to wait until I could present their cases to the executives of the company. I told the superintendent of the plant what I knew concerning the distress caused by the low wages. I pleaded with him for an additional 25 cents per day in order that the families might have bread, at least, upon their tables. I was informed that a raise in pay was contrary to the policy of the company and that if the men were not satisfied with their wages plenty of other men could be secured to replace them.

Almost immediately after this I was called to the office and advised that, as a part of my duties, I should see that all of the employees working under me understood that it was the policy of the company to support the Republican ticket and to vote for the candidates of that party. I was also advised that successful political manipulation of these men was a requisite for holding my own job.

I searched for the party which would offer a political antidote, and I became convinced that the Democratic Party presented the most effective channel for service in the interests of the common man. I do not regret that decision.

I was delighted when the Democratic platform of 1936 contained a definite pledge for wage and hour legislation. In the campaign I made the party pledge my own personal pledge and I received the overwhelming support of the people of my district. I was returned to the Seventy-fifth Congress to carry out that pledge, and I expect to continue my efforts until a proper and real protection is thrown around those who are compelled to work brutally long hours for wages which make it impossible for the workers to maintain a decent standard of living for themselves and for their families.

I have by no means regarded the measure pending in the House of Representatives as thoroughly satisfactory, but I did regard the measure as a step in the right direction. I was deeply disappointed by the emasculating amendments which were tied on the bill by those who were opposed to any regulation of wages and hours.

As far as I am concerned, I do not regard the recommittal of this bill to the Committee on Labor as a deathblow. I refuse to accept such a verdict. At the regular session I intend aggressively to support that wage and hour legislation which, in my judgment, will most effectively protect the honest employer from his chiseling competitors and which will enable labor—whether organized or unorganized—to live in accordance with American standards of decency and self-respect.

National Mediation Board

EXTENSION OF REMARKS

OF

HON. EDWARD A. KENNEY

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 14, 1937

Mr. KENNEY. Mr. Speaker, as a member of the Committee on Interstate and Foreign Commerce of the House of Representatives I have followed with much interest the activities of the National Mediation Board under the Railway Labor Act. Because it has functioned so smoothly, few fully recognize the efficient service of this Board under that act and the predecessor boards under the predecessor acts. The very fact that in the largest industry in the country there has been freedom from serious interruption due to labor troubles since the year 1922, speaks volumes for the success of the fundamental theory underlying that legislation, but it is by no means attributable wholly to the legislation. Had it not been implemented by a personnel understanding, sympathetic, and capable of the discharge of the functions of the Board created by that act, it would nevertheless have failed to produce favorable results.

With the passing of the late James W. Carmalt, its Chairman, the Board, the industry, and the country have suffered a great loss. It is imperative that Mr. Carmalt's successor be one highly qualified to discharge the functions of that office. It requires first, at least, acquaintanceship with the parties to the disputes likely to come before the Board. But this is not enough. It requires also confidence of the parties in the impartiality of the Board members.

Mr. George A. Cook, long secretary of the Board and its predecessor boards, is undisputably the most qualified man that could be selected. Those intimately familiar with the functioning of the Board know that Mr. Cook often becomes and constitutes the Board when the members are in various parts of the country settling controversies imminently threatening the interruption of commerce. Even in the absence of its members the Board functions; and it functions solely by and due wholly to Mr. Cook's extraordinary ability to handle the parties having problems; his gift of contacting and presenting to the individual Board members the fundamentals of the problems, and a high degree of good judgment in solving or staying situations until the Board can act.

I know of no one who would make a more worthy successor to Mr. Carmalt, who gave so much, possibly to the hastening of his own end, toward the accomplishment of an ideal which perhaps few others than those who have come into intimate contact with interstate commerce can understand.

INDEX

NAMES AND POST-OFFICE ADDRESSES

OF MEMBERS OF THE

UNITED STATES SENATE

IN THE

SECOND SESSION OF THE SEVENTY-FIFTH CONGRESS

JOHN N. GARNER, Vice President, Uvalde, Tex.

KEY PITTMAN, President pro tempore, Tonopah, Nev.

Name	Home post office
Adams, Alva B	Pueblo, Colo.
Andrews, Charles O	Orlando, Fla.
Ashurst, Henry F	Prescott, Ariz.
Austin, Warren R	Burlington, Vt.
Bailey, Josiah W	Raleigh, N. C.
Bankhead, John H., 2d	Jasper, Ala.
Barkley, Alben W	Paducah, Ky.
Berry, George L	Pressmen's Home, Tenn.
Bilbo, Theodore G	Poplarville, Miss.
Bone, Homer T	Tacoma, Wash.
Borah, William E	Boise, Idaho.
Bridges, H. Styles	East Concord, N. H.
Brown, Fred H	Somersworth, N. H.
Brown, Prentiss M	St. Ignace, Mich.
Bulkley, Robert J	Cleveland, Ohio.
Bulow, William J	Beresford, S. Dak.
Burke, Edward R	Omaha, Nebr.
Byrd, Harry Flood	Berryville, Va.
Byrnes, James F	Spartanburg, S. C.
Capper, Arthur	Topeka, Kans.
Caraway, Mrs. Hattie W	Jonesboro, Ark.
Chavez, Dennis	Albuquerque, N. Mex.
Clark, Bennett Champ	LaDue Village, St. Louis County, Mo.
Connally, Tom	Marlin, Tex.
Copeland, Royal S	New York City, N. Y.
Davis, James J	Pittsburgh, Pa.
Dieterich, William H	Beardstown, Ill.
Donahey, Vic	Huntsville, Ohio, R. F. D.
Duffy, F. Ryan	Fond du Lac, Wis.
Ellender, Allen J	Houma, La.
Frazier, Lynn J	Hoople, N. Dak.
George, Walter F	Vienna, Ga.
Gerry, Peter G	Warwick, R. I.
Gibson, Ernest W	Brattleboro, Vt.
Gillette, Guy M	Cherokee, Iowa.
Glass, Carter	Lynchburg, Va.
Graves, Mrs. Dixie Bibb	Montgomery, Ala.
Green, Theodore F	Providence, R. I.
Guffey, Joseph F	Pittsburgh, Pa.
Hale, Frederick	Portland, Maine.
Harrison, Pat	Gulfport, Miss.
Hatch, Carl A	Clovis, N. Mex.
Hayden, Carl	Phoenix, Ariz.
Herring, Clyde L	Des Moines, Iowa.
Hitchcock, Herbert E	Mitchell, S. Dak.
Holt, Rush D	Weston, W. Va.
Hughes, James H	Dover, Del.
Johnson, Edwin C	Craig, Colo.
Johnson, Hiram W	San Francisco, Calif.
King, William H	Salt Lake City, Utah.
La Follette, Robert M., Jr	Madison, Wis.
Lee, Josh	Norman, Okla.
Lewis, J. Hamilton	Chicago, Ill.
Lodge, Henry Cabot, Jr	Beverly, Mass.
Logan, M. M	Bowling Green, Ky.
Lonergan, Augustine	Hartford, Conn.
Lundeen, Ernest	Minneapolis, Minn.
McAdoo, William Gibbs	Los Angeles, Calif.
McCarran, Pat	Reno, Nev.
McGill, George	Wichita, Kans.
McKellar, Kenneth	Memphis, Tenn.
McNary, Charles L	Salem, Oreg.
Maloney, Francis T	Meriden, Conn.
Miller, John E.[1]	Searcy, Ark.
Minton, Sherman	New Albany, Ind.
Moore, A. Harry	Jersey City, N. J.
Murray, James E	Butte, Mont.
Neely, Matthew M	Fairmont, W. Va.
Norris, George W	McCook, Nebr.
Nye, Gerald P	Cooperstown, N. Dak.
O'Mahoney, Joseph C	Cheyenne, Wyo.
Overton, John H	Alexandria, La.
Pepper, Claude	Tallahassee, Fla.
Pittman, Key	Tonopah, Nev.
Pope, James P	Boise, Idaho.
Radcliffe, George L	Baltimore, Md.
Reynolds, Robert R	Asheville, N. C.
Russell, Richard B., Jr	Winder, Ga.
Schwartz, H. H	Casper, Wyo.
Schwellenbach, Lewis B	Neppel, Wash.
Sheppard, Morris	Texarkana, Tex.
Shipstead, Henrik	Miltona, Minn.
Smathers, William H	Margate, N. J.
Smith, Ellison D	Lynchburg, S. C.
Steiwer, Frederick	Portland, Oreg.
Thomas, Elbert D	Salt Lake City, Utah.
Thomas, Elmer	Medicine Park, Okla.
Townsend, John G., Jr	Selbyville, Del.
Truman, Harry S	Independence, Mo.
Tydings, Millard E	Havre de Grace, Md.
Vandenberg, Arthur H	Grand Rapids, Mich.
Van Nuys, Frederick	Indianapolis, Ind.
Wagner, Robert F	New York City, N. Y.
Walsh, David I	Clinton, Mass.
Wheeler, Burton K	Butte, Mont.
White, Wallace H., Jr	Auburn, Maine.

[1] Elected on Oct. 18, 1937, to fill the vacancy caused by the death of Joseph T. Robinson. Mr. Miller's term commenced Nov. 15, 1937. Vacancy in this term from July 14 to Nov. 14, 1937.

NAMES AND POST-OFFICE ADDRESSES

OF MEMBERS OF THE

HOUSE OF REPRESENTATIVES

IN THE

SECOND SESSION OF THE SEVENTY-FIFTH CONGRESS

WILLIAM B. BANKHEAD, Speaker, Jasper, Ala.

REPRESENTATIVES

Name	Home post office
Aleshire, Arthur W	Springfield, Ohio.
Allen, A. Leonard	Winnfield, La.
Allen, Leo E	Galena, Ill.
Allen, Robert G	Greensburg, Pa.
Allen, William F	Seaford, Del.
Amlie, Thomas R	Elkhorn, Wis.
Anderson, C. Arthur	Lemay, St. Louis County, Mo.
Andresen, August H	Red Wing, Minn.
Andrews, Walter G	Buffalo, N. Y.
Arends, Leslie C	Melvin, Ill.
Arnold, Laurence F	Newton, Ill.
Ashbrook, William A	Johnstown, Ohio.
Atkinson, Richard M	Nashville, Tenn.
Bacon, Robert L	Old Westbury, N. Y.
Bankhead, William B	Jasper, Ala.
Barden, Graham A	New Bern, N. C.
Barry, William B	St. Albans, N. Y.
Barton, Bruce [1]	New York City, N. Y.
Bates, George J	Salem, Mass.
Beam, Harry P	Chicago, Ill.
Beiter, Alfred F	Williamsville, N. Y.
Bell, C. Jasper	Kansas City, Mo.
Bernard, John T	Eveleth, Minn.
Biermann, Fred	Decorah, Iowa.
Bigelow, Herbert S	Cincinnati, Ohio.
Binderup, Charles G	Minden, Nebr.
Bland, Schuyler Otis	Newport News, Va.
Bloom, Sol	New York City, N. Y.
Boehne, John W., Jr	Evansville, Ind.
Boileau, Gerald J	Wausau, Wis.
Boland, Patrick J	Scranton, Pa.
Boren, Lyle H	Seminole, Okla.
Boyer, Lewis L	Quincy, Ill.
Boykin, Frank W	Mobile, Ala.
Boylan, John J	New York City, N. Y.
Bradley, Michael J	Philadelphia, Pa.
Brewster, Ralph O	Dexter, Maine.
Brooks, Overton	Shreveport, La.
Brown, Paul	Elberton, Ga.
Buck, Frank H	Vacaville, Calif.
Buckler, R. T	Crookston, Minn., R. F. D.
Buckley, Charles A	New York City, N. Y.
Bulwinkle, Alfred L	Gastonia, N. C.
Burch, Thomas G	Martinsville, Va.
Burdick, Usher L	Williston, N. Dak.
Byrne, William T	Loudonville, N. Y.
Caldwell, Millard F	Milton, Fla.
Cannon, Clarence	Elsberry, Mo.
Cannon, Raymond J	Wauwatosa, Wis.
Carlson, Frank	Concordia, Kans.
Carter, Albert E	Oakland, Calif.
Cartwright, Wilburn	McAlester, Okla.
Case, Francis H	Custer, S. Dak.
Casey, Joseph E	Clinton, Mass.
Celler, Emanuel	Brooklyn, N. Y.
Champion, Edwin V	Peoria, Ill.
Chandler, Walter	Memphis, Tenn.
Chapman, Virgil	Paris, Ky.
Church, Ralph E	Evanston, Ill.
Citron, William M	Middletown, Conn.
Clark, D. Worth	Pocatello, Idaho.
Clark, J. Bayard	Fayetteville, N. C.
Clason, Charles R	Springfield, Mass.
Claypool, Harold K	Chillicothe, Ohio.
Cluett, E. Harold	Troy, N. Y.
Cochran, John J	St. Louis, Mo.
Coffee, Harry B	Chadron, Nebr.
Coffee, John M	Tacoma, Wash.
Colden, Charles J	San Pedro, Calif.
Cole, W. Sterling	Bath, N. Y.
Cole, William P., Jr	Towson, Md.
Collins, Ross A	Meridian, Miss.
Colmer, William M	Pascagoula, Miss.
Connery, Lawrence J. [2]	Lynn, Mass.
Cooley, Harold D	Nashville, N. C.
Cooper, Jere	Dyersburg, Tenn.
Costello, John M	Hollywood, Calif.
Cox, E. E	Camilla, Ga.
Cravens, Ben	Fort Smith, Ark.
Crawford, Fred L	Saginaw, Mich.
Creal, Edward W	Hodgenville, Ky.
Crosby, Charles N	Meadville, Pa.
Crosser, Robert	Cleveland, Ohio.
Crowe, Eugene B	Bedford, Ind.
Crowther, Frank	Schenectady, N. Y.
Culkin, Francis D	Oswego, N. Y.
Cullen, Thomas H	Brooklyn, N. Y.
Cummings, Fred	Fort Collins, Colo.
Curley, Edward W	New York City, N. Y.
Daly, J. Burrwood	Philadelphia, Pa.
Deen, Braswell	Alma, Ga.
Delaney, John J	Brooklyn, N. Y.

[1] Elected Nov. 2, 1937, to fill the unexpired term caused by the death (in preceding session) of Theodore A. Peyser.

[2] Elected Sept. 28, 1937, to fill the unexpired term caused by the death (in preceding session) of William P. Connery, Jr.

Names and post-office addresses of Members of the House of Representatives—Continued

Name	Home post office
Dempsey, John J	Santa Fe, N. Mex.
DeMuth, Peter J	Pittsburgh, Pa.
DeRouen, René L	Ville Platte, La.
Dickstein, Samuel	New York City, N. Y.
Dies, Martin	Orange, Tex.
Dingell, John D	Detroit, Mich.
Dirksen, Everett M	Pekin, Ill.
Disney, Wesley E	Tulsa, Okla.
Ditter, J. William	Ambler, Pa.
Dixon, Joseph A	Cincinnati, Ohio.
Dockweiler, John F	Los Angeles, Calif.
Dondero, George A	Royal Oak, Mich.
Dorsey, Frank J. G	Philadelphia, Pa.
Doughton, Robert L	Laurel Springs, N. C.
Douglas, Fred J	Utica, N. Y.
Dowell, Cassius C	Des Moines, Iowa.
Doxey, Wall	Holly Springs, Miss.
Drew, Ira W	Philadelphia, Pa.
Drewry, Patrick H	Petersburg, Va.
Driver, William J	Osceola, Ark.
Duncan, Richard M	St. Joseph, Mo.
Dunn, Matthew A	Mount Oliver, Pittsburgh, Pa.
Eaton, Charles A	Plainfield, N. J.
Eberharter, Herman P	Pittsburgh, Pa.
Eckert, Charles R	Beaver, Pa.
Edmiston, Andrew	Weston, W. Va.
Eicher, Edward C	Washington, Iowa.
Ellenbogen, Henry	Pittsburgh, Pa.
Elliott, Alfred J	Tulare, Calif.
Engel, Albert J	Muskegon, Mich.
Englebright, Harry L	Nevada City, Calif.
Evans, Marcellus H	Brooklyn, N. Y.
Faddis, Charles I	Waynesburg, Pa.
Farley, James I	Auburn, Ind.
Ferguson, Phil	Woodward, Okla.
Fernandez, Joachim O	New Orleans, La.
Fish, Hamilton	Garrison, N. Y.
Fitzgerald, William J	Norwich, Conn.
Fitzpatrick, James M	New York City, N. Y.
Flaherty, Thomas A.[1]	Boston, Mass.
Flannagan, John W., Jr	Bristol, Va.
Flannery, J. Harold	Pittston, Pa.
Fleger, Anthony A	Parma, Cleveland, Ohio.
Fletcher, Brooks	Marion, Ohio.
Forand, Aime J	Central Falls, R. I.
Ford, Aaron Lane	Ackerman, Miss.
Ford, Thomas F	Los Angeles, Calif.
Frey, Oliver W	Allentown, Pa.
Fries, Frank W	Carlinville, Ill.
Fuller, Claude A	Eureka Springs, Ark.
Fulmer, Hampton P	Orangeburg, S. C.
Gamble, Ralph A.[2]	Larchmont, N. Y.
Gambrill, Stephen W	Laurel, Md.
Garrett, Clyde L	Eastland, Tex.
Gasque, Allard H	Florence, S. C.
Gavagan, Joseph A	New York City, N. Y.
Gearhart, Bertrand W	Fresno, Calif.
Gehrmann, Bernard J	Mellen, Wis., R. F. D.
Gifford, Charles L	Cotuit, Mass.
Gilchrist, Fred C	Laurens, Iowa.
Gildea, James H	Coaldale, Pa.
Gingery, Don	Clearfield, Pa.
Goldsborough, T. Alan	Denton, Md.
Gray, Finly H	Connersville, Ind.
Gray, Joseph	Spangler, Pa.
Green, Lex	Starke, Fla.
Greenwood, Arthur H	Washington, Ind.
Greever, Paul R	Cody, Wyo.
Gregory, Noble J	Mayfield, Ky.
Griffith, John K	Slidell, La.
Griswold, Glenn	Peru, Ind.
Guyer, U. S	Kansas City, Kans.
Gwynne, John W	Waterloo, Iowa.
Haines, Harry L	Red Lion, Pa.
Halleck, Charles A	Rensselaer, Ind.
Hamilton, Norman R	Portsmouth, Va.
Hancock, Clarence E	Syracuse, N. Y.
Hancock, Frank	Oxford, N. C.
Harlan, Byron B	Dayton, Ohio.
Harrington, Vincent F	Sioux City, Iowa.
Hart, Edward J	Jersey City, N. J.
Harter, Dow W	Akron, Ohio.
Hartley, Fred A., Jr	Kearny, N. J.
Havenner, Franck R	San Francisco, Calif.
Healey, Arthur D	Somerville, Mass.
Hendricks, Joe	De Land, Fla.
Hennings, Thomas C., Jr	St. Louis, Mo.
Higgins, John P.[3]	Boston, Mass.
Hildebrandt, Fred H	Watertown, S. Dak.
Hill, Knute	Prosser, Wash.
Hill, Lister	Montgomery, Ala.
Hill, Robert P.[4]	Oklahoma City, Okla.
Hobbs, Sam	Selma, Ala.
Hoffman, Clare E	Allegan, Mich.
Holmes, Pehr G	Worcester, Mass.
Honeyman, Mrs. Nan W	Portland, Oreg.
Hook, Frank E	Ironwood, Mich.
Hope, Clifford R	Garden City, Kans.
Houston, John M	Newton, Kans.
Hull, Merlin	Black River Falls, Wis.
Hunter, John F	Toledo, Ohio.
Imhoff, Lawrence E	St. Clairsville, Ohio.
Izac, Ed. V	San Diego, Calif.
Jacobsen, William S	Clinton, Iowa.
Jarman, Pete	Livingston, Ala.
Jarrett, Benjamin	Farrell, Pa.
Jenckes, Mrs. Virginia E	Terre Haute, Ind.
Jenkins, Thomas A	Ironton, Ohio.
Jenks, Arthur B	Manchester, N. H.
Johnson, Dewey W	Minneapolis, Minn.
Johnson, George W	Parkersburg, W. Va.
Johnson, Jed	Anadarko, Okla.
Johnson, Luther A	Corsicana, Tex.
Johnson, Lyndon B	Johnson City, Tex.
Jones, Marvin	Amarillo, Tex.
Kee, John	Bluefield, W. Va.
Keller, Kent E	Ava, Ill.
Kelly, Edward A	Chicago, Ill.
Kelly, George B	Rochester, N. Y.
Kennedy, Ambrose J	Baltimore, Md.
Kennedy, Martin J	New York City, N. Y.
Kenney, Edward A	Cliffside Park, N. J.
Keogh, Eugene J	Brooklyn, N. Y.
Kerr, John H	Warrenton, N. C.
Kinzer, J. Roland	Lancaster, Pa.
Kirwan, Michael J	Youngstown, Ohio.
Kitchens, Wade H	Magnolia, Ark.
Kleberg, Richard M	Corpus Christi, Tex.

[1] Elected Dec. 14, 1937, to fill the unexpired term caused by the resignation (in preceding session) of John P. Higgins.
[2] Elected Nov. 2, 1937, to fill the unexpired term caused by the resignation (in preceding session) of Charles D. Millard.
[3] Resigned Sept. 30, 1937.
[4] Died Oct. 29, 1937.

Names and post-office addresses of Members of the House of Representatives—Continued

Name	Home post office
Kloeb, Frank L.[1]	Celina, Ohio.
Kniffin, Frank C	Napoleon, Ohio.
Knutson, Harold	St. Cloud, Minn.
Kocialkowski, Leo	Chicago, Ill.
Kopplemann, Herman P	Hartford, Conn.
Kramer, Charles	Los Angeles, Calif.
Kvale, Paul J	Benson, Minn.
Lambertson, William P	Fairview, Kans.
Lambeth, J. Walter	Thomasville, N. C.
Lamneck, Arthur P	Columbus, Ohio.
Lanham, Fritz G	Fort Worth, Tex.
Lanzetta, James J	New York City, N. Y.
Larrabee, William H	New Palestine, Ind.
Lea, Clarence F	Santa Rosa, Calif.
Leavy, Charles H	Veradale, Wash.
Lemke, William	Fargo, N. Dak.
Lesinski, John	Dearborn, Mich.
Lewis, David J	Cumberland, Md.
Lewis, Lawrence	Denver, Colo.
Long, Lewis M	Sandwich, Ill.
Lord, Bert	Afton, N. Y.
Lucas, Scott W	Havana, Ill.
Luce, Robert	Waltham, Mass.
Luckey, Henry C	Lincoln, Nebr.
Ludlow, Louis	Indianapolis, Ind.
Luecke, John	Escanaba, Mich.
Maas, Melvin J	St. Paul, Minn.
McAndrews, James	Chicago, Ill.
McClellan, John L	Malvern, Ark.
McCormack, John W	Boston, Mass.
McFarlane, W. D	Graham, Tex.
McGehee, Dan R	Meadville, Miss.
McGranery, James P	Philadelphia, Pa.
McGrath, John J	San Mateo, Calif.
McGroarty, John S	Tujunga, Calif.
McKeough, Raymond S	Chicago, Ill.
McLaughlin, Charles F	Omaha, Nebr.
McLean, Donald H	Elizabeth, N. J.
McMillan, Thomas S	Charleston, S. C.
McReynolds, Sam D	Chattanooga, Tenn.
McSweeney, John	Wooster, Ohio.
Magnuson, Warren G	Seattle, Wash.
Mahon, G. Heyward, Jr	Greenville, S. C.
Mahon, George H	Colorado, Tex.
Maloney, Paul H	New Orleans, La.
Mansfield, Joseph J	Columbus, Tex.
Mapes, Carl E	Grand Rapids, Mich.
Martin, John A	Pueblo, Colo.
Martin, Joseph W., Jr	North Attleboro, Mass.
Mason, Noah M	Oglesby, Ill.
Massingale, Sam C	Cordell, Okla.
Maverick, Maury	San Antonio, Tex.
May, Andrew J	Prestonburg, Ky.
Mead, James M	Buffalo, N. Y.
Meeks, James A	Danville, Ill.
Merritt, Matthew J	Flushing, N. Y.
Michener, Earl C	Adrian, Mich.
Millard, Charles D.[2]	Tarrytown, N. Y.
Miller, John E.[3]	Searcy, Ark.
Mills, Newt V	Monroe, La.
Mitchell, Arthur W	Chicago, Ill.
Mitchell, John R	Cookeville, Tenn.
Moser, Guy L	Douglassville, Pa.
Mosier, Harold G	Cleveland, Ohio.
Mott, James W	Salem, Oreg.
Mouton, Robert L	Lafayette, La.
Murdock, Abe	Beaver, Utah.
Murdock, John R	Tempe, Ariz.
Nelson, William L	Columbia, Mo.
Nichols, Jack	Eufaula, Okla.
Norton, Mrs. Mary T	Jersey City, N. J.
O'Brien, George D	Detroit, Mich.
O'Brien, Thomas J	Chicago, Ill.
O'Connell, Jerry J	Butte, Mont.
O'Connell, John M	Westerly, R. I.
O'Connor, James F	Livingston, Mont .
O'Connor, John	New York City, N. Y.
O'Day, Mrs. Caroline	Rye, N. Y.
O'Leary, James A	West New Brighton, N. Y.
Oliver, James C	South Portland, Maine.
O'Malley, Thomas	Milwaukee, Wis.
O'Neal, Emmet	Louisville, Ky.
O'Neill, Edward L	Newark, N. J.
O'Toole, Donald L	Brooklyn, N. Y.
Owen, Emmett M	Griffin, Ga.
Pace, Stephen	Americus, Ga.
Palmisano, Vincent L	Baltimore, Md.
Parsons, Claude V	Golconda, Ill.
Patman, Wright	Texarkana, Tex.
Patrick, Luther	Birmingham, Ala.
Patterson, Edward W	Pittsburg, Kans.
Patton, Nat	Crockett, Tex.
Pearson, Herron	Jackson, Tenn.
Peterson, Hugh	Ailey, Ga.
Peterson, J. Hardin	Lakeland, Fla.
Pettengill, Samuel B	South Bend, Ind.
Pfeifer, Joseph L	Brooklyn, N. Y.
Phillips, Alfred N., Jr	Stamford, Conn.
Pierce, Walter M	La Grande, Oreg.
Plumley, Charles A	Northfield, Vt.
Poage, W. R	Waco, Tex.
Polk, James G	Highland, Ohio.
Powers, D. Lane	Trenton, N. J.
Quinn, James L	Braddock, Pa.
Rabaut, Louis C	Grosse Pointe Park, Mich.
Ramsay, Robert L	Follansbee, W. Va.
Ramspeck, Robert	Atlanta, Ga.
Randolph, Jennings	Elkins, W. Va.
Rankin, John E	Tupelo, Miss.
Rayburn, Sam	Bonham, Tex.
Reece, B. Carroll	Johnson City, Tenn.
Reed, Chauncey W	West Chicago, Ill.
Reed, Daniel A	Dunkirk, N. Y.
Rees, Edward H	Emporia, Kans.
Reilly, Michael K	Fond du Lac, Wis.
Rich, Robert F	Woolrich, Pa.
Richards, James P	Lancaster, S. C.
Rigney, Hugh M	Arthur, Ill.
Robertson, A. Willis	Lexington, Va.
Robinson, J. W	Provo, Utah.
Robsion, John M	Barbourville, Ky.
Rockefeller, Lewis K.[4]	Chatham, N. Y.
Rogers, Mrs. Edith Nourse	Lowell, Mass.
Rogers, Will	Oklahoma City, Okla.
Romjue, Milton A	Macon, Mo.
Rutherford, Albert G	Honesdale, Pa.
Ryan, Elmer J	South St. Paul, Minn.
Sabath, Adolph J	Chicago, Ill.

[1] Resigned Aug. 19, 1937. Vacancy not filled during first and second sessions of this Congress.

[2] Resigned Sept. 29, 1937.

[3] Resigned Nov. 15, 1937. Vacancy not filled during this session of Congress.

[4] Elected Nov. 2, 1937, to fill the unexpired term caused by the death (in preceding session) of Philip A. Goodwin.

LIST OF MEMBERS

Names and post-office addresses of Members of the House of Representatives—Continued

Name	Home post office	Name	Home post office
Sacks, Leon	Philadelphia, Pa.	Taylor, John C	Anderson, S. C.
Sadowski, George G	Detroit, Mich.	Teigan, Henry G	Minneapolis, Minn.
Sanders, Morgan G	Canton, Tex.	Terry, David D	Little Rock, Ark.
Satterfield, Dave E., Jr.[1]	Richmond, Va.	Thom, William R	Canton, Ohio.
Sauthoff, Harry	Madison, Wis.	Thomas, Albert	Houston, Tex.
Schaefer, Edwin M	Belleville, Ill.	Thomas, J. Parnell	Allendale, N. J.
Schneider, George J	Appleton, Wis.	Thomason, Ewing	El Paso, Tex.
Schuetz, Leonard W	Chicago, Ill.	Thompson, Chester	Rock Island, Ill.
Schulte, William T	Hammond, Ind.	Thurston, Lloyd	Osceola, Iowa.
Scott, Byron N	Long Beach, Calif.	Tinkham, George Holden	Boston, Mass.
Scrugham, James G	Reno, Nev.	Tobey, Charles W	Temple, N. H.
Secrest, Robert T	Caldwell, Ohio.	Tolan, John H	Oakland, Calif.
Seger, George N	Passaic, N. J.	Towey, Frank W., Jr	Caldwell, N. J.
Shafer, Paul W	Battle Creek, Mich.	Transue, Andrew J	Flint, Mich.
Shanley, James A	New Haven, Conn.	Treadway, Allen T	Stockbridge, Mass.
Shannon, Joseph B	Kansas City, Mo.	Turner, Clarence W	Waverly, Tenn.
Sheppard, Harry R	Yucaipa, Calif.	Umstead, William B	Durham, N. C.
Short, Dewey	Galena, Mo.	Vincent, Beverly M	Brownsville, Ky.
Simpson, Richard M	Huntingdon, Pa.	Vinson, Carl	Milledgeville, Ga.
Sirovich, William I	New York City, N. Y.	Vinson, Fred M	Ashland, Ky.
Smith, Clyde H	Skowhegan, Maine.	Voorhis, H. Jerry	San Dimas, Calif.
Smith, Gomer[2]	Oklahoma City, Okla.	Wadsworth, James W	Geneseo, N. Y.
Smith, Howard W	Alexandria, Va.	Wallgren, Monrad C	Everett, Wash.
Smith, J. Joseph	Waterbury, Conn.	Walter, Francis E	Easton, Pa.
Smith, Joe L	Beckley, W. Va.	Warren, Lindsay C	Washington, N. C.
Smith, Martin F	Hoquiam, Wash.	Wearin, Otha D	Hastings, Iowa.
Snell, Bertrand H	Potsdam, N. Y.	Weaver, Zebulon	Asheville, N. C.
Snyder, J. Buell	Perryopolis, Pa.	Welch, Richard J	San Francisco, Calif.
Somers, Andrew L	Brooklyn, N. Y.	Wene, Elmer H	Vineland, N. J.
South, Charles L	Coleman, Tex.	West, Milton H	Brownsville, Tex.
Sparkman, John J	Huntsville, Ala.	Whelchel, B. Frank	Gainesville, Ga.
Spence, Brent	Fort Thomas, Ky.	White, Compton I	Clark Fork, Idaho.
Stack, Michael J	Philadelphia, Pa.	White, Dudley A	Norwalk, Ohio.
Starnes, Joe	Guntersville, Ala.	Whittington, William M	Greenwood, Miss.
Steagall, Henry B	Ozark, Ala.	Wigglesworth, Richard B	Milton, Mass.
Stefan, Karl	Norfolk, Nebr.	Wilcox, J. Mark	West Palm Beach, Fla.
Sullivan, Christopher D	New York City, N. Y.	Williams, Clyde	Hillsboro, Mo.
Sumners, Hatton W	Dallas, Tex.	Withrow, Gardner R	La Crosse, Wis.
Sutphin, William H	Matawan, N. J.	Wolcott, Jesse P	Port Huron, Mich.
Sweeney, Martin L	Cleveland, Ohio.	Wolfenden, James	Upper Darby, Pa.
Swope, Guy J	Harrisburg, Pa.	Wolverton, Charles A	Merchantville, N. J.
Taber, John	Auburn, N. Y.	Wood, Reuben T	Springfield, Mo.
Tarver, Malcolm C	Dalton, Ga.	Woodruff, Roy O	Bay City, Mich.
Taylor, Edward T	Glenwood Springs, Colo.	Woodrum, Clifton A	Roanoke, Va.
Taylor, J. Will	La Follette, Tenn.	Zimmerman, Orville	Kennett, Mo.

DELEGATES

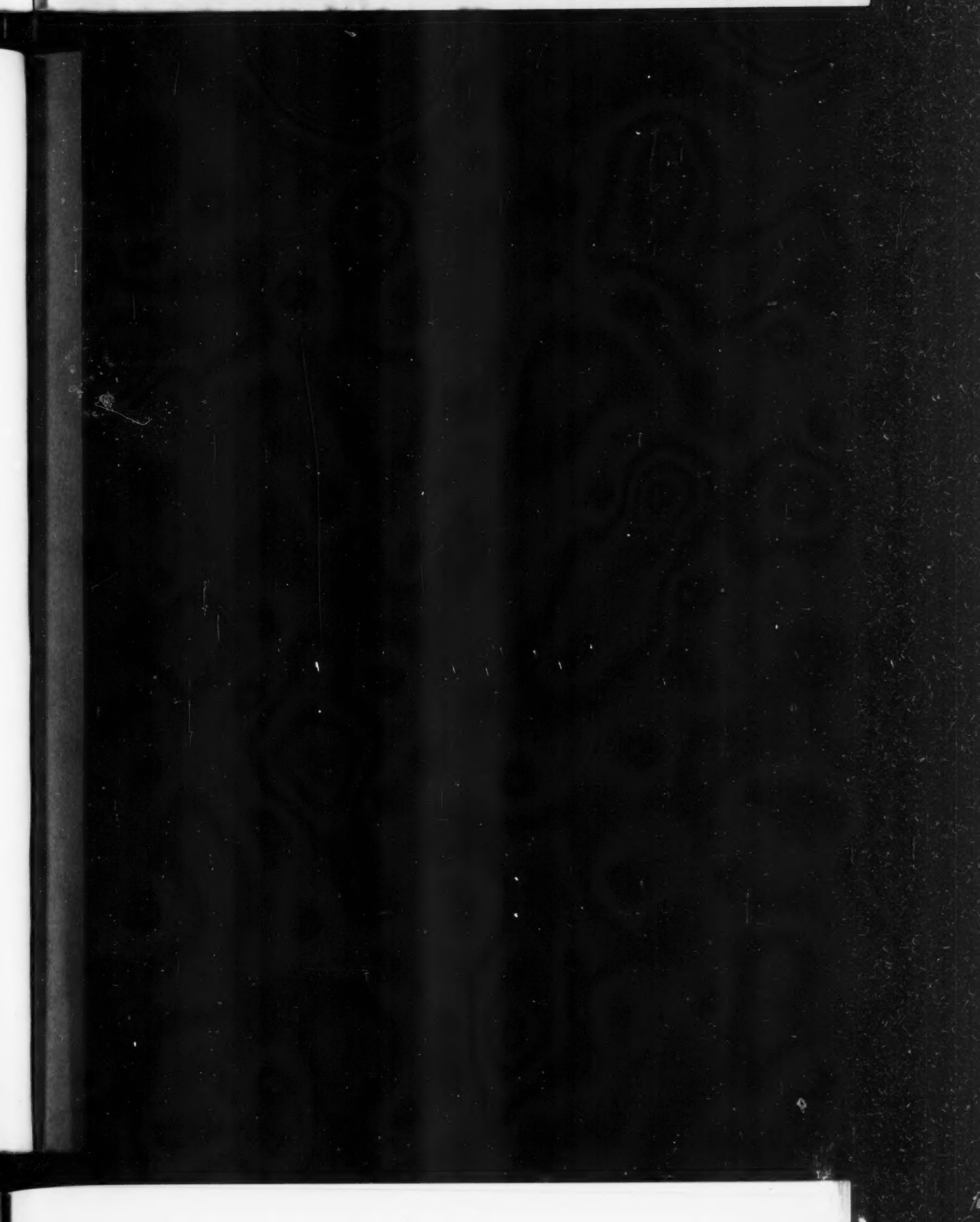
Dimond, Anthony J	Valdez, Alaska.	King, Samuel W	Honolulu, Hawaii.

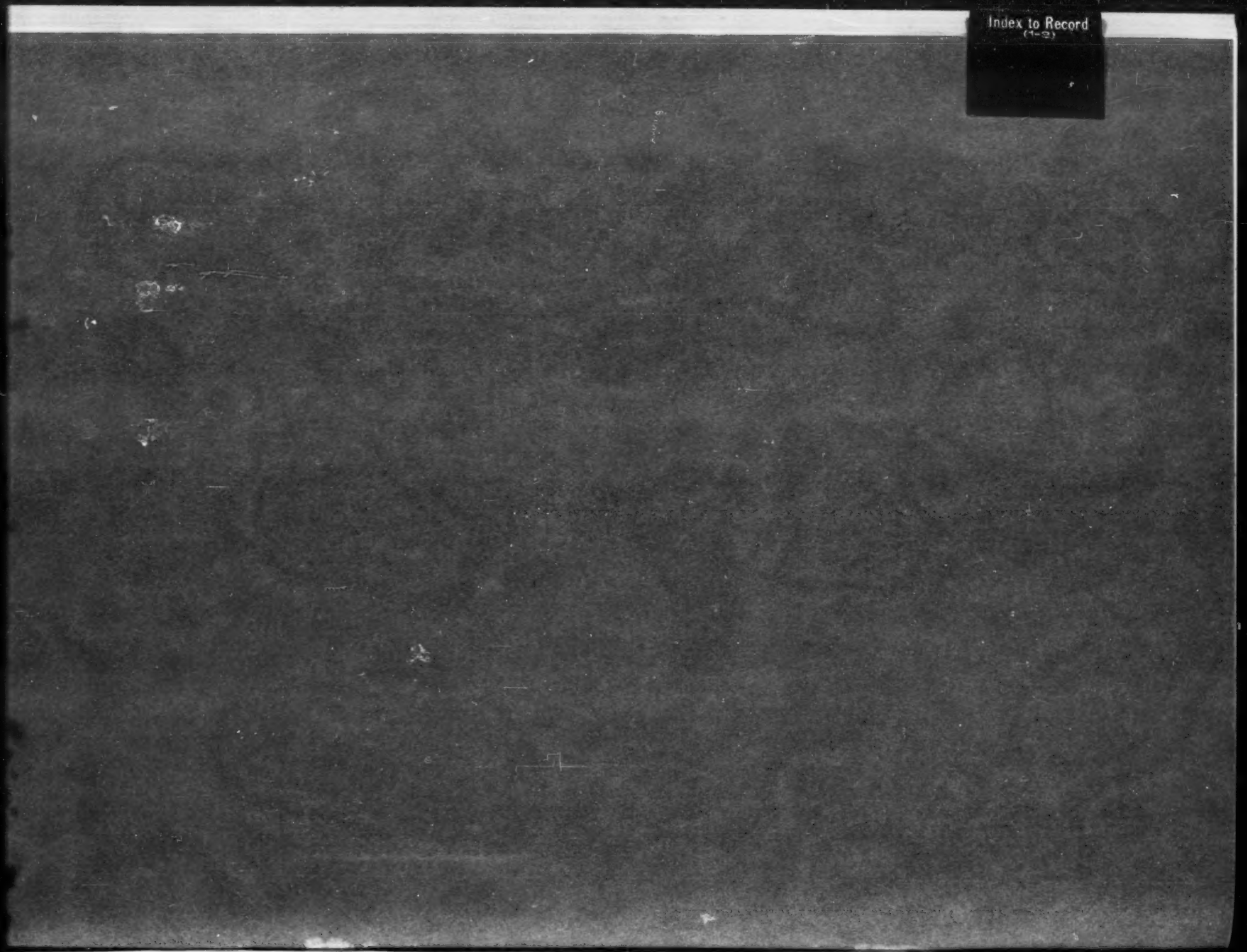
RESIDENT COMMISSIONERS

Iglesias, Santiago	Santurce, P. R.	Paredes, Quintin	Bangued, Abra, P. I.

[1] Elected Nov. 2, 1937, to fill the unexpired term caused by the death (in preceding session) of Andrew J. Montague.

[2] Elected Dec. 10, 1937, to fill the unexpired term caused by the death (in preceding session) of Robert P. Hill.




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Remarks in Senate and newspaper articles favoring prompt deportation of aliens engaged in, 1908.

ESSENMACHER, LOUISE, increase pension (see bill H. R. 8442).

EVANS, CLAUDE M., report of the Committee on Appropriations in Senate on nomination of, 2024.

EVANS, MARCELLUS H. (*a Representative from New York*).
Attended, 8.
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EVANS, W. G., telegram criticizing the attitude of Gaston Ferrell toward the New Deal, 1004.

"EVER-NORMAL GRANARY", article by Henry A. Wallace, Secretary of Agriculture, entitled (Appendix, 79).

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List of departments, boards, commissions, authorities, corporations, and activities of the Government of the United States as of January 1, 1937, 37.
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Remarks in Senate relative to the bill (S. 2970) to provide for reorganization of, 27.
Resolution to amend the rules of the House to extend the privilege of debate to the heads of (see H. Res. 377).
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Order of Senate fixing status of nominations on the Executive Calendar or pending before committees, 1383.
Resolution to amend rule relative to holding hearings on nominations for judicial office (see S. Res. 197).
Army appointments and promotions
General officers: Allen Wyant Gullion to be Judge Advocate general with the rank of major general; nominated, 181; confirmed, 230.
——— Julian Larcombe Schley to be Chief of Engineers with the rank of major general; nominated, 181; confirmed, 230.
——— Joseph Oswald Mauborgne to be Chief Signal Officer with the rank of major general; nominated, 181; confirmed, 230.
——— Walter Evans Prosser to be brigadier general; nominated, 181; confirmed, 230.
——— John Jennings Kingman to be Assistant to the Chief of Engineers with the rank of brigadier general; nominated, 2026; confirmed, 2026.
Adjutant General Department: lieutenant colonel; nominated, 183; confirmed, 231.
——— captains; nominated, 182; confirmed, 230.
Air Corps: colonels; nominated, 181, 183, 1256; confirmed, 230, 231, 1383.
——— lieutenant colonels; nominated, 181, 183; confirmed, 230, 231.
——— majors; nominated, 181, 184, 1256, 1568; confirmed, 230, 231, 1383, 1770.
——— captain; confirmed, 1770.
——— second lieutenants; nominated, 183; confirmed, 230, 231.
Cavalry: colonel; nominated, 183; confirmed, 231.
——— lieutenant colonels; nominated, 183, 1256; confirmed, 231, 1383.
——— majors; nominated, 184, 1256; confirmed, 231, 1383.
Chaplains: lieutenant colonel; nominated, 186, 1256; confirmed, 232, 1383.
——— major; nominated, 186; confirmed, 232.
——— captain; nominated, 186; confirmed, 232.
Chemical Warfare Service: major; nominated, 184; confirmed, 231.
——— captain; nominated, 183; confirmed, 230.
Coast Artillery Corps: colonel; nominated, 183, 1256; confirmed, 231, 1383.
——— lieutenant colonels; nominated, 184, 1256; confirmed, 231, 1383.
——— majors; nominated, 184, 1256; confirmed, 231, 1383.
Corps of Engineers: colonel; nominated, 183; confirmed, 231.
——— major; nominated, 184, 1256; confirmed, 231, 1383.
——— second lieutenants; nominated, 182; confirmed, 230.
Dental Corps: lieutenant colonels; nominated, 185, 1256; confirmed, 232, 1383.
——— captains; nominated, 186, 1256; confirmed, 232, 1383.
——— first lieutenants; nominated, 182; confirmed, 230.

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Army appointments and promotions
Field Artillery: colonels; nominated, 183, 1256; confirmed, 231, 1383.
——— lieutenant colonels; nominated, 183, 1256; confirmed, 231, 1383.
——— majors; nominated, 184, 417, 1256; confirmed, 231, 1383.
——— first lieutenant; nominated, 183, 417, 1957; confirmed, 230, 2026.
Finance Department: captain; nominated, 182; confirmed, 230.
Infantry: colonels; nominated, 183, 1256; confirmed, 231, 1383.
——— lieutenant colonels; nominated, 183, 1256; confirmed, 231, 1383.
——— majors; nominated, 184, 417, 1256, 1957; confirmed, 231, 535, 1383, 2026.
——— captains; nominated, 182.
Judge Advocate General's Department: colonel; nominated, 1256; confirmed, 1383.
——— major; nominated, 184; confirmed, 231.
Medical Administrative Corps: captain; nominated, 186; confirmed, 232.
Medical Corps: lieutenant colonels; nominated, 184, 185, 1256; confirmed, 231, 1383.
——— major; nominated, 185; confirmed, 231.
——— captains; nominated, 185, 1256; confirmed, 232, 1383.
——— first lieutenants; nominated, 182, 1256, 1257; confirmed, 230, 1384.
Ordnance Department: colonel; nominated, 183, 1256; confirmed, 231, 1383.
——— captain; nominated, 1568.
——— first lieutenant; nominated, 182; confirmed, 230.
Philippine Scouts: lieutenant colonel; nominated, 187; confirmed, 232.
Quartermaster Corps: colonels; nominated, 183; confirmed, 231.
——— majors; nominated, 182, 184, 417, 1256; confirmed, 230, 231, 535, 1383.
——— captains; nominated, 182, 417, 1257; confirmed, 230, 1384.
——— first lieutenant; nominated, 182; confirmed, 230, 535.
Signal Corps: lieutenant colonel; nominated, 183; confirmed, 231.
——— majors; nominated, 184; confirmed, 231.
——— captain; nominated, 183; confirmed, 230.
Veterinary Corps: colonels; nominated, 186; confirmed, 232.
——— lieutenant colonels; nominated, 186; confirmed, 232.
——— captains; nominated, 186, 1256; confirmed, 232, 1383.
——— first lieutenants; nominated, 182; confirmed, 230.
Civilian appointments
Anderson, Victor E., to be United States attorney for the district of Minnesota; confirmed, 1013.
Bull, George M., to be regional director in the Federal Emergency Administration of Public Works; nominated, 54; confirmed, 132.
Burlew, Ebert K., to be First Assistant Secretary of the Interior; nominated, 1956.
Coast Guard: lieutenant commander; nominated, 181.
——— lieutenant; nominated, 181.
——— constructor (lieutenant); nominated, 1256.
——— ensigns; nominated, 181.
Cole, Howard T., to be regional director in the Federal Emergency Administration of Public Works; nominated, 54.
Dill, Robert J., to be State administrator in the Works Progress Administration for Florida; nominated, 54; confirmed, 191.
Diplomatic and Foreign Service: William Dawson to be envoy extraordinary and minister plenipotentiary to Uruguay; nominated, 53; confirmed, 417.
——— consuls; nominated, 53; confirmed, 417.
——— secretaries; nominated, 53; confirmed, 417, 1383.
——— Foreign Service officer, unclassified, vice consul of career, and secretary; nominated, 416, 417.
Driver, Sam M., to be United States attorney for the eastern district of Washington; nominated and confirmed, 2026.
Druffel, John H., to be United States district judge for the southern district of Ohio; nominated, 54; confirmed, 1092.
Edgerton, Henry White, to be an associate justice of the United States Court of Appeals for the District of Columbia; nominated, 417; confirmed, 1165.
Evans, Claude M., to be regional director of the Farm Security Administration, Department of Agriculture; nominated, 1956; confirmed, 2026.
Fairbank, Miles H., to be assistant administrator of the Puerto Rico Reconstruction Administration; nominated, 456; confirmed, 835.
Frank, Jerome N., to be a member of the Securities and Exchange Commission; nominated, 1255; confirmed, 1568.
Garrett, Finis J., to be presiding judge of the United States Court of Customs and Patent Appeals; nominated, 54; confirmed, 534.
Gilmore, Maurice E., to be regional director in the Federal Emergency Administration of Public Works; nominated, 54; confirmed, 191.

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Civilian Appointments
Gray, Howard A., to be Assistant Administrator in the Federal Emergency Administration of Public Works; nominated, 54; confirmed, 132.
Groner, D. Lawrence, to be chief justice of the United States Court of Appeals for the District of Columbia; nominated, 417; confirmed, 835.
Hanes, John W., to be a member of the Securities and Exchange Commission; nominated, 1255; confirmed, 1568.
Hockley, Claude C., to be regional director in the Federal Emergency Administration of Public Works; nominated, 54; confirmed, 191.
Husband, William H., to be a member of the Federal Home Loan Bank Board; nominated, 54; confirmed, 835.
Jackson, Joseph R., to be associate judge of the United States Court of Customs and Patent Appeals; nominated, 456; confirmed, 1165.
Kennicott, David R., to be regional director in the Federal Emergency Administration of Public Works; nominated, 54; confirmed, 132.
Kern, John W., to be a member of the Board of Tax Appeals; nominated, 54; confirmed, 632.
Latimer, Murray W., to be a member of the Railroad Retirement Board; nominated, 54.
McMahon, John P., to be judge of the police court for the District of Columbia; nominated, 417; confirmed, 1165.
Public Health Service: medical director; nominated, 1256; confirmed, 2026.
——— surgeons; nominated, 1255, 1256; confirmed, 2026.
——— passed assistant dental surgeon; nominated, 1256; confirmed, 2026.
Radford, Robert A., to be regional director in the Federal Emergency Administration of Public Works; nominated, 54; confirmed, 191.
Reynolds, Arthur D., to be collector of internal revenue for the district of Minnesota; nominated, 181; confirmed, 2026.
Sackett, Carl L., to be United States attorney for the district of Wyoming; nominated, 417; confirmed, 835.
Sibley, Wixom S., to be assistant surgeon in the Public Health Service; nominated, 181; confirmed, 632.
Straus, Nathan, to be Administrator of the United States Housing Authority; nominated, 54; confirmed, 1092.
Treanor, Walter E., to be a judge of the United States Circuit Court of Appeals for the Seventh Circuit; nominated, 1350; confirmed, 2026.
Vinson, Fred M., to be an associate justice of the United States Court of Appeals for the District of Columbia; nominated, 417; confirmed, 1165.
Wenchel, John Phillip, to be Assistant General Counsel for the Bureau of Internal Revenue; nominated, 180; confirmed, 632.
Yoke, F. Roy., to be collector of internal revenue for the district of West Virginia; nominated, 180.
Marine Corps appointments and promotions
General officer: Seth Williams to be quartermaster with the rank of brigadier general; nominated, 56; confirmed, 456.
Colonels; nominated, 56; confirmed, 536.
Lieutenant colonels; nominated, 56, 1257; confirmed, 536, 1770.
Majors; nominated, 56, 1257; confirmed, 536, 1770.
Captains; nominated, 56, 1257; confirmed, 536, 1770.
Second lieutenants; nominated, 56; confirmed, 536.
Chief quartermaster clerk; nominated, 56; confirmed, 536.
Navy appointments and promotions
Rear admirals: Ben Moreell, to be Chief of the Bureau of Yards and Docks; nominated, 54; confirmed, 456.
——— David M. LeBreton; nominated, 54; confirmed, 535.
——— Husband E. Kimmel; nominated, 54; confirmed, 535.
——— Archibald L. Parsons (civil engineer); nominated, 56.
Captains; nominated, 54, 1350; confirmed, 535, 1770.
Commanders; nominated, 54; confirmed, 535.
Lieutenant commanders; nominated, 54, 1350; confirmed, 535, 1770.
Lieutenants; nominated, 50, 55, 56, 1350; confirmed, 535, 536, 1770.
Lieutenants (junior grade); nominated, 55; confirmed, 535.
Surgeons; nominated, 55; confirmed, 535.
Passed assistant surgeons; nominated, 55; confirmed, 535.
Assistant surgeons; nominated, 55; confirmed, 536.
Assistant dental surgeon; nominated, 55; confirmed, 536.
Dental surgeon; nominated, 55; confirmed, 536.
Pay inspectors; nominated, 55; confirmed, 536.
Paymaster; nominated, 56; confirmed, 536.
Passed assistant paymasters; nominated, 56; confirmed, 536.
Assistant paymasters; nominated, 56; confirmed, 536.
Chaplains (lieutenants); nominated, 56; confirmed, 536.
Assistant naval constructors; nominated, 56; confirmed, 536.
Civil engineer; confirmed, 536.
Assistant civil engineers; nominated, 56; confirmed, 536.
Chief boatswain; nominated, 56; confirmed, 536.
Chief pharmacists; nominated, 56; confirmed, 536.
Postmasters
Alabama: nominated, 187, 1257, 1957; confirmed, 417, 1384, 2026.

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Postmasters
Arizona: nominated, 187, 1257; confirmed, 286, 1384.
Arkansas: nominated, 187, 1257; confirmed, 286, 1460.
California: nominated, 187, 1257; confirmed, 353, 1957.
Colorado: nominated, 187; confirmed, 417, 1258, 2026.
Connecticut: nominated, 187, 1957; confirmed 417.
Florida: nominated, 187; confirmed, 417.
Georgia: nominated, 187, 1257; confirmed, 353, 1568.
Hawaii: nominated, 187; confirmed, 353.
Idaho: nominated, 187, 1257; confirmed, 353, 1568.
Illinois: nominated, 187, 1257, 1957; confirmed, 417, 457, 1770, 2026.
Indiana: nominated, 187; confirmed, 536.
Iowa: nominated, 187, 1257, 1957; confirmed, 835, 2026.
Kansas: nominated, 188, 1257, 1957; confirmed, 836, 896, 1013, 1384, 1460, 2026.
Kentucky: nominated, 188, 1257; confirmed, 286, 1384.
Louisiana: nominated, 188, 1257; confirmed, 1568.
Maine: nominated, 188, 1257; confirmed, 417, 1460.
Maryland: nominated, 188; confirmed, 353.
Massachusetts: nominated, 188, 1257; confirmed, 836, 1384, 1770.
Michigan: nominated, 188, 1257; confirmed, 353, 1568.
Minnesota: nominated, 188, 1257, 1957; confirmed, 896, 1659, 2026.
Mississippi: nominated, 188; confirmed, 286.
Missouri: nominated, 189, 1257; confirmed, 457, 1659.
Montana: nominated, 189; confirmed 632.
Nebraska: nominated, 189; confirmed, 353.
Nevada: nominated, 1257; confirmed, 1460.
New Hampshire: nominated, 189; confirmed, 536.
New Jersey: nominated, 189, 1257, 1957; confirmed, 536, 1770.
New Mexico: nominated, 1257, 1957; confirmed, 1770, 2026.
New York: nominated, 189, 1257, 1957; confirmed, 353, 1957.
North Carolina: nominated, 189, 1257, 1957; confirmed, 1258, 1568, 2026.
North Dakota: nominated, 1258; confirmed, 1957.
Ohio: nominated, 189, 1258, 1957; confirmed, 287, 1568, 2026.
Oklahoma: nominated, 189; confirmed, 1013.
Oregon: nominated, 1258; confirmed, 1770.
Pennsylvania: nominated, 189, 1258, 1957; confirmed, 934, 1384, 1659.
Puerto Rico: nominated, 190; confirmed, 417.
South Carolina: nominated, 190, 1258; confirmed, 836, 1568.
South Dakota: nominated, 190, 1957; confirmed, 934, 2026.
Tennessee: nominated, 190, 1258; confirmed, 896, 2026.
Texas: nominated, 190, 1258; confirmed, 287, 1957.
Utah: nominated, 190; confirmed, 836.
Vermont: nominated, 190, 1258; confirmed, 353, 1460.
Virginia: nominated, 190; confirmed, 417.
Washington: nominated, 190; confirmed, 418.
West Virginia: nominated, 190; confirmed, 536, 1258; reconsidered and placed on calendar, 631, 758.
Wisconsin: nominated, 191; confirmed, 353.
Wyoming: nominated, 191; confirmed, 836.

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Bill granting pensions to widows and dependent children of (see bill H. R. 8690).
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FADDIS, CHARLES I. (*a Representative from Pennsylvania*).
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Appointed teller, 1801.
Amendments offered by, to
Wages-and-hours bill (S. 2475): to amend, 1799.
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Civil Service Retirement Act: to amend (see bill H. R. 8456), 201.
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FAHY, CHARLES, address concerning the operations of the National Labor Relations Board delivered by (Appendix, 446).

FAIRBANK, MILES H., report of the Committee on Appropriations in Senate on nomination of, 631.

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FAIRFIELD, MARY P., relief (see bill H. R. 8657).

FAIR LABOR STANDARDS IN EMPLOYMENTS, provide for the establishment of (see bill H. R. 8406).
Bill to assist and encourage the States in establishing (see bill H. R. 8519).
Communications from the National Consumers' League relative to (Appendix, 405).
Letter from William Green, president of the American Federation of Labor, on the subject of (Appendix, 175).
Resolution to print additional copies of part 2 of the hearings before the House Committee on Labor on bills (S. 2475; H. R. 7200) relating to (see H. Res. 360).

FANNING, JOHN, relief (see bill S. 3057).

FARGO, N. DAK., grant an easement over a certain tract of land to the city of (see bill S. 3081).

FARLEY, JAMES A. (Postmaster General), address over the radio delivered at Los Angeles, Calif., by (Appendix, 44).
Address entitled "Politics and Agriculture" delivered by (Appendix, 167).
Address delivered at the dedication of the new Federal building at Centralia, Wash., by (Appendix, 258).
Address entitled "Political Economics" delivered at Lincoln, Nebr., by (Appendix, 276).
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Address delivered before the annual convention of the National Association of Postmasters at San Francisco, Calif., by (Appendix, 399).
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Address over the radio entitled "Politics and Patriotism" delivered by (Appendix, 464).
Address delivered at the dedication of the new post-office building at Salem, Oreg., by (Appendix, 522).
Address delivered at the annual banquet of the Young Democratic Clubs of Maryland by (Appendix, 541).
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FARLEY, JAMES I. (*a Representative from Indiana*).
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Motions and resolutions offered by
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FARM CREDIT ADMINISTRATION, amend act relative to the lending activities of (see bill H. R. 8454).
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FARM MACHINERY, ascertain the cost of (see H. Res. 380).
Resolution providing for the expenses of investigation of the cost of (see H. Res. 381).

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FARM PROBLEM, pamphlet by William Hirth, president of the Missouri Farmers' Association on, 899.

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FARM SECURITY ADMINISTRATION, relief of certain persons at certain projects of (see bill H. R. 8673).

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FARMERS, address over the radio delivered by Senator Pope relative to the farmer's place in the solving of world economic problems (Appendix, 295).
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Amendment in Senate to bill (S. 3043) to provide for crop loans to, 1520.
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Bills to provide crop-production loans to (see bills S. 3011, 3043, 3090; H. R. 8436).
Editorial from the Christian Science Monitor relative to the proposed domestic-allotment plan, 1733.
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FARMERS' EDUCATIONAL AND COOPERATIVE UNION OF AMERICA, program concerning farm legislation adopted at the Oklahoma City, Okla., convention of, 500.

FARMERS' EDUCATIONAL AND COOPERATIVE UNION OF ELLSWORTH COUNTY, KANS., letter and resolution relative to agricultural prices and farm relief received from, 105.

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FAY, ANNA M., pension (see bill H. R. 8450).

"F. D. AND CONGRESS ON A TEETERBOARD," article by James Morgan entitled (Appendix, 539).

FEDERAL-AID HIGHWAYS. *See* PUBLIC ROADS.

FEDERAL BUDGET AND THE NATIONAL WELFARE, address delivered by Wayne C. Taylor, Fiscal Assistant Secretary of the Treasury, on the subject of (Appendix, 466).

FEDERAL BUREAU OF INVESTIGATION, DEPARTMENT OF JUSTICE, provide adequate compensation for dependents of agents and inspectors of (see bill H. R. 8761).

FEDERAL BUSINESS SUBSIDY, statement of Scott Z. Henderson on the subject of (Appendix, 472).

FEDERAL CREDIT UNION ACT, amend (see bill S. 2675*).
Remarks in House on bill (S. 2675) to amend, 358.

FEDERAL CROP INSURANCE CORPORATION, create (see bill H. R. 8459).

FEDERAL EMERGENCY ADMINISTRATION, inquiry relative to the number of non-Federal projects which have been approved but for which no Federal funds are available (see H. Res. 357).

FEDERAL FINANCES, address delivered by Senator Walsh at Belmont, Mass., on the subject of (Appendix, 293).

FEDERAL FIRE COUNCIL, message from the President transmitting the annual report of, 1418, 1510.

FEDERAL HIGHWAY ACT OF 1936, amend relative to appropriations for construction of public roads (see bill H. R. 8712).

FEDERAL HIGHWAYS. *See* PUBLIC ROADS.

FEDERAL HIGHWAY SAFETY AUTHORITY, create (see H. J. Res. 535).

FEDERAL HOUSING ACT. *See* NATIONAL HOUSING ACT.

FEDERAL HOUSING ADMINISTRATION, letter from A. B. Clark, secretary of the First Federal Savings and Loan Association of Texarkana, Tex., recommending changes in, 1992.
Letter from the Archivist of the United States transmitting list of useless papers in, 493, 800.

FEDERAL INCORPORATION LAW, address over the radio delivered by Senator O'Mahoney on the subject of (Appendix, 572).
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FEDERAL LAND BANKS, provide for reamortization of loans by (see bill H. R. 8734).

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FEDERAL RESERVE BANKS, remarks in House relative to the bill (H. R. 7230) providing for Government ownership of (Appendix, 76).

FEDERAL RESERVE BUILDING, address delivered by President Franklin D. Roosevelt on the occasion of the official opening of (Appendix, 27).

FEDERAL RESERVE SYSTEM, limit the amount of stock any corporation may hold in a member bank of (see bill S. 3060).

FEDERAL SECURITIES, amendment to the Constitution to permit taxation of income from (see H. J. Res. 521).

FEDERAL SERVICE, establish a 5-day workweek in (see bills S. 3050; H. R. 8431).
Bill to provide for hearing and disposition of appeals of employees from discriminatory treatment by superiors in (see bill S. 3051).

FEDERAL SOCIAL SECURITY ACT, address delivered by W. Arthur Simpson, chairman of the Old Age Assistance Commission for Vermont, on the subject of (Appendix, 57).

FEDERAL SPENDING, address delivered by Henry Morgenthau, Secretary of the Treasury, relative to (Appendix, 3).

FEDERAL TAXATION, address over the radio delivered by Representative Doughton on the subject of (Appendix, 471).

FEDERAL TRADE COMMISSION, define and provide additional duties for (see bills S. 3072; H. R. 8583, 8598).
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FEDERAL WORKS PROGRAM, provide for continuation of (see bill H. R. 8348).

FELSENTHAL, S. A., AND WIFE, relief (see bill S. 3147).

FERGUS COUNTY, MONT., relief (see bill H. R. 8672).

FERGUSON, PHIL (*a Representative from Oklahoma*).
Attended, 8.
Bills and joint resolutions introduced by
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FERNANDEZ, JOACHIM (*a Representative from Louisiana*).
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FERRERO, VINCENZO, relief (see bill H. R. 8631).

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S. 3011—To provide for loans to farmers for crop production and harvesting during the year 1938, and for other purposes.
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S. 3012—To provide an adequate and balanced flow of tobacco in interstate and foreign commerce, and for other purposes.
Mr. Ellender; Committee on Agriculture and Forestry, 24.

S. 3013—For the regulation and stabilization of agricultural and commodity prices through the regulation and stabilization of the value of the dollar, pursuant to the power conferred on the Congress by paragraph 5 of section 8 of article I of the Constitution, and for other purposes.
Mr. Thomas of Oklahoma; Committee on Agriculture and Forestry, 24.

S. 3014—To amend the Revenue Act of 1936 with respect to the surtax on undistributed profits.
Mr. Smathers; Committee on Finance, 24.

S. 3015—To add certain lands to the Siuslaw National Forest in the State of Oregon.
Mr. McNary; Committee on Agriculture and Forestry, 24.

S. 3016—To provide for the acquisition of certain lands for and the addition thereof to the Deschutes National Forest, in the State of Oregon.
Mr. McNary; Committee on Agriculture and Forestry, 24.

S. 3017—To promote sustained-yield forest management in order thereby (a) to stabilize communities, forest industries, employment, and taxable forest wealth; (b) to assure a continuous and ample supply of forest products; and (c) to secure the benefits of forests in regulation of water supply and stream flow, prevention of soil erosion, amelioration of climate, and preservation of wildlife.
Mr. McNary; Committee on Agriculture and Forestry, 24.

S. 3018—To encourage travel to and within the United States by citizens of foreign countries, and for other purposes.
Mr. Copeland; Committee on Commerce, 24.

S. 3019—Authorizing the President of the United States to appoint Thomas C. Neibaur, late of Company M, Sixteenth Infantry, United States Army, as a major in the United States Army and then place him on the retired list.
Mr. Borah; Committee on Military Affairs, 60.

S. 3020—For the appointment of an additional circuit judge for the seventh judicial circuit.
Mr. Minton; Committee on the Judiciary, 60.

S. 3021—Granting an increase of pension to Susanne Katharina Reinhardt.
Mr. McGill; Committee on Pensions, 60.

S. 3022—To amend the law relating to appointment of postmasters.
Mr. McKellar; Committee on Post Offices and Post Roads, 60.—Reported with amendments (S. Rept. 1296), 721.

S. 3023—To authorize the repayment to Mary E. McConville of taxes erroneously collected in the District of Columbia.
Mr. Lonergan; Committee on the District of Columbia, 105.

S. 3024—For the relief of Alfred Y. Davenport.
Mr. Thomas of Oklahoma; Committee on Military Affairs, 105.

S. 3025—To extend the authority of the Secretary of the Interior to grant privileges, leases, and permits to all lands and buildings under the jurisdiction of the National Park Service, and for other purposes.
Mr. Adams; Committee on Public Lands and Surveys, 105.

S. 3026—To authorize the acquisition of land for cemetery purposes in the vicinity of Grafton, W. Va.
Mr. Neely; Committee on Military Affairs, 105.

S. 3027—For the relief of Mildred Lane.
Mr. Lewis; Committee on Claims, 155.

S. 3028—For the relief of Arthur N. Knofft.
Mr. Sheppard; Committee on Claims, 155.

S. 3029—For the relief of Dr. A. F. McDonald.
Mr. Lonergan; Committee on Finance, 155.

S. 3030—To promote the maintenance of an adequate and balanced flow of rice in interstate and foreign commerce, to maintain, so far as is practicable, parity of income for producers of rice, to provide a surplus reserve of rice, to conserve national soil resources and prevent the wasteful use of soil fertility, and for other purposes.
Mr. Ellender; Committee on Agriculture and Forestry, 155.

S. 3031—For the relief of the Lima Locomotive Works, Inc.
Mr. Bulkley; Committee on Claims, 205.

S. 3032—To amend the Panama Canal Act.
Mr. McAdoo; Committee on Interoceanic Canals, 205.

S. 3033—For the relief of William Luther Amonette, Jr.
Mr. Neely; Committee on Naval Affairs, 205.

S. 3034—For the relief of Faye B. Millie.
Mr. McNary; Committee on Claims, 265.

S. 3035—To authorize the city of Vancouver, Wash., to construct and maintain a historical memorial on the Vancouver Barracks Military Reservation, Wash.
Mr. Schwellenbach; Committee on Military Affairs, 265.

S. 3036—Granting an increase of pension to Susan A. Armington.
Mr. Lonergan; Committee on Pensions, 265.

S. 3037—For the relief of Sarah E. Thompson.
Mr. Bone; Committee on Claims, 265.

S. 3038—To aid in the national defense, to promote water-borne commerce between the States, to further the development and maintenance of intercoastal shipping, and for other purposes.
Mr. McAdoo; Committee on Commerce, 328.

S. 3039—Granting a pension to Thyra Wilks.
Mr. Truman; Committee on Pensions, 328.

S. 3040—For the relief of Herman F. Krafft.
Mr. Tydings; Committee on Naval Affairs, 328.

S. 3041—To ratify and confirm Act 23 of the Session Laws of Hawaii, 1937, extending the time within which revenue bonds may be issued and delivered under Act 174 of the Session Laws of Hawaii, 1935.
Mr. Tydings; Committee on Territories and Insular Affairs, 328.

S. 3042—To authorize the Territory of Hawaii to convey the present Maalaea Airport on the island of Maui, Territory of Hawaii, to the Hawaiian Commercial & Sugar Co., Ltd., in part payment for 300.71 acres of land at Pulehu-Nui, island of Maui, Territory of Hawaii, to be used as a site for a new airport.
Mr. Tydings; Committee on Territories and Insular Affairs, 328.

S. 3043—To provide for loans to farmers for crop production and harvesting during the year 1938, and for other purposes.
Mr. Smith; Committee on Agriculture and Forestry, 328.—Reported back (S. Rept. 1297), 898.

S. 3044—For the relief of Dave Hessel and Jacob Bassi.
Mr. Schwellenbach; Committee on Claims, 328.

S. 3045—For the relief of William R. Dibkey.
Mr. Schwellenbach; Committee on Claims, 328.

S. 3046—For the relief of Richard D. Krenik.
Mr. Schwellenbach; Committee on Claims, 328.

S. 3047—For the relief of Lars Mikkalsen, Martin Pedersen, Martin Johansen, Harold Strom, Ivar Rudd, Abel Moen, Ivar Jervik, Alfred Horn, Sverre Olsen, and Fritz Fredericksen.
Mr. Schwellenbach; Committee on Claims, 328.

S. 3048—Authorizing the Secretary of Commerce to convey a certain tract of land to the State of Oregon for use as a public park and recreational site.
Mr. McNary; Committee on Commerce, 328.

S. 3049—For the relief of R. A. Scruggs.
Mr. McKellar; Committee on Claims, 328.

S. 3050—Establishing a 5-day workweek in the Federal service, and for other purposes.
Mr. Logan; Committee on Civil Service, 383.

S. 3051—To provide for the hearing and disposition of employee appeals from discriminatory treatment by superiors in the Federal service.
Mr. Logan; Committee on Civil Service, 383.

S. 3052—To provide for the punishment of persons transporting stolen animals in interstate commerce, and for other purposes.
Mr. McCarran; Committee on the Judiciary, 383.

S. 3053—To provide for the purchase of public lands for home and other sites.
Mr. McCarran; Committee on Public Lands and Surveys, 383.

S. 3054—For the relief of Ollie Albert Mikulenka.
Mr. Sheppard; Committee on Naval Affairs, 421.

S. 3055—To amend the National Housing Act, and for other purposes.
Mr. Wagner; Committee on Banking and Currency, 420, 421.

S. 3056—For the relief of Dorothy Anne Walker.
Mr. George; Committee on Claims, 421.

S. 3057—For the relief of John Fanning.
Mr. Hayden; Committee on Claims, 421.

S. 3058—Granting a pension to Mildred Mabel Metts.
Mr. McAdoo; Committee on Pensions, 421.

S. 3059—To provide for the sale of public lands for home and other sites.
Mr. McAdoo; Committee on Public Lands and Surveys, 421.

S. 3060—To prohibit any corporation to own or hold more than 10 percent of the outstanding stock of any member bank of the Federal Reserve System and to regulate the establishment and operation of branches by national banks.
Mr. McAdoo; Committee on Banking and Currency, 421.

S. 3061—For the relief of Vincent Andrew Donovan.
Mr. Walsh; Committee on Naval Affairs, 421.

S. 3062—For the relief of Thomas H. Eckfeldt.
Mr. Walsh; Committee on Claims, 421.

S. 3063—For the relief of Maria Bartolo.
Mr. Walsh; Committee on Immigration, 421.

S. 3064—For the relief of George Henry Levins.
Mr. Walsh; Committee on Immigration, 421.

S. 3065—To amend the act entitled "An act for the relief of Harry Bryan and Alda Duffield Mullins, and others."
Mr. Neely; Committee on Claims, 421.

S. 3066—To foster interstate commerce and encourage visitation of national military cemeteries by cooperating with the States in making certain interstate bridges toll free.
Mr. Bilbo; Committee on Commerce, 421.

S. 3067—To amend the Tariff Act of 1930 and the tariff rates on eggs and egg products.
Mr. McAdoo; Committee on Finance, 421.

S. 3068—Confirming to Louis Labeaume, or his legal representatives, title to a certain tract of land located in St. Charles County, in the State of Missouri.
Mr. Clark; Committee on Public Lands and Surveys, 421.

S. 3069—To provide for intervention by States, direct appeals to the Supreme Court of the United States in certain cases involving the constitutionality of acts of State legislatures, and for other purposes.
Mr. Adams; Committee on the Judiciary, 494.

S. 3070—To create a United States Tax Commission.
Mr. Davis; Committee on Finance, 494.

S. 3071—Extending the benefits of the Emergency Officers' Retirement Act to Dury L. Helm.
Mr. Sheppard; Committee on Military Affairs, 494.

S. 3072—To regulate interstate and foreign commerce by prescribing the conditions under which corporations may engage or may be formed to engage in such commerce, to provide for and define additional powers and duties of the Federal Trade Commission, to assist the several States in improving labor conditions and enlarging purchasing power for goods sold in such commerce, and for other purposes.
Mr. O'Mahoney and Mr. Borah; Committee on the Judiciary, 494, 495.

S. 3073—To safeguard the public health.
Mr. Copeland; Committee on Commerce, 585.

S. 3074—Granting an increase of pension to Jessie L. Kilgore.
Mr. McNary; Committee on Pensions, 585.

S. 3075—To provide for the extension of time of segregation and reclamation in Wyoming segregation units, under the Carey Act.
Mr. Schwartz; Committee on Public Lands and Surveys, 585.

S. 3076—Granting a pension to William Andrew Johnson.
Mr. Berry, Committee on Pensions, 585.

S. 3077—For the relief of Katie Walter.
Mr. Sheppard; Committee on Claims, 585.

S. 3078—To amend the Merchant Marine Act, 1936, and for other purposes.
Mr. Copeland; Committee on Commerce, 721, 722.

S. 3079—For the relief of George W. Breckenridge.
Mr. Wheeler; Committee on Claims, 721.

S. 3080—For the relief of John R. Marlow.
Mr. Wheeler; Committee on Claims, 721.

S. 3081—Authorizing the Secretary of Commerce to grant to the city of Fargo, N. Dak., an easement over a certain tract of land owned by the United States.
Mr. Nye; Committee on Commerce, 721.

S. 3082—For the relief of William E. Gantt, Sr.
Mr. Tydings; Committee on Claims, 721.

S. 3083—To amend section 4311 of the Revised Statutes, relating to vessels engaged in the coasting trade or fisheries.
Mr. Copeland; Committee on Commerce, 721.

S. 3084—To provide for the appointment of an additional district judge for the eastern district of Michigan.
Mr. Brown of Michigan; Committee on the Judiciary, 802.

S. 3085—To confirm citizenship on Mike Juretich.
Mr. King; Committee on Immigration, 802.

S. 3086—To authorize the Secretary of the Interior to dispose of surplus buffalo and elk of the Wind Cave National Park herd, and for other purposes.
Mr. Adams; Committee on Public Lands and Surveys, 802.

S. 3087—For the relief of Chester J. Babcock.
Mr. Copeland; Committee on Civil Service, 802.

S. 3088—Granting an increase of pension to Ida A. Joab.
Mr. Lonergan; Committee on Pensions, 869.

S. 3089—To provide for the addition of certain lands to the Vicksburg National Military Park, in the State of Mississippi, and for other purposes.
Mr. Harrison; Committee on Public Lands and Surveys, 870.

S. 3090—To provide for loans to farmers for crop production and harvesting during the year 1938, and for other purposes.
Mr. Wheeler; Committee on Agriculture and Forestry, 870.

S. 3091—Defining the compensation of persons holding positions as deputy clerks and commissioners of United States district courts, and for other purposes.
Mr. Schwellenbach; Committee on the Judiciary, 870.

S. 3092—For the relief of the Georgia Marble Co.
Mr. Russell; Committee on Claims, 870.

S. 3093—For the relief of the Georgia Marble Co.
Mr. Russell; Committee on Claims, 870.

S. 3094—Granting compensation to Robert E. Hatridge.
Mr. Thomas of Oklahoma; Committee on Finance, 870.

S. 3095—Authorizing the Secretary of War to grant to the Coos County Court of Coquille, Oreg., and the State of Oregon an easement with respect to certain lands for highway purposes.
Mr. McNary; Committee on Military Affairs, 870.

S. 3096—To amend section 35 of the Criminal Code, as amended (U. S. C., title 18, sec. 82), relating to purloining, stealing, or injuring property of the United States.
Mr. Ashurst; Committee on the Judiciary, 870.

S. 3097—For the relief of Elijah Wallace.
Mr. Capper; Committee on Interstate Commerce, 898.

S. 3098—To provide for uniform regulation of marriage and divorce.
Mr. Capper; Committee on the Judiciary, 898.

S. 3099—For the relief of Forrest H. Overstreet.
Mr. Harrison; Committee on Military Affairs, 898.

S. 3100—For the relief of Carl G. Lindstrom.
Mr. Lodge; Committee on Claims, 981.

S. 3101—To authorize the Secretary of War to grant a right-of-way for highway purposes upon and across Kelly Field, a military reservation, in the State of Texas; to authorize an appropriation for construction of the road and necessary fence lines.
Mr. Sheppard; Committee on Military Affairs, 981.

S. 3102—For the relief of the estate of Raquel Franco.
Mr. Sheppard; Committee on Claims, 981.

S. 3103—For the relief of the Comision Mixta Demarcadora de Limites Entre Colombia y Panama.
Mr. Sheppard; Committee on Claims, 981.

S. 3104—For the payment of claims of citizens of the United States against the Republic of Mexico.
Mr. Sheppard; Committee on Foreign Relations, 981.

S. 3105—To amend the Commodity Exchange Act, as amended, to extend its provisions to wool and other agricultural commodities traded in for future delivery.
Mr. O'Mahoney; Committee on Agriculture and Forestry, 981.

S. 3106—Granting an increase of pension to Jennie Stubbs.
Mr. Overton; Committee on Pensions, 1057.

S. 3107—To amend the Inland Waterways Corporation Act, approved June 3, 1924, as amended, authorizing the Secretary of War to extend the services and operations of the Inland Waterways Corporation to Pensacola, Fla.
Mr. Andrews; Committee on Commerce, 1057.

S. 3108—For the relief of W. Connally Baldwin.
Mr. Connally; Committee on Claims, 1057.

S. 3109—For the relief of the widow of Joseph C. Akin.
Mr. Johnson of Colorado; Committee on Claims, 1057.

S. 3110—For the relief of Dixon A. Gregg.
Mr. Hatch; Committee on Claims, 1129.

S. 3111—For the relief of the estate of Lillie Liston.
Mr. Hatch; Committee on Claims, 1129.

S. 3112—For the relief of Mr. and Mrs. B. W. Trent.
Mr. Hatch; Committee on Claims, 1129.

S. 3113—For the relief of George W. Mason, trustee for the Congress Construction Co.
Mr. Lewis; Committee on Claims, 1129.

S. 3114—To extend the times for commencing and completing the construction of a bridge across the Tennessee River between Colbert County and Lauderdale County, Ala.
Mrs. Graves; Committee on Commerce, 1212.—Reported without amendment (S. Rept. 1298), considered, read the third time, and passed, 1212.—Referred to House Committee on Interstate and Foreign Commerce, 1416.—Reported with amendments (H. Rept. 1659), 1984.—Amended and passed House, 1980.—Senate concurs in House amendments, 1985.—Examined and signed, 2021, 2051.

S. 3115—For the relief of Susan Lawrence Davis.
Mrs. Graves; Committee on Claims, 1212.

S. 3116—For the appointment of an additional circuit judge for the seventh judicial circuit.
Mr. Dieterich and Mr. Lewis; Committee on the Judiciary, 1212.

S. 3117—To provide for the appointment of an additional district judge for the northern district of Illinois.
Mr. Dieterich and Mr. Lewis; Committee on the Judiciary, 1212.

S. 3118—Granting an increase of pension to Mary M. Boyd Kagle.
Mr. McGill; Committee on Pensions, 1212.

S. 3119—Conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on the claims of Andrew Count Pulaski against the United States.
Mr. Copeland; Committee on Claims, 1212.

S. 3120—To amend the act of May 4, 1898 (30 Stat. 369), so as to authorize the President to appoint 100 acting assistant surgeons for temporary service.
Mr. Walsh; Committee on Naval Affairs, 1212.

S. 3121—For the relief of Ruby Z. Winslow.
Mr. Walsh; Committee on Claims, 1212.

S. 3122—For the relief of Walter W. Johnston.
Mr. Pepper; Committee on Claims, 1212.

S. 3123—For the relief of the E. F. Hauserman Co.
Mr. Bulkley; Committee on Claims, 1212.

S. 3124—Granting an increase of pension to Phoebe Owen.
Mr. Steiwer; Committee on Pensions, 1212.

S. 3125—To provide for the administration and maintenance of the Natchez Trace Parkway, in the States of Mississippi, Alabama, and Tennessee, by the Secretary of the Interior, and for other purposes.
Mr. Harrison; Committee on Public Lands and Surveys, 1212.

S. 3126—Authorizing the Secretary of War to convey a certain parcel of land in Tillamook County, Oreg., to the State of Oregon to be used for highway purposes.
Mr. McNary; Committee on Military Affairs, 1312.

S. 3127—To aid in providing a permanent mooring for the battleship *Oregon*.
Mr. McNary; Committee on Military Affairs, 1312.—Committee discharged; indefinitely postponed, 1419.

S. 3128—For the relief of Willard Twitchell.
Mr. Maloney; Committee on Finance, 1312.

S. 3129—For the relief of Dr. Henry Clay Risner.
Mr. Reynolds; Committee on Claims, 1312.

S. 3130—For the relief of W. O. West.
Mr. Connally; Committee on Claims, 1312.

S. 3131—Granting a pension to William Henry Coffey.
Mr. Walsh; Committee on Pensions, 1351.

S. 3132—Granting to certain needy persons the right to obtain fuel from lands of the agricultural experiment station near Miles City, Mont.
Mr. Wheeler; Committee on Agriculture and Forestry, 1418.

S. 3133—For the relief of Kettle Falls School District No. 154.
Mr. Bone; Committee on Claims, 1419.

S. 3134—To make the provisions of the Employees' Compensation Act applicable to civil officers of the United States.
Mr. Ashurst; Committee on the Judiciary, 1419.

S. 3135—To amend an act entitled "An act to confer authority on the Court of Claims to hear and determine the claim of Lester P. Barlow against the United States."
Mr. King; Committee on Claims, 1419.

S. 3136—For the relief of the officers of the Russian Railway Service Corps organized by the War Department under authority of the President of the United States for service during the war with Germany.
Mr. Sheppard; Committee on Military Affairs, 1419.

S. 3137—Authorizing the State of Maryland, by and through its State Roads Commission or the successors of said commission, to construct, maintain, and operate certain bridges across streams, rivers, and navigable waters which are wholly or partly within the State.
Mr. Tydings and Mr. Radcliffe; Committee on Commerce, 1520.

S. 3138—Authorizing the State of Maryland, by and through its State Roads Commission or the successors of said commission, to construct, maintain, and operate certain bridges across streams, rivers, and navigable waters which are wholly or partly within the State.
Mr. Tydings and Mr. Radcliffe; Committee on Commerce, 1520.

S. 3139—To amend the Judicial Code to provide for three judicial districts for the State of Mississippi, and for other purposes.
Mr. Bilbo; Committee on the Judiciary, 1520.

S. 3140—To provide for the appointment of one additional district judge for the district of Idaho.
Mr. Pope; Committee on the Judiciary, 1520.

S. 3141—For the relief of Alfred E. Hibbard.
Mr. Lodge; Committee on Military Affairs, 1520.

S. 3142—For the relief of Commander Herbert Dumstrey, Chaplain Corps, United States Navy.
Mr. Byrd; Committee on Claims, 1520.

S. 3143—For the relief of George O. Wills.
Mr. Johnson of Colorado; Committee on Claims, 1607.

S. 3144—For the relief of Harry Hume Ainsworth.
Mr. Capper; Committee on Military Affairs, 1608.

S. 3145—To provide for the appointment of an additional district judge for the southern district of California.
Mr. McAdoo; Committee on the Judiciary, 1608.

S. 3146—Authorizing the Commodity Credit Corporation to make certain purchases of cotton from producers, and for other purposes.
Mr. Smith; Committee on Agriculture and Forestry, 1658.

S. 3147—For the relief of Mr. and Mrs. S. A. Felsenthal, Mr. and Mrs. Sam Friedlander, and Mrs. Gus Levy.
Mr. McKellar; Committee on Claims, 1703.

S. 3148—To amend a provision in the Naval Appropriation Act approved July 1, 1902 (32 Stat. 680), relative to payment of commuted rations of enlisted men.
Mr. Walsh; Committee on Naval Affairs, 1908.

S. 3149—Authorizing the Interstate Bridge Commission of the State of New York and the Commonwealth of Pennsylvania to reconstruct, maintain, and operate a free highway bridge across the Delaware River between points in the city of Port Jervis, Orange County, N. Y., and the Borough of Matamoras, Pike County, Pa.
Mr. Guffey; Committee on Commerce, 1908.

S. 3150—For the relief of Ernest S. Frazier.
Mr. Sheppard; Committee on Military Affairs, 1908.

S. 3151—To provide for the prompt deportation of aliens engaged in espionage and other activities inimical to public welfare.
Mr. Reynolds; Committee on Immigration, 1908, 1909.

S. 3152—Awarding a Navy Cross to Arthur F. Anders.
Mr. Sheppard; Committee on Naval Affairs, 1908, 1909.

S. 3153—For the relief of the Gibbs Gas Engine Co. of Florida.
Mr. Pepper; Committee on Claims, 1908.

S. 3154—Relating to the registration of aliens who arrived in the United States between June 3, 1921, and July 1, 1924.
Mr. Copeland; Committee on Immigration, 1908.

S. 3155—To extend the provisions of an act entitled "An act placing certain noncommissioned officers in the first grade," approved March 3, 1927.
Mr. Copeland; Committee on Military Affairs, 1986.

S. 3156—To authorize the coinage of 50-cent pieces in commemoration of the three-hundredth anniversary of the founding of the New Haven Colony, then consisting of the towns of New Haven, Milford, Branford, Guilford, and Stamford, Conn., and Southold, Long Island.
Mr. Lonergan; Committee on Banking and Currency, 1986.

SENATE JOINT RESOLUTIONS

S. J. Res. 67—Conferring jurisdiction upon the Court of Claims to hear and determine the claim of the estate of John F. Hackfeld, deceased.
Conference report submitted in House (H. Rept. 1642) and agreed to, 232–233.—Conference report submitted in Senate and agreed to, 1912.—Examined and signed, 1985, 2051.

S. J. Res. 218—Proposing an amendment to the Constitution of the United States for a referendum on war.
Mr. La Follette; Committee on the Judiciary, 24.

S. J. Res. 219—Directing the President of the United States of America to proclaim October 11, 1938, General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski.
Mr. Lonergan; Committee on the Judiciary, 24.

S. J. Res. 220—Proposing an amendment to the Constitution of the United States providing for tax exemption of certain homesteads.
Mr. Sheppard; Committee on the Judiciary, 25.

S. J. Res. 221—Proposing an amendment to the Constitution of the United States providing for a referendum on war and conscription of citizens for military duty abroad.
Mr. Clark; Committee on the Judiciary, 61.

S. J. Res. 222—Granting the consent of Congress for the loan of certain portraits now located in the Capitol to the United States Constitution Sesquicentennial Commission for exhibition in the Corcoran Art Gallery.
Mr. Barkley, 61, 69.—Passed House, 135.—Examined and signed, 132, 153.—Presented to the President, 421.—Approved [Public Resolution, No. 75], 493.

S. J. Res. 223—Proposing an amendment to the Constitution relating to the power of the Congress to declare war.
Mr. Capper; Committee on the Judiciary, 61.

S. J. Res. 224.—Directing the Bureau of Labor Statistics to collect information as to the amount and value of all goods purchased by the Federal Government.
Mr. Thomas of Utah; Committee on Education and Labor, 61.

S. J. Res. 225—Providing for display of the United States flag on days of national Thanksgiving.
Mr. Davis; Committee on the Judiciary, 105.

S. J. Res. 226—To provide for the erection of a suitable memorial to the memory of Comte de Grasse.
Mr. Copeland; Committee on the Library, 205.

S. J. Res. 227—To maintain American living standards and preserve peace.
Mr. Lodge; Committee on Finance, 205.

S. J. Res. 228—To amend the Neutrality Act of 1935.
Mr. Lodge; Committee on Foreign Relations, 421.

S. J. Res. 229—Directing the Federal Trade Commission to investigate the policies employed by manufacturers in distributing motor vehicles, and the policies of dealers in selling motor vehicles at retail, as these policies affect the public interest.
Mr. Minton; Committee on Interstate Commerce, 721.

S. J. Res. 230—Authorizing the President of the United States of America to proclaim October 11, 1938, General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski.
Mr. Van Nuys and Mr. Minton; Committee on the Judiciary, 721.

S. J. Res. 231—For the relief of Nicholas Casale.
Mr. Smathers; Committee on Military Affairs, 721.

S. J. Res. 232—To amend the joint resolution entitled "Joint resolution making funds available for the control of incipient or emergency outbreaks of insect pests or plant diseases, including grasshoppers, Mormon crickets, and chinch bugs," approved April 6, 1937.
Mr. Murray; Committee on Agriculture and Forestry, 802.

S. J. Res. 233—To authorize the acceptance of title to the dwelling house and property, the former residence of the late Justice Oliver Wendell Holmes, located at 1720 Eye Street NW., in the District of Columbia, and for other purposes.
Mr. Walsh; Committee on the Library, 870.

S. J. Res. 234—Proposing an amendment to the Constitution of the United States relative to marriage and divorce laws.
Mr. Capper; Committee on the Judiciary, 898.

S. J. Res. 235—Providing for adjustment of the civil-service retirement annuity of George E. Richards.
Mr. Sheppard; Committee on Civil Service, 898.

S. J. Res. 236—Authorizing the President to invite foreign countries to participate in the ceremonies to commemorate the one hundred and fiftieth anniversary of the national ratification of the Constitution of the United States in Philadelphia, Pa., June 17 to 21, 1938.
Mr. Davis and Mr. Guffey; Committee on Foreign Relations, 981.

S. J. Res. 237—To provide for the safekeeping and exhibition of the airplane used by the Wright brothers in making the first successful airplane flight in history.
Mr. Reynolds; Committee on Military Affairs, 1703, 1719.

S. J. Res. 238—To provide for the observance and celebration of the one-hundredth anniversary of the founding of Prattville, Ala.
Mrs. Graves; Committee on the Library, 1908.

SENATE CONCURRENT RESOLUTIONS

S. Con. Res. 21—Favoring the independence of the Interstate Commerce Commission from political influence in the discharge of its official duties.
Mr. Borah; ordered to lie on the table, 60.

S. Con. Res. 22—Directing the Agricultural Committees of Congress to investigate domestic allotment plans for the improvement of agricultural conditions.
Mr. Hatch; Committee on Agriculture and Forestry, 1129.

SENATE RESOLUTIONS

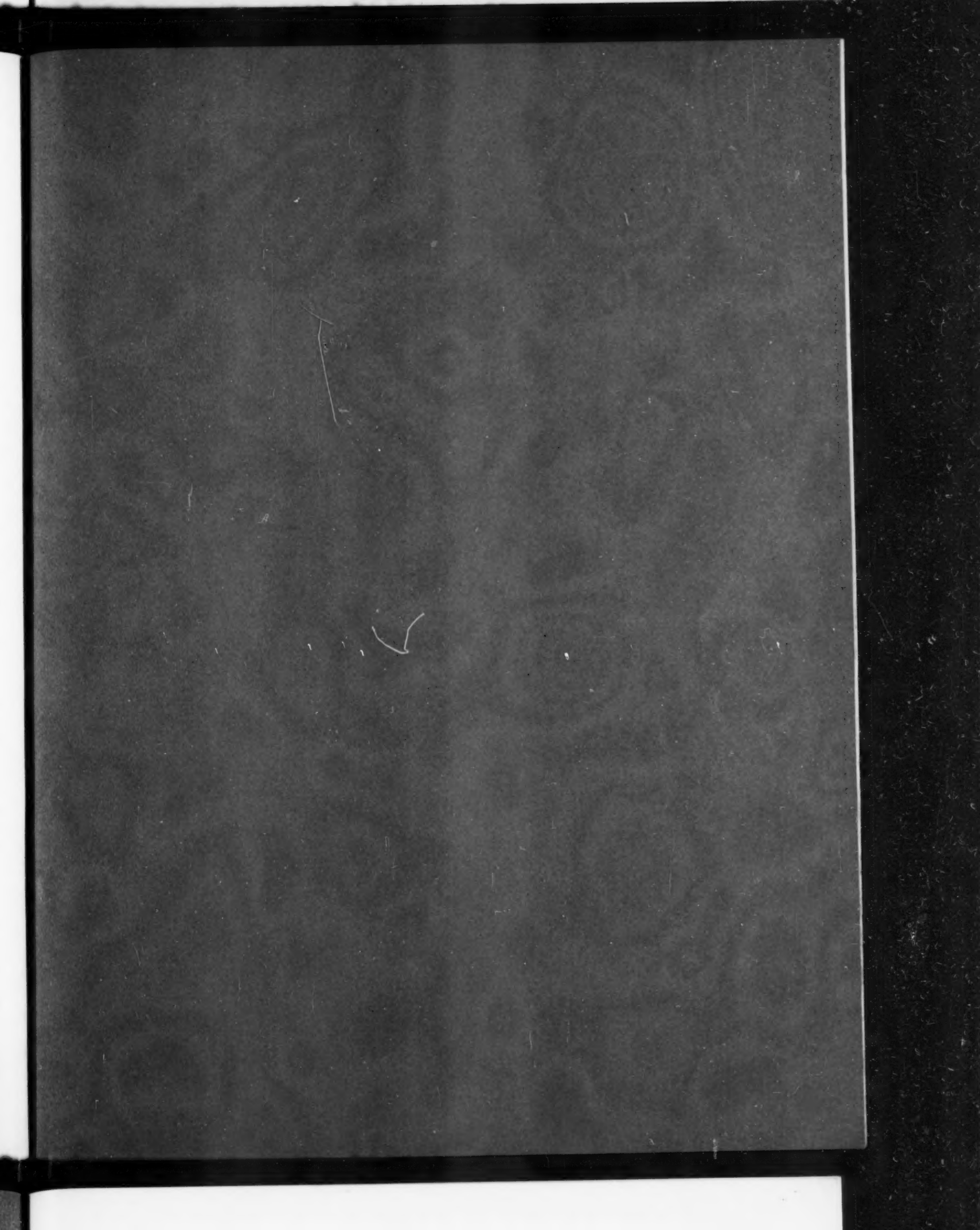
S. Res. 177—Requesting recommendations from the Tariff Commission concerning rates of duty on textile imports.
Ordered to be placed on the calendar, 27.

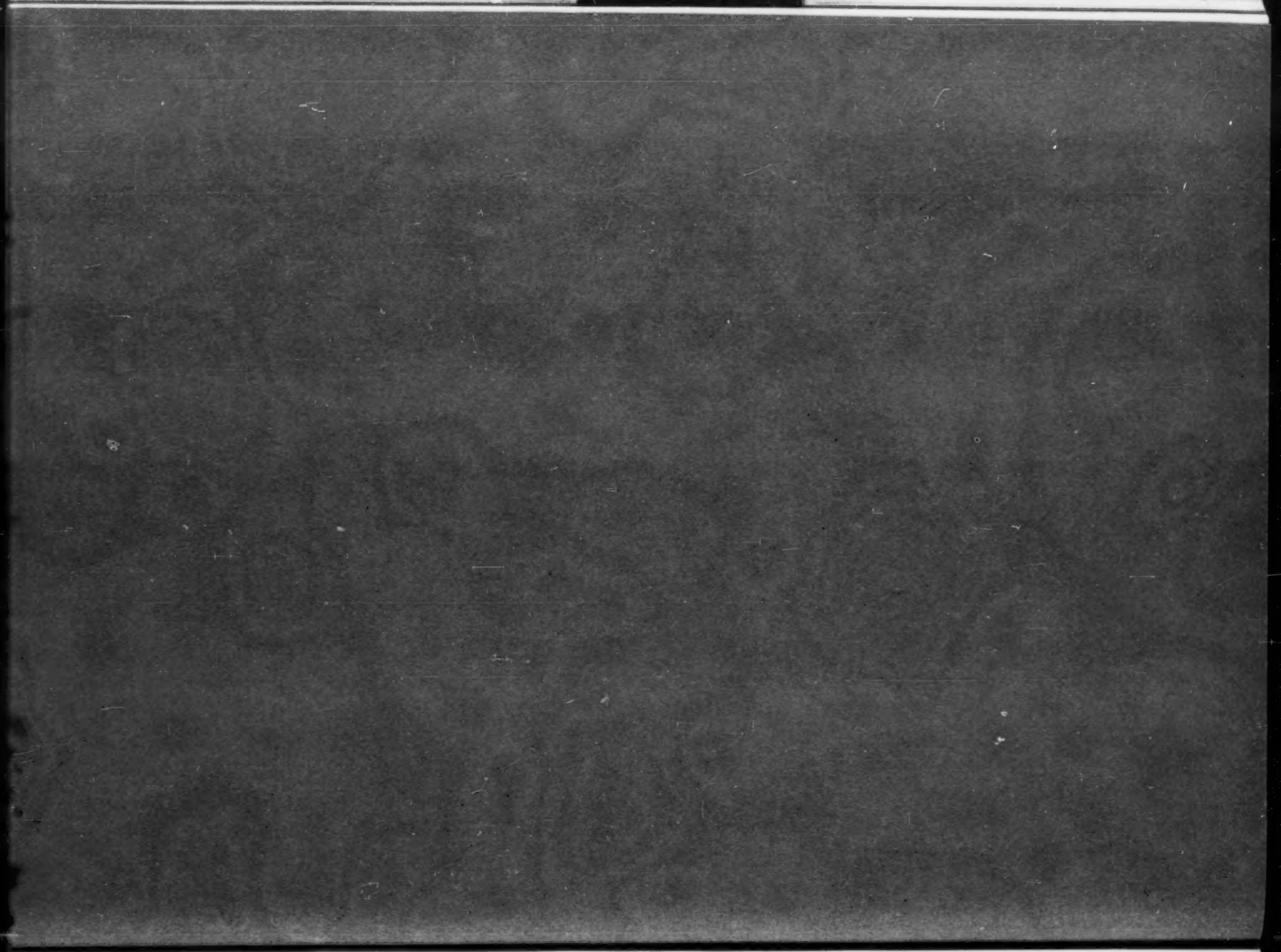
S. Res. 190—Notifying the President that a quorum of Congress has assembled and is ready to receive any communication from him.
Mr. Barkley; considered and agreed to, 4.

S. Res. 191—Notifying the House that a quorum of the Senate has been assembled.
Mr. McNary; considered and agreed to, 4.

S. Res. 192—Fixing the hour of daily meeting of the Senate.
Mr. Lewis; considered and agreed to, 4.

S. Res. 193—Requesting the reporting of legislation to provide for the draft of manpower and national resources in time of war.
Mrs. Graves; Committee on Military Affairs, 25.





S. Res. 194—Requesting the Department of Agriculture to transmit a full report concerning the deaths ascribed to the drug known as Elixir of Sulfanilamide and recommendations for any needed legislation on the subject.
Mr. Copeland; considered and agreed to, 25.

S. Res. 195—Favoring the reinstatement of Dr. George J. Schulz in the Legislative Reference Service, Library of Congress.
Mr. Sheppard; Committee on the Library, 25.

S. Res. 196—Relative to the death of Hon. Robert P. Hill, late a Representative from the State of Oklahoma.
Mr. Thomas of Oklahoma; considered and agreed to, 52, 53.

S. Res. 197—To amend rule XXXVIII by requiring mandatory reference and hearings on judicial nominations.
Mr. Bridges; Committee on Rules, 106.

S. Res. 198—To investigate the administration and operation of the civil-service laws and the Classification Act of 1923, as amended.
Mr. Ellender; Committee on Civil Service, 106.

S. Res. 199—To pay a gratuity to Agnes K. O'Brien.
Mr. Moore; Committee to Audit and Control the Contingent Expenses of the Senate, 265.—Reported back, considered, and agreed to, 416.

S. Res. 200—Requesting certain information concerning the activities of the National Bituminous Coal Commission.
Mr. Davis; Committee on Interstate Commerce, 329.

S. Res. 201—Authorizing the Committee on the Judiciary of the Senate to have printed for its use additional copies of parts 1 and 2 of the hearings on the bill (S. 1392) to reorganize the judicial branch of the Government.
Mr. Ashurst; Committee on Printing, 499.—Reported back, considered, and agreed to, 721.

S. Res. 202—Providing for an investigation of the Bituminous Coal Commission.
Mr. King; ordered to lie on the table, 586.

S. Res. 203—Authorizing the Committee on Pensions to have printed for its use additional copies of the hearings on the bill (S. 2219) granting pensions to certain widows of veterans of the Civil War.
Mr. McGill; Committee on Printing, 586.—Reported back, considered, and agreed to, 721.

S. Res. 204—Authorizing the Secretary of the Senate to employ a laborer.
Mr. Byrnes; Committee to Audit and Control the Contingent Expenses of the Senate, 586.

S. Res. 205—Continuing Senate Resolution 137, relative to an investigation of certain activities of the American Cotton Cooperative Association, and increasing the limit of expenditures therefor.
Mr. Smith; Committee on Agriculture and Forestry, 722.

S. Res. 206—Relative to the installation of a loud-speaking system in the Senate Chamber.
Mr. Bilbo; Committee on Rules, 898.

S. Res. 207—Providing for an investigation of the National Labor Relations Act by the National Labor Relations Board.
Mr. Burke; Committee on the Judiciary, 1129.

S. Res. 208—To authorize the printing, with illustrations, of the fortieth annual report of the National Society of the Daughters of the American Revolution as a Senate document.
Mr. Hayden; considered and agreed to, 1351.

S. Res. 209—Increasing the limit of expenditure of the Special Committee on Investigation of Unemployment and Relief Problems.
Mr. Byrnes; Committee to Audit and Control the Contingent Expenses of the Senate, 1520.—Reported back, considered, and agreed to, 1769.

S. Res. 210—Requesting certain information concerning American nationals, American troops, and American capital in China.
Mr. Steiwer; ordered to lie over under the rule, 1910.

S. Res. 211—Appointing a committee to wait upon the President.
Mr. Barkley; considered and agreed to, 2021.

HOUSE BILLS 1507–8340

H. R. 1507—To assure to persons within the jurisdiction of every State the equal protection of the laws, and to punish the crime of lynching.
Motion to consider, 38, 60, 61, 69, 106, 116, 155, 171, 205.—Motion withdrawn, 266.—Laid before the Senate, 1769.

H. R. 1679—Granting a pension to Sarah A. De Gross.
Reference changed to Committee on Invalid Pensions, 491, 584.

H. R. 1680—Granting a pension to Wilelmine Skilling.
Reference changed to Committee on Invalid Pensions, 58.

H. R. 1682—Granting a pension to Elizabeth Ellen Barker.
Reference changed to Committee on Invalid Pensions, 58.

H. R. 4586—For the relief of Clark Wiley.
Reference changed to Committee on War Claims, 979.

H. R. 4766—Granting an increase of pension to America E. Dye.
Reference changed to Committee on Invalid Pensions, 58.

H. R. 4983—Granting a pension to Mary Honig Schnepel.
Reference changed to Committee on Invalid Pensions, 584.

H. R. 5512—Granting a pension to Minnie Mancell.
Reference changed to Committee on Invalid Pensions, 201.

H. R. 5513—Granting a pension to Sarah E. Linder.
Reference changed to Committee on Invalid Pensions, 201.

H. R. 5522—Granting an increase of pension to Mary E. Straube.
Reference changed to Committee on Invalid Pensions, 201.

H. R. 5523—Granting a pension to Martha Jones.
Reference changed to Committee on Invalid Pensions, 153.

H. R. 5812—To amend section 243 of the Penal Code of the United States, as amended by the act of June 15, 1935 (49 Stat. 378), relating to the marking of packages containing wild animals and birds and parts thereof.
Reported back (S. Rept. 1299), 1907.

H. R. 7259—To authorize the conveyance by the United States to the city of Ketchikan, Alaska, of a certain tract of land in the town site of Ketchikan.
Reported with amendment (H. Rept. 1647), 720.

H. R. 7293—For the relief of the estate of John B. Brack.
Reference changed to Committee on War Claims, 979.

H. R. 7484—For the relief of Berthel Christopher.
Reference changed to Committee on War Claims, 979.

H. R. 7778—To amend section 26, title I, chapter 1, of the act entitled "An act making further provision for a civil government for Alaska, and for other purposes," approved June 6, 1900.
Reported with amendments (H. Rept. 1648), 720.

H. R. 7803—To amend paragraph (1) of section 96 of title 2 of the Canal Zone Code relating to method of computing annuities.
Reported back (H. Rept. 1646), 584.

H. R. 7827—To authorize public-utility districts in the Territory of Alaska to incur bonded indebtedness, and for other purposes.
Reported back (H. Rept. 1649), 720.

H. R. 7887—Granting a pension to Roxie Francis Coffey and Barbara Jean Coffey, minor children of John Coffey.
Reference changed to Committee on World War Veterans' Legislation, 327.

H. R. 7927—For the relief of Bertha Thompson Williams.
Reference changed to Committee on War Claims, 979.

H. R. 8021—For the relief of Mrs. George Orr.
Reported back (H. Rept. 1652), 979.

H. R. 8176—Providing for continuing retirement pay, under certain conditions, of officers and former officers of the Army, Navy, and Marine Corps of the United States, other than officers of the Regular Army, Navy, or Marine Corps, who incurred physical disability while in the service of the United States during the World War, and for other purposes.
Reported with amendments (H. Rept. 1654), 979.

H. R. 8181—For the relief of James F. Johnston.
Reference changed to Committee on War Claims, 979.

H. R. 8236—Authorizing the Secretary of the Treasury to exchange sites for Coast Guard purposes.
Reported back (H. Rept. 1660), 2052.

H. R. 8334—To increase the salaries of city and village letter carriers and clerks in first- and second-class post offices.
Mr. Sweeney; Committee on the Post Office and Post Roads, 19.

H. R. 8335—To repeal authority to the President to issue $3,000,000,000 of greenbacks.
Mr. Bacon; Committee on Banking and Currency, 19.

H. R. 8336—To repeal the undistributed profits or surplus tax.
Mr. Bacon; Committee on Ways and Means, 19.

H. R. 8337—To amend section 4370 of the Revised Statutes of the United States (U. S. C., 1934 ed., title 46, sec. 316).
Mr. Bland; Committee on Merchant Marine and Fisheries, 19.

H. R. 8338—Providing for the examination and survey of the Beach Haven Inlet, Ocean City, N. J.
Mr. Sutphin; Committee on Rivers and Harbors, 19.

H. R. 8339—Providing for the repeal of section 7 of the act entitled "An act to provide for the diversification of employment of Federal prisoners, for their training and schooling in trades and occupations, and for other purposes," approved May 27, 1930.
Mr. Towey; Committee on the Judiciary, 19.

H. R. 8340—To amend the Revenue Act of 1936 with respect to the tax on capital gains and losses.
Mr. Towey; Committee on Ways and Means, 19.

H. R. 8341—To amend the Revenue Act of 1936 with respect to the surtax on undistributed profits.
Mr. Towey; Committee on Ways and Means, 19.

H. R. 8342—To amend section 128 of the Judicial Code, as amended.
Mr. Dimond; Committee on the Judiciary, 20.

H. R. 8343—To provide for the extension of prospecting permits in the Territory of Alaska.
Mr. Dimond; Committee on Public Lands, 20.

H. R. 8344—To protect and preserve the salmon fishery of Alaska, and for other purposes.
Mr. Dimond; Committee on Merchant Marine and Fisheries, 20.

H. R. 8345—For postal employees' longevity.
Mr. Keogh; Committee on the Post Office and Post Roads, 20.

H. R. 8346—Authorizing the sale of certain lands to the regents of the Agriculture College of New Mexico.
Mr. Dempsey; Committee on the Public Lands, 20.

H. R. 8347—To repeal section 14, title I, subtitle B (surtax on undistributed profits), and section 401, title II, (capital stock tax), of the Revenue Act of 1936.
Mr. Snell; Committee on Ways and Means, 20.

H. R. 8348—To provide for the continuation and expansion of the Federal Works Program; for the relief of hardship and suffering caused by unemployment, and for other purposes.
Mr. O'Connell of Montana; Committee on Appropriations, 20.

H. R. 8349—To provide for cancelation of citizenship and deportation in the case of certain naturalized citizens of the United States because of the advocacy of political doctrines subversive of the best interests of the United States.
Mr. Weaver; Committee on Immigration and Naturalization, 20.

H. R. 8350—To provide that it shall be a criminal offense to advise, advocate, or teach principles of government based in whole or in part in opposition to or discrimination against people of any particular race or creed, and for other purposes.
Mr. Weaver; Committee on the Judiciary, 20.

H. R. 8351—To designate the maintenance of oppressive wages or oppressive hours or oppressive child labor as an unfair method of competition in commerce, to confer jurisdiction thereof upon the Federal Trade Commission, and for other purposes.
Mr. Lamneck; Committee on Labor, 20 (see p. 12).

H. R. 8352—For the relief of John Pellet.
Mr. Andrews; Committee on Military Affairs, 20.

H. R. 8353—Granting an increase of pension to Phebe Lucretia Dixon.
Mr. Ashbrook; Committee on Invalid Pensions, 20.

H. R. 8354—Granting an increase of pension to Laura S. D'Yarnett.
Mr. Ashbrook; Committee on Invalid Pensions, 20.

H. R. 8355—For the relief of Lester Cooley.
Mr. Ashbrook; Committee on Military Affairs, 20.

H. R. 8356—Granting an increase of pension to George J. Fraehlick.
Mr. Beiter; Committee on Pensions, 20.

H. R. 8357—To correct the naval record of John R. Wilson.
Mr. Beiter; Committee on Naval Affairs, 20.

H. R. 8358—To correct the military record of Joseph E. Ryan.
Mr. Beiter; Committee on Military Affairs, 20.

H. R. 8359—For the relief of Roy Hesselmeyer.
Mr. Cannon of Missouri; Committee on Claims, 20.

H. R. 8360—Granting an increase of pension to Louise E. Van Norden.
Mr. Cluett; Committee on Invalid Pensions, 20.

H. R. 8361—Granting an increase of pension to Emma A. Trumble.
Mr. Cluett; Committee on Invalid Pensions, 20.

H. R. 8362—For the relief of John Joseph Murphy.
Mr. Delaney; Committee on Naval Affairs, 20.

H. R. 8363—For the relief of William F. Shanley.
Mr. Delaney; Committee on Military Affairs, 20.

H. R. 8364—For the relief of Oscar Forster.
Mr. Delaney; Committee on Military Affairs, 20.

H. R. 8365—For the relief of the stockholders of the North Mississippi Oil Mills of Holly Springs, Miss.
Mr. Doxey; Committee on War Claims, 20.

H. R. 8366—Granting an increase of pension to Elizabeth Miller.
Mr. Eckert; Committee on Invalid Pensions, 20.

H. R. 8367—Granting a pension to James Vergil Wright.
Mr. Ferguson; Committee on Pensions, 20.

H. R. 8368—Granting a pension to Conrad F. Korthanke.
Mr. Ferguson; Committee on Pensions, 20.

H. R. 8369—For the relief of George O. Von Schrilts.
Mr. Ferguson; Committee on Claims, 20.

H. R. 8370—Granting a pension to Azella V. Crawford.
Mr. Houston; Committee on Invalid Pensions, 20.

H. R. 8371—For the relief of the Mohawk Coal Co.
Mr. Jenkins of Ohio; Committee on Claims, 20.

H. R. 8372—Granting a pension to Rilla Christy.
Mr. Jenkins of Ohio; Committee on Invalid Pensions, 20.

H. R. 8373—For the relief of List & Clark Construction Co.
Mr. Kennedy of Maryland; Committee on Claims, 20.

H. R. 8374—For the relief of Tiffany Construction Co.
Mr. Kennedy of Maryland; Committee on Claims, 20.

H. R. 8375—For the relief of Roscoe B. Huston.
Mr. Kennedy of Maryland; Committee on Claims, 20.

H. R. 8376—For the relief of James D. Larry, Sr.
Mr. Kennedy of Maryland; Committee on Claims, 20.

H. R. 8377—For the relief of H. W. Adelberger, Jr.
Mr. Kennedy of Maryland; Committee on Claims, 20.

H. R. 8378—Granting an increase of pension to Eliza Duvendack.
Mr. Lamneck; Committee on Invalid Pensions, 20.

H. R. 8379—For the relief of James T. Webster and Mary A. Webster.
Mr. Lewis of Maryland; Committee on Claims, 20.

H. R. 8380—For the relief of Glenn R. Martin.
Mr. Lewis of Maryland; Committee on Claims, 20.

H. R. 8381—Granting an increase of pension to Sarah A. Troutt.
Mr. Luecke of Michigan; Committee on Invalid Pensions, 20.

H. R. 8382—Granting a pension to Sarah Foxton Judson.
Mr. Luecke of Michigan; Committee on Pensions, 20.

H. R. 8383—Granting an increase of pension to Martha Thorson.
Mr. Mason; Committee on Invalid Pensions, 20.

H. R. 8384—Granting an increase of pension to Sarah King.
Mr. Polk; Committee on Invalid Pensions, 20.

H. R. 8385—Granting an increase of pension to Elizabeth Brown.
Mr. Polk; Committee on Invalid Pensions, 20.

H. R. 8386—For the relief of Charlotte Lamby.
Mr. Quinn; Committee on Claims, 20.

H. R. 8387—Authorizing the Court of Claims to hear and adjust the claim of the trustees of the Construction Materials Corporation.
Mr. Sabath; Committee on Claims, 21.

H. R. 8388—To carry into effect the findings of the Court of Claims, House Document No. 230, Sixty-fourth Congress, first session, in the matter of compensation due the estate of Wellborn Echols, deceased.
Mr. Tarver; Committee on War Claims, 21.

H. R. 8389—To provide funds to pay costs of emergency employment of laborers not needed in commercial operations of production, service, and trade; to spread a tax on all money and money equivalent (coinage, currency, and bank deposits); to provide for printing, coining, and distribution of an annual dated series of coins and paper currency; to provide for licensing of all banks and other institutions carrying entries of deposits of coins, currency, or credits of money value; to provide means of discounting outstanding coins and currency the amount of the tax levied; to provide for collecting from banks and other institutions of deposit the tax levied on deposits in their care; to provide for the coinage of 1-mill tokens; and for other purposes.
Mr. Guyer; Committee on Ways and Means, 59.

H. R. 8390—Relating to age limits for individuals seeking positions in the executive branch of the Government, and for other purposes.
Mr. O'Malley; Committee on the Civil Service, 59.

H. R. 8391—For the relief of Frances M. Heinzelmann.
Mr. Bell; Committee on Claims, 59.

H. R. 8392—Granting an increase of pension to Helen R. Pickett.
Mr. Culkin; Committee on Invalid Pensions, 59.

H. R. 8393—Granting an increase of pension to Alice M. LaFontain.
Mr. Culkin; Committee on Invalid Pensions, 59.

H. R. 8394—Granting an increase of pension to Della M. Babcock.
Mr. Culkin; Committee on Invalid Pensions, 59.

H. R. 8395—For the relief of Caroline C. Collins.
Mr. Dixon; Committee on the Civil Service, 59.

H. R. 8396—Granting a pension to Orville Hunter.
Mr. Greenwood; Committee on Invalid Pensions, 59.

H. R. 8397—Granting a pension to Ada M. Beeson.
Mr. Gwynne; Committee on Invalid Pensions, 59.

H. R. 8398—Granting a pension to Lydia Whitney.
Mr. Gwynne; Committee on Invalid Pensions, 59.

H. R. 8399—For the relief of John H. Springer.
Mr. Hoffman; Committee on Military Affairs, 59.

H. R. 8400—Granting a pension to Ida B. Hunt.
Mr. Jenks of New Hampshire; Committee on Invalid Pensions, 59.

H. R. 8401—For the relief of Stanley Mercuri.
Mr. Pfeifer; Committee on Claims, 59.

H. R. 8402—To amend section 111 of the Judicial Code to provide a term of court at Newport News, Va.
Mr. Bland; Committee on the Judiciary, 102.

H. R. 8403—To ratify and confirm Act 23 of the Session Laws of Hawaii, 1937, extending the time within which revenue bonds may be issued and delivered under Act 174 of the Session Laws of Hawaii, 1935.
Mr. King; Committee on the Territories, 102.

H. R. 8404—To authorize the Territory of Hawaii to convey the present Maalaea Airport on the island of Maui, Territory of Hawaii, to the Hawaiian Commercial & Sugar Co., Ltd., in part payment for 300.71 acres of land at Pulehu-Nui, island of Maui, Territory of Hawaii, to be used as a site for a new airport.
Mr. King; Committee on the Territories, 102.

H. R. 8405—To provide for a plebescite on the question of statehood in the Territory of Hawaii.
Mr. King; Committee on the Territories, 102.

H. R. 8406—To provide for the establishment of fair-labor standards in employments in and affecting interstate or foreign commerce, and for other purposes.
Mr. Phillips; Committee on Labor, 102.

H. R. 8407—To amend the China Trade Act, 1922, as to the duration of the China Trade Act corporations.
Mr. Burch; Committee on the Judiciary, 102.

H. R. 8408—To extend the time for filing claims for refund of amounts paid as tax under the Agricultural Adjustment Act.
Mr. Green; Committee on Ways and Means, 102.

H. R. 8409—Authorizing the State Highway Departments of North Dakota and Minnesota and the Boards of County Commissioners of Traill County, N. Dak., and Norman County, Minn., to construct, maintain, and operate a free highway bridge across the Red River of the North between Caledonia, N. Dak., and Shelly, Minn.
Mr. Lemke; Committee on Interstate and Foreign Commerce, 102.—Reported back (H. Rept. 1658), 1984.

H. R. 8410—For the relief of the Eastern Shore of Virginia Produce Exchange, Inc.
Mr. Bland; Committee on Claims, 102.

H. R. 8411—For the relief of Arthur Weiss.
Mr. Dickstein; Committee on Military Affairs, 102.

H. R. 8412—For the relief of Herman F. Krafft.
Mr. Gambrill of Maryland; Committee on Naval Affairs, 102.

H. R. 8413—For the relief of John W. Reardon.
Mr. Gifford; Committee on Naval Affairs, 102.

H. R. 8414—Granting a pension to Paul Passanise.
Mr. Kee; Committee on Pensions, 102.

H. R. 8415—For the relief of Michele Bove.
Mr. Lanzetta; Committee on Immigration and Naturalization, 102.

H. R. 8416—For the relief of William G. O'Harra.
Mr. Lamneck; Committee on Claims, 102.

H. R. 8417—For the relief of John B. Dollison.
Mr. Lamneck; Committee on Claims, 102.

H. R. 8418—For the relief of Itzhock or Isidore Finkelstein and Rochel or Rachela Finkelstein.
Mr. O'Toole; Committee on Immigration and Naturalization, 102.

H. R. 8419—For the relief of Yankiel Owsianka, alias Jack Singer.
Mr. O'Toole; Committee on Immigration and Naturalization, 102.

H. R. 8420—Authorizing the President of the United States to appoint Corp. Bernard Early as a major in the United States Army and then place him on the retired list.
Mr. Shanley; Committee on Military Affairs, 102.

H. R. 8421—For the relief of Sam Rancic.
Mr. Smith of Washington; Committee on Claims, 102.

H. R. 8422—Extending the provisions of an act entitled "An act to amend the act entitled 'An act for the retirement of employees in the classified civil service, and for other purposes', approved May 22, 1920, and acts in amendment thereof," to W. P. Campbell.
Mr. Smith of Washington; Committee on the Civil Service, 102.

H. R. 8423—For the relief of Frank W. Lohn.
Mr. Sumners of Texas; Committee on Claims, 102.

H. R. 8424—For the relief of John F. and Ethel M. Dailey, of Everett, N. J.
Mr. Sutphin; Committee on Claims, 102.

H. R. 8425—Granting an increase of pension to Annie G. Hoover.
Mr. Swope; Committee on Invalid Pensions, 102.

H. R. 8426—To promote the training and efficiency of the cadets of the United States Military Academy and also to increase the efficiency of the Regular Army of the United States, and for other purposes.
Mr. Faddis; Committee on Military Affairs, 153.

H. R. 8427—To provide for the display of the American flag on every post office in the United States.
Mr. Snyder of Pennsylvania; Committee on the Post Office and Post Roads, 153.

H. R. 8428—To provide for the hearing and disposition of employee appeals from discriminatory treatment by superiors in the Federal service.
Mr. Bigelow; Committee on the Civil Service, 153.

H. R. 8429—To provide for the national defense of the United States by placing an embargo on scrap iron and other iron products.
Mr. Boren; Committee on Military Affairs, 153.

H. R. 8430—To authorize the Secretary of War to make a survey of the proposed "T" tunnel as a means of communication and transportation between San Pedro, Wilmington, Terminal Island, and Long Beach, Calif.
Mr. Colden; Committee on Military Affairs, 153.

H. R. 8431—Establishing a 5-day workweek in the Federal service, and for other purposes.
Mr. McCormack; Committee on the Civil Service, 153.

H. R. 8432—To provide for a flowage easement on certain ceded Chippewa Indian lands bordering Lake of the Woods, Warroad River, and Rainy River, Minn., and for other purposes.
Mr. McReynolds; Committee on Foreign Affairs, 153.—Reported back (H. Rept. 1653), 979.

H. R. 8433—To amend the Revenue Act of 1936 with respect to the surtax on undistributed profits.
Mr. Wene; Committee on Ways and Means, 153.

H. R. 8434—To provide pensions for dependents of deceased veterans who died as a result of the sinking of the U. S. S. *Maine*.
Mr. Izac; Committee on Pensions, 153.

H. R. 8435—Relating to extension of certain oil and gas prospecting permits, and for other purposes.
Mr. Greever; Committee on the Public Lands, 153.

H. R. 8436—To provide for loans to farmers for crop production and harvesting during the year 1938, and for other purposes.
Mr. Fulmer; Committee on Agriculture, 153.

H. R. 8437—To prevent the shipment in interstate commerce of products of workers paid wages of less than 40 cents per hour, or the products of those employed more than 40 hours per week, or the products of those workers employed for hire under the age of 16 years, and for other purposes.
Mr. Connery; Committee on Labor, 153.

H. R. 8438—Granting an increase of pension to Sarah J. Tompkins.
Mr. Cole of New York; Committee on Invalid Pensions, 154.

H. R. 8439—Granting an increase of pension to Maryette Vannatta.
Mr. Cole of New York; Committee on Invalid Pensions, 154.

H. R. 8440—Granting an increase of pension to Addie Webster.
Mr. Cole of New York; Committee on Invalid Pensions, 154.

H. R. 8441—Granting a pension to Alta Abbott White.
Mr. Dixon; Committee on Pensions, 154.

H. R. 8442—Granting an increase of pension to Louise Essenmacher.
Mr. Gray of Indiana; Committee on Invalid Pensions, 154.

H. R. 8443—For the relief of Walter W. Johnston.
Mr. Green; Committee on War Claims, 154.

H. R. 8444—For the relief of Silvio Bonanni.
Mr. Sacks; Committee on Immigration and Naturalization, 154.

H. R. 8445—To appoint Lt. Calvin Berry White, junior grade, a lieutenant, Supply Corps, on the retired list of the Navy to rank from July 1, 1936, with retired pay based upon his total active service in the Navy.
Mr. Sanders; Committee on Naval Affairs, 154.

H. R. 8446—Granting an increase of pension to Fannie Stevens.
Mr. Simpson; Committee on Invalid Pensions, 154.

H. R. 8447—Granting an increase of pension to Mary J. Meiser.
Mr. Simpson; Committee on Invalid Pensions, 154.

H. R. 8448—Granting a pension to Helen M. Cisna.
Mr. Simpson; Committee on Invalid Pensions, 154.

H. R. 8449—Granting a pension to Florence Colben.
Mr. Stack; Committee on Invalid Pensions, 154.

H. R. 8450—Granting a pension to Anna M. Fay.
Mr. Wadsworth; Committee on Invalid Pensions, 154.

H. R. 8451—Granting a pension to Harriet B. Sampson.
Mr. Wadsworth; Committee on Invalid Pensions, 154.

H. R. 8452—Granting a pension to Elizabeth Masters.
Mr. Wadsworth; Committee on Invalid Pensions, 154.

H. R. 8453—To provide for a commissioned strength of 14,659 for the Regular Army.
Mr. May; Committee on Military Affairs, 201.

H. R. 8454—To amend the act cited as the Farm Credit Act of 1933, as amended, to improve and safeguard the financial integrity of the Farm Credit Administration by effecting a better coordination of Federal lending and marketing activities, and for other purposes.
Mr. Harrington; Committee on Agriculture, 201.

H. R. 8455—To decrease unemployment, to amend the Pay Adjustment Act of 1922, and for other purposes.
Mr. Faddis; Committee on Military Affairs, 201.

H. R. 8456—To decrease unemployment, to amend the Civil Service Retirement Act, and for other purposes.
Mr. Faddis; Committee on the Civil Service, 201.

H. R. 8457—To provide for the construction and maintenance, at Angleton, Tex., of a laboratory for the study of anaplasmosis in cattle.
Mr. Mansfield; Committee on Agriculture, 201.

H. R. 8458—Relating to age limits for persons seeking positions in the executive branch of the Federal Government.
Mr. Randolph; Committee on the Civil Service, 201.

H. R. 8459—To create a Federal Crop Insurance Corporation, and for other purposes.
Mr. Sheppard; Committee on Agriculture, 201.

H. R. 8460—To authorize the city of Vancouver, Wash., to construct and maintain a historical memorial on the Vancouver Barracks Military Reservation, Wash.
Mr. Smith of Washington; Committee on Military Affairs, 201.

H. R. 8461—For the relief of S. L. Claypole.
Mr. Duncan; Committee on Claims, 201.

H. R. 8462—To authorize the cancelation of deportation proceedings in the case of Grego Kleva.
Mr. Forand; Committee on Immigration and Naturalization, 201.

H. R. 8463—For the relief of Kenneth A. Rotharmel.
Mr. Maloney; Committee on Claims, 201.

H. R. 8464—To repeal the surtax on undistributed profits and the limitation on capital net losses.
Mr. Jenkins of Ohio; Committee on Ways and Means, 262.

H. R. 8465—Providing for the examination and survey of the harbor at Pond Village Landing, Truro, Mass.
Mr. Gifford; Committee on Rivers and Harbors, 262.

H. R. 8466—Authorizing the city of Rock Island, Ill., or its assigns, to construct, maintain, and operate a toll bridge across the Mississippi River at or near Rock Island, Ill., and to a place at or near the city of Davenport, Iowa.
Mr. Thompson of Illinois; Committee on Interstate and Foreign Commerce, 262.

H. R. 8467—To amend section 5 of the 1905 Trade-Mark Act, as amended, and for other purposes.
Mr. Lanham; Committee on Patents, 262.

H. R. 8468—To provide for additional United States district judges in the States of Georgia, Louisiana, Texas, Michigan, Ohio, Washington, California, Kansas, and the District of Columbia.
Mr. Walter; Committee on the Judiciary, 262.

H. R. 8469—Granting exemption from taxation of so much of the net income, not exceeding 50 percent thereof, of individuals and corporations as shall be used for construction or repair of buildings or other improvement of real estate.
Mr. Wilcox; Committee on Ways and Means, 262.

H. R. 8470—To amend the now existing pay schedules of the enlisted personnel of the Army, Navy, Marine Corps, and Coast Guard.
Mr. Peterson of Florida; Committee on Military Affairs, 262.

H. R. 8471—To repeal section 14, title I (surtax on undistributed profits), and section 117, title I (capital gains and losses), of the Revenue Act of 1936.
Mr. Snell; Committee on Ways and Means, 262.

H. R. 8472—To provide parity of prices paid to farmers for cotton marketed by them for domestic consumption and for other purposes.
Mr. Poage; Committee on Agriculture, 262.

H. R. 8473—To authorize the coinage of 50-cent pieces in commemoration of the fiftieth anniversary of the admission of the State of Washington to the Union.
Mr. Magnuson; Committee on Coinage, Weights, and Measures, 262.

H. R. 8474—To provide benefits for women who served with the American Expeditionary Forces during the World War.
Mr. Dixon; Committee on World War Veterans' Legislation, 262.

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Mr. Aleshire; Committee on Claims, 262.

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Mr. Dimond; Committee on Claims, 262.

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Mr. Fernandez; Committee on Immigration and Naturalization, 262.

H. R. 8478—To confer jurisdiction upon the United States District Court for the Southern District of Florida to determine the claim of Ella McGriff.
Mr. Green; Committee on Claims, 262.

H. R. 8479—For the relief of Jane Murrah.
Mr. Izac; Committee on Claims, 262.

H. R. 8480—For the relief of Lt. Comdr. James T. Mathews.
Mr. McMillan; Committee on Claims, 263.

H. R. 8481—For the relief of Oskar Herlins.
Mr. O'Brien of Illinois; Committee on Immigration and Naturalization, 263.

H. R. 8482—To amend the Panama Canal Act.
Mr. Ford of California; Committee on Merchant Marine and Fisheries, 327.

H. R. 8483—To repeal the surtax on undistributed profits.
Mr. Harter; Committee on Ways and Means, 327.

H. R. 8484—To terminate the tax on toilet preparations, and so forth.
Mr. Knutson; Committee on Ways and Means, 327.

H. R. 8485—For the relief of William H. Carter.
Mr. Bates; Committee on Military Affairs, 327.

H. R. 8486—Granting a pension to Jennie M. Spaulding.
Mr. Bates; Committee on Invalid Pensions, 327.

H. R. 8487—Confirming to Louis Labeaume, or his legal representatives, title to a certain tract of land located in St. Charles County, in the State of Missouri.
Mr. Cannon of Missouri; Committee on the Public Lands, 327.

H. R. 8488—To provide for the issuance to Perfecto Gallegos, of Las Vegas, N. Mex., of a patent to certain public lands.
Mr. Dempsey; Committee on the Public Lands, 327.

H. R. 8489—For the relief of Fred D. Armstrong.
Mr. Dondero; Committee on Military Affairs, 327.

H. R. 8490—Granting an increase of pension to Sarah A. Seager.
Mr. Hancock of New York; Committee on Invalid Pensions, 327.

H. R. 8491—Granting a pension to Emma Zetta Bowden.
Mr. Hill of Washington; Committee on Invalid Pensions, 327.

H. R. 8492—For the relief of Robert Doty.
Mr. Kopplemann; Committee on Claims, 327.

H. R. 8493—For the relief of Clara A. McCracken.
Mr. Mott; Committee on Claims, 327.

H. R. 8494—For the relief of Joe Crisp.
Mr. Rankin; Committee on Naval Affairs, 327.

H. R. 8495—For the relief of O. C. Ousley.
Mr. Taylor of Tennessee; Committee on Claims, 327.

H. R. 8496—Granting a pension to Henry A. Settle.
Mr. Taylor of Tennessee; Committee on Pensions, 327.

H. R. 8497—Granting an increase of pension to Nannie A. Bell.
Mr. Taylor of Tennessee; Committee on Invalid Pensions, 327.

H. R. 8498—Granting an increase of pension to Netta Adams.
Mr. Thurston; Committee on Invalid Pensions, 327.

H. R. 8499—For the relief of W. F. Yerian.
Mr. Voorhis; Committee on Naval Affairs, 327.

H. R. 8500—To authorize a preliminary examination and survey of Frankford Creek and the watershed thereof, in Philadelphia County, State of Pennsylvania, for flood control, for run-off and water flow retardation, and for soil-erosion prevention.
Mr. Dorsey; Committee on Flood Control, 376.

H. R. 8501—To regulate interstate and foreign commerce in agricultural products yielding exportable surpluses; to prevent unfair competition by forbidding the purchase of such products from producers for less than cost of production; to fix the value of money therein; to provide for the orderly marketing of such products; to set up emergency reserves from, and to make loans on, certain export percentages; to authorize debentures for processed and manufactured agricultural products for export; to provide for the general welfare; and for other purposes.
Mr. Eicher; Committee on Agriculture, 376.

H. R. 8502—To amend the Wisconsin Chippewa Jurisdictional Act of August 30, 1935 (49 Stat. L. 1049).
Mr. Gehrmann; Committee on Indian Affairs, 377.

H. R. 8503—To amend section 117 (a) of the Revenue Act of 1936 with respect to the computation of capital gains and losses.
Mr. Harter; Committee on Ways and Means, 377.

H. R. 8504—To extend the provisions of the so-called Wagner-Peyser Act, approved June 6, 1933 (Public, No. 30, Seventy-third Congress) to Puerto Rico.
Mr. Iglesias; Committee on Labor, 377.

H. R. 8505—To provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce.
Mr. Jones; Committee on Agriculture, 377.—Reported back (H. Rept. 1645), 378, 713.—Debated 461–491, 538–582, 638–719, 760–795, 836–867, 947–978, 1014–1054, 1093–1126, 1165–1208, 1262–1290.—Amended and passed House, 1290.—In Senate, read twice and ordered to lie on the table, 1331.—Debated, 1767.—Senate strikes out all after the enacting clause and substitutes the text of the Senate bill (S. 2787), as abended, 1767, 1768.—Senate insists upon its amendment and requests conference, 1768.—Conferees appointed, 1768, 1844.—House disagrees to Senate amendment and agrees to conference, 1843, 1844.

H. R. 8506—To provide for the taking of a census of idle money, unemployed capital, and needed capital, and for other purposes.
Mr. Kenney; Committee on the Census, 377.

H. R. 8507—To amend the Home Owners' Loan Act of 1933, to reduce the rate of interest on home loans to 3 percent, to extend the amortization period to 25 years, and for other purposes.
Mr. Kenney; Committee on Banking and Currency, 377.

H. R. 8508—To suspend the issuance of patents for the invention of labor-saving machines, and for other purposes.
Mr. Sumners of Texas; Committee on Patents, 377.

H. R. 8509—To amend sections 1 and 2 of the act entitled "An act to establish a retirement system for employees of carriers sub-

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ject to the Interstate Commerce Act, and for other purposes," approved August 29, 1935, as amended.
Mr. Taylor of Tennessee; Committee on Interstate and Foreign Commerce, 377.

H. R. 8510—To repeal section 340 of the Revenue Act of 1936, as amended, relating to the filing of certain information returns by attorneys, accountants, and others.
Mr. Towey; Committee on Ways and Means, 377.

H. R. 8511—To amend section 112 of the Revenue Act of 1936, as amended, relating to recognition of gain or loss in case of certain sales.
Mr. Towey; Committee on Ways and Means, 377.

H. R. 8512—For the protection of Government law-enforcement officers or agents by providing pensions to those injured, and compensation to the dependents of those killed, in the discharge of duty.
Mr. Atkinson; Committee on the Judiciary, 377.

H. R. 8513—For the relief of John F. L. O'Leary.
Mr. Cannon of Wisconsin; Committee on Claims, 377.

H. R. 8514—Granting a pension to Rebecca J. Tilley.
Mr. Creal; Committee on Invalid Pensions, 377.

H. R. 8515—To amend the act entitled "An act for the relief of Harry Bryan and Alda Duffield Mullins, and others.
Mr. Edmiston; Committee on Claims, 377.

H. R. 8516—Granting a pension to Eliza G. Johnson.
Mr. Guyer; Committee on Invalid Pensions, 377.

H. R. 8517—To correct the naval record of Earl Emmett Carson.
Mr. Quinn; Committee on Naval Affairs, 377.

H. R. 8518—For the relief of Claude F. Horn.
Mr. Treadway; Committee on Claims, 377.

H. R. 8519—To assist and encourage the States in establishing fair labor standards, and for other purposes.
Mr. Hartley; Committee on Labor, 379.

H. R. 8520—To amend the National Housing Act, and for other purposes.
Mr. Steagall; Committee on Banking and Currency, 491.

H. R. 8521—To regulate interstate and foreign commerce in agricultural products yielding exportable surpluses, to prevent unfair competition by forbidding the purchase of such products from producers for less than cost of production, to provide for the orderly marketing of such products, to set up emergency reserves from certain export percentages, to provide for the general welfare, and for other puposes.
Mr. Eicher; Committee on Agriculture, 491.

H. R. 8522—To regulate interstate and foreign commerce in agricultural products yielding exportable surpluses, to prevent unfair competition by forbidding the purchase of such products from producers for less than cost of production, to provide for the orderly marketing of such products, to set up emergency reserves from certain export percentages, to provide for the general welfare, and for other purposes.
Mr. Massingale; Committee on Agriculture, 492.—Remarks, 1836.

H. R. 8523—To aid in the national defense, to promote water-borne commerce between the States, to further the development and maintenance of intercoastal shipping, and for other purposes.
Mr. Ford of California; Committee on Merchant Marine and Fisheries, 492.

H. R. 8524—Authorizing the completion of the existing project for the protection of the sea wall at Galveston Harbor, Tex.
Mr. Mansfield; Committee on Rivers and Harbors, 492.

H. R. 8525—To authorize a preliminary examination and survey of Deckers Creek in Monongalia County, W. Va., with a view to providing flood protection for the Deckers Creek Valley.
Mr. Randolph; Committee on Flood Control, 492.

H. R. 8526—To provide for the construction of an administration building at Rock Island Arsenal, Rock Island, Ill.
Mr. Thompson of Illinois; Committee on Military Affairs, 492.

H. R. 8527—To authorize the Secretary of Agriculture to procure bagging not to exceed the product of 100,000 bales of low-grade cotton and to sell such bagging for covering bales of cotton to be sold on a net-weight basis.
Mr. Fulmer; Committee on Agriculture, 492.

H. R. 8528—To provide for an examination and survey of the waterway from Chesapeake Bay through Accomac County, Va., to the Atlantic Ocean.
Mr. Bland; Committee on Rivers and Harbors, 492.

H. R. 8529—To fix a base for the annual contract pay on star routes.
Mr. Biermann; Committee on the Post Office and Post Roads, 492.

H. R. 8530—Providing for a site and public building for a post office at Amite, parish of Tangipahoa, La.
Mr. Griffith; Committee on Public Buildings and Grounds, 492.

H. R. 8531—To amend section 6 of the act approved May 27, 1936 (49 Stat. L. 1380).
Mr. Bland; Committee on Merchant Marine and Fisheries, 492.

H. R. 8532—To amend the Merchant Marine Act, 1936, to further promote the merchant marine policy therein declared, and for other purposes.
Mr. Bland; Committee on Merchant Marine and Fisheries, 492.

H. R. 8533—To amend section 4370 of the Revised Statutes of the United States (U. S. C., 1934 ed., title 46, sec. 316).
Mr. Bland; Committee on Merchant Marine and Fisheries, 492.

H. R. 8534—To authorize the Secretary of War to grant a right-of-way for highway purposes upon and across Kelly Field, a military reservation, in the State of Texas; to authorize an appropriation for construction of the road and necessary fence lines.
Mr. Maverick; Committee on Military Affairs, 492.

H. R. 8535—For the relief of Edith R. Rosensteel, executrix.
Mr. Aleshire; Committee on Claims, 492.

H. R. 8536—For the relief of Irvin L. Becker.
Mr. Biermann; Committee on Claims, 492.

H. R. 8537—Granting a pension to Maggie G. Herrod.
Mr. Crowe; Committee on Invalid Pensions, 492.

H. R. 8538—Granting an increase of pension to Robert Goodman.
Mr. Dixon; Committee on Pensions, 492.

H. R. 8539—For the relief of Frank Mulder.
Mr. Greenwood; Committee on Military Affairs, 492.

H. R. 8540—Granting an increase of pension to Eliza L. Grover.
Mr. Jenkins of Ohio; Committee on Invalid Pensions, 492.

H. R. 8541—For the relief of William Luther Amonette, Jr.
Mr. Kee; Committee on Naval Affairs, 492.

H. R. 8542—For the relief of Niccolo Zanghi.
Mr. O'Toole; Committee on Immigration and Naturalization, 492.

H. R. 8543—For the relief of Earl J. Lipscomb.
Mr. Randolph; Committee on Claims, 492.

H. R. 8544—For the relief of Alba C. Mitchell.
Mr. Randolph; Committee on Claims, 492.

H. R. 8545—Granting a pension to Grace H. Lyon.
Mr. Reed of New York; Committee on Invalid Pensions, 492.

H. R. 8546—Granting a pension to William W. Humes.
Mr. Zimmerman; Committee on Claims, 492.—Reference changed to Committee on Pensions, 979.

H. R. 8547—To amend the Panama Canal Act.
Mr. Ford of California; Committee on Merchant Marine and Fisheries, 584.

H. R. 8548—Authorizing the State of Maryland, by and through its State roads commission or the successors of said commission, to construct, maintain, and operate certain bridges across streams, rivers, and navigable waters which are wholly or partly within the State.
Mr. Lewis of Maryland; Committee on Interstate and Foreign Commerce, 584.

H. R. 8549—To deny United States citizenship to persons who believe in or advocate government by dictatorship.
Mr. Dickstein; Committee on Immigration and Naturalization, 584.

H. R. 8550—To divest certain activities of their interstate character.
Mr. Boren; Committee on Interstate and Foreign Commerce, 584.

H. R. 8551—Granting a pension to Isabelle Walton Prentice.
Mr. Cole of New York; Committee on Pensions, 584.

H. R. 8552—For the relief of William F. Priest.
Mrs. Honeyman; Committee on Pensions, 584.

H. R. 8553—To correct the naval record of John B. Dolan.
Mrs. Honeyman; Committee on Naval Affairs, 584.

H. R. 8554—For the relief of Dewey Daniel.
Mr. May; Committee on Claims, 584.

H. R. 8555—For the relief of Eugene Hansen.
Mr. O'Toole; Committee on Naval Affairs, 584.

H. R. 8556—For the relief of Dorothy Anne Walker.
Mr. Pace; Committee on Claims, 584.

H. R. 8557—Granting an increase of pension to Julia Cowdery Walker.
Mr. Plumley; Committee on Invalid Pensions, 584.

H. R. 8558—For the relief of William Andrew Johnson.
Mr. Taylor of Tennessee; Committee on Pensions, 584.

H. R. 8559—Granting a pension to Jack Fisk Hopkins.
Mr. Terry; Committee on Pensions, 584.

H. R. 8560—For the relief of Anna Poor.
Mr. Thurston; Committee on War Claims, 584.

H. R. 8561—To make crop, feed, and seed loans from the Farm Credit Administration refundable by 10-year installment contracts.
Mr. Case of South Dakota; Committee on Agriculture, 720.

H. R. 8562—To clarify the act approved February 18, 1931 (46 Stat. 1171), entitled "An act to provide for the deportation of aliens convicted and sentenced for violation of any law regulating traffic in narcotics."
Mr. Lea; Committee on Immigration and Naturalization, 720.

H. R. 8563—To amend section 13 of the act of March 4, 1915, as amended on June 25, 1936, entitled "An act to promote the welfare of American seamen in the merchant marine of the United States; to abolish arrest and imprisonment as a penalty for desertion and to secure the abrogation of treaty provisions in relation thereto; and to promote safety at sea"; to maintain discipline on shipboard; and for other purposes.
Mr. Wallgren; Committee on Merchant Marine and Fisheries, 720.

H. R. 8564—To establish a national foundation for the purpose of promoting research into the cause, prevention, methods of diagnosis, and treatment of cancer, and for other purposes.
Mr. Towey; Committee on Interstate and Foreign Commerce, 720.

H. R. 8565—Defining the compensation of persons holding positions as deputy clerks and commissioners of United States district courts, and for other purposes.
Mr. Hill of Washington; Committee on the Judiciary, 720.

H. R. 8566—Granting an increase of pension to Mary R. Schreiber.
Mr. Allen of Illinois; Committee on Invalid Pensions, 720.

H. R. 8567—For the relief of Margaret B. Nonnenberg.
Mr. Eberharter; Committee on Claims, 720.

H. R. 8568—Granting an increase of pension to Ida A. Shaffer.
Mr. Gray of Pennsylvania; Committee on Invalid Pensions, 720.

H. R. 8569—For the relief of Filiberto A. Bonaventura.
Mr. Lea; Committee on Immigration and Naturalization, 720.

H. R. 8570—For the relief of Friend John Root.
Mr. McFarlane; Committee on Naval Affairs, 720.

H. R. 8571—Granting 6 months' pay to Mrs. Vallie M. Current.
Mr. McFarlane; Committee on Naval Affairs, 720.

H. R. 8572—For the relief of W. O. West.
Mr. Patton; Committee on Claims, 720.

H. R. 8573—For the relief of the Georgia Marble Co.
Mr. Peterson of Georgia; Committee on Claims, 720.

H. R. 8574—To correct the military record of Edward Lasky.
Mr. Somers of New York; Committee on Military Affairs, 720.

H. R. 8575—Designating the Library of Congress as the Thomas Jefferson Memorial Library, and for other purposes.
Mr. Treadway; Committee on the Library, 800.

H. R. 8576—To provide retirement annuities for certain former employees.
Mr. Keogh; Committee on the Civil Service, 800.

H. R. 8577—To provide for the employment of star-route carriers, and to establish a schedule of pay for services on such routes, and for other purposes.
Mr. Hildebrandt; Committee on the Post Office and Post Roads, 800.

H. R. 8578—To amend section 811 (b) (1) and section 907 (c) (1) of the Social Security Act (Public, No. 271, 74th Cong.) to further define the words "agricultural labor."
Mr. Ramspeck; Committee on Ways and Means, 800.

H. R. 8579—To amend the National Housing Act, and for other purposes.
Mr. O'Toole; Committee on Banking and Currency, 800.

H. R. 8580—To establish a maximum workweek and a minimum wage in employments in and affecting interstate commerce, to make it unlawful to violate such provisions, and for other purposes.
Mr. Griswold; Committee on Labor, 800.

H. R. 8581—Providing for parity and crop-insurance payments with respect to cotton, wheat, and corn; providing an adequate and balanced flow of certain agricultural commodities in interstate and foreign commerce; and for other purposes.
Mr. Johnson of Oklahoma; Committee on Agriculture, 800.

H. R. 8582—To amend Public Law No. 190 of the Sixty-sixth Congress.
Mr. Taylor of Tennessee; Committee on Invalid Pensions, 800.

H. R. 8583—To regulate interstate and foreign commerce by prescribing the conditions under which corporations may engage or may be formed to engage in such commerce, to provide for and define additional powers and duties of the Federal Trade Commission, to assist the several States in improving labor conditions and enlarging purchasing power for goods sold in such commerce, and for other purposes.
Mr. Mead; Committee on the Judiciary, 800.

H. R. 8584—To amend the Revenue Act of 1936.
Mr. Voorhis; Committee on Ways and Means, 800.

H. R. 8585—To restore to Congress the sole power to issue money and to regulate its value as provided in article I, section 8, of the Constitution of the United States; to restore full employment and production; to prevent inflation and depression; and to provide a stable currency.
Mr. Binderup; to the Committee on Banking and Currency, 800.

H. R. 8586—For the relief of George W. Mason, trustee for the Congress Construction Co.
Mr. Church; Committee on Claims, 801.

H. R. 8587—For the relief of Hugh Boyd and Mrs. Hugh Boyd.
Mr. Dempsey; Committee on Claims, 801.

H. R. 8588—Granting a pension to Helen B. Willyoung.
Mr. Kee; Committee on Pensions, 801.

H. R. 8589—For the relief of Pasquale Lobrano.
Mr. Lanzetta; Committee on Immigration and Naturalization, 801.

H. R. 8590—For the relief of William L. Clark.
Mr. McGroarty; Committee on War Claims, 801.

H. R. 8591—For the relief of Dymtro or Jim Gural.
Mr. Sirovich; Committee on Immigration and Naturalization, 801.

H. R. 8592—To provide for the reimbursement of Ray Fielder for the value of personal effects lost in the sinking of the U. S. S. *Hector* on July 14, 1916.
Mr. Smith of Washington; Committee on Claims, 801.

H. R. 8593—Granting an increase of pension to Mary Bayette.
Mr. Snell; Committee on Invalid Pensions, 801.

H. R. 8594—For the relief of the Cleveland Railway Co.
Mr. Sweeney; Committee on Claims, 801.

H. R. 8595—To limit the licensing of vessels engaged in catching, killing, or processing whales, or in catching, killing, or processing of other aquatic products.
Mr. Bland; Committee on Merchant Marine and Fisheries, 868.

H. R. 8596—To amend the law relating to appointment of postmasters.
Mr. Gray of Pennsylvania; Committee on the Post Office and Post Roads, 868.

H. R. 8597—To provide for the conservation of national soil resources and to regulate production of peanuts and provide an adequate and balanced flow of this commodity in interstate and foreign commerce.
Mr. Kerr; Committee on Agriculture, 868.

H. R. 8598—To regulate interstate and foreign commerce by prescribing the conditions under which corporations may engage or may be formed to engage in such commerce, to provide for and define additional powers and duties of the Federal Trade Commission, to assist the several States in improving labor conditions and enlarging purchasing power for goods sold in such commerce, and for other purposes.
By Mr. Sabath; Committee on the Judiciary, 868.

H. R. 8599—To foster interstate commerce and encourage visitation of national military cemeteries by cooperating with the States in making certain interstate bridges toll free.
Mr. McGehee; Committee on Interstate and Foreign Commerce, 868.

H. R. 8600—To amend section 10 of the Trade-mark Act approved February 20, 1905, as amended.
Mr. Luther A. Johnson; Committee on Patents, 868.

H. R. 8601—To amend section 16 of the Trade-mark Act approved February 20, 1905, as amended.
Mr. Luther A. Johnson; Committee on Patents, 868.

H. R. 8602—To authorize the registration of certain collective trademarks.
Mr. Luther A. Johnson; Committee on Patents, 868.

H. R. 8603—To amend section 1 of the Trade-mark Act approved February 20, 1905, as amended.
Mr. Luther A. Johnson; Committee on Patents, 868.

H. R. 8604—To amend the trade-mark laws of the United States.
Mr. Luther A. Johnson; Committee on Patents, 868.

H. R. 8605—To amend section 6 of the Trade-mark Act of March 19, 1920, as amended.
Mr. Luther A. Johnson; Committee on Patents, 868.

H. R. 8606—To amend section 12 of the Trade-mark Act approved February 20, 1905, as amended.
Mr. Luther A. Johnson; Committee on Patents, 868.

H. R. 8607—To amend section 476 of the Revised Statutes.
Mr. Luther A. Johnson; Committee on Patents, 868.

H. R. 8608—To vest in the Register of Copyrights the registration of copyright prints and labels.
Mr. Luther A. Johnson; Committee on Patents, 868.

H. R. 8609—To extend the times for commencing and completing the construction of a bridge across the Tennessee River between Colbert County and Lauderdale County, Ala.
Mr. Sparkman; Committee on Interstate and Foreign Commerce, 868.

H. R. 8610—For the relief of the T. Jarvis Co.
Mr. Anderson of Missouri; Committee on Claims, 868.

H. R. 8611—For the relief of W. Cooke.
Mr. Boren; Committee on Claims, 868.

H. R. 8612—Granting a pension to Edith Green.
Mr. Gray of Pennsylvania; Committee on Invalid Pensions, 868.

H. R. 8613—Granting a pension to Sadie Hainline.
Mr. Hope; Committee on Invalid Pensions, 868.

H. R. 8614—Granting a pension to John C. McMorrow.
Mr. Kelly of New York; Committee on Pensions, 869.

H. R. 8615—Granting an increase of pension to Jennie Peavey.
Mr. Kelly of New York; Committee on Invalid Pensions, 869.

H. R. 8616—Granting an increase of pension to Catharine Mann.
Mr. Kelly of New York; Committee on Invalid Pensions, 869.

H. R. 8617—Granting an increase of pension to Grace M. Oliver.
Mr. Kelly of New York; Committee on Invalid Pensions, 869.

H. R. 8618—Granting an increase of pension to Mary Jane Shell Thomas.
Mr. Kelly of New York; Committee on Invalid Pensions, 869.

H. R. 8619—Granting a pension to Daniel Blanton.
Mr. Robsion of Kentucky; Committee on Pensions, 869.

H. R. 8620—For the relief of Stanislaw Pasko and Ksavery Frances Pasko (nee Fyalowna).
Mr. Sabath; Committee on Immigration and Naturalization, 869.

H. R. 8621—Making appropriations for extending the market news service of the Department of Agriculture in the States of Florida, Georgia, and Alabama.
Mr. Green; Committee on Appropriations, 979.

H. R. 8622—To abolish personal and deficiency judgments that have been taken by the Home Owners' Loan Corporation in foreclosures and to forbid the taking of said judgments in the future.
Mr. Barry; Committee on Banking and Currency, 979.

H. R. 8623—Authorizing the State Highway Departments of North Dakota and Minnesota and the Boards of County Commissioners of Traill County, N. Dak., and Polk County, Minn., to construct, maintain, and operate a free highway bridge across the Red River of the North westerly of Nielsville, Minn.
Mr. Buckler of Minnesota; Committee on Interstate and Foreign Commerce, 979.—Reported back (H. Rept. 1657), 1984.

H. R. 8624—Authorizing the Secretary of War to grant to the Coos County Court of Coquille, Oreg., and the State of Oregon an easement with respect to certain lands for highway purposes.
Mr. Mott; Committee on Military Affairs, 979.

H. R. 8625—To grant the right to cut timber in national forests for the construction of a railroad from Craig, Colo., or from Springville, Utah, to Ouray, Utah, or to a point on Green River near Ouray, Utah, or from Craig, Colo., to Springville, Utah.
Mr. Murdock of Utah; Committee on the Public Lands, 979.

H. R. 8626—To amend the Social Security Act, approved August 14, 1935.
Mr. Voorhis; Committee on Ways and Means, 979.

H. R. 8627—To fix the definition and application of certain terms used in the navigation and steamboat inspection laws with reference to the fishing industries and the vessels employed therein, and for other purposes.
Mr. Welch; Committee on Merchant Marine and Fisheries, 979.

H. R. 8628—To provide for the addition of certain lands to the Vicksburg National Military Park, in the State of Mississippi, and for other purposes.
Mr. McGehee; Committee on Public Lands, 979.

H. R. 8629—To repeal the undistributed profits tax, as of the taxable year 1937, to impose in lieu thereof a one-point increase in the normal tax upon corporations, and to restore the flat rate of 12½ percent tax upon capital gains.
Mr. Treadway; Committee on Ways and Means, 979, 1301.

H. R. 8630—For the relief of Nikola Miskov.
Mr. Barry; Committee on Immigration and Naturalization, 979.

H. R. 8631—For the relief of Vincenzo Ferrero.
Mr. Celler; Committee on Immigration and Naturalization, 979.

H. R. 8632—For the relief of Anton Goepel.
Mr. Celler; Committee on Immigration and Naturalization, 979.

H. R. 8633—For the relief of the Georgia Marble Co.
Mr. Peterson of Georgia; Committee on Claims, 979.

H. R. 8634—For the relief of Jose Munden.
Mr. Sanders; Committee on Pensions, 980.

H. R. 8635—For the relief of Antonino Gioia.
Mr. Sirovich; Committee on Immigration and Naturalization, 980.

H. R. 8636—For the relief of W. F. Towson.
Mr. Vinson of Georgia; Committee on Claims, 980.

H. R. 8637—To amend section 1–(b) of the Trade-mark Act of March 19, 1920.
Mr. Luther A. Johnson; Committee on Patents, 1055.

H. R. 8638—To provide additional revenue under the trade-mark laws.
Mr. Luther A. Johnson; Committee on Patents, 1055.

H. R. 8639—To amend the trade-mark section of the 1930 Tariff Act to make it accord with articles 2 and 9 of the International Convention for the Protection of Industrial Property, signed at The Hague November 6, 1925, and articles 1 and 30 of the Trade-mark Convention between the United States and other American Republics, signed at Washington February 20, 1929.
Mr. Luther A. Johnson; Committee on Ways and Means, 1055.

H. R. 8640—To add certain lands to the Siuslaw National Forest in the State of Oregon.
Mr. Mott; Committee on the Public Lands, 1055.

H. R. 8641—To provide disability allowance for World War veterans suffering from non-service-connected disabilities.
Mr. Palmisano; Committee on World War Veterans' Legislation, 1055.

H. R. 8642—To repeal the undistributed-profits tax, as of the taxable year 1937, to impose in lieu thereof a 1-point increase in the normal tax upon corporations, and to restore the flat rate of 12½-percent tax upon capital gains.
Mr. Bacon; Committee on Ways and Means, 1055.

H. R. 8643—For the relief of Kate Durham Thomas.
Mr. Bulwinkle; Committee on Claims, 1056.

H. R. 8644—For the relief of Michael P. Dowling.
Mr. Magnuson; Committee on Pensions, 1056.

H. R. 8645—For the relief of Rachel Nethery and Ethel Nethery.
Mr. Rayburn; Committee on Claims, 1056.

H. R. 8646—For the relief of John Joseph Defeo.
Mr. Sirovich; Committee on Naval Affairs, 1056.

H. R. 8647—To provide for the establishment of minimum labor standards in employments in and affecting interstate commerce, and for other purposes.
Mr. Dockweiler; Committee on Labor, 1127.

H. R. 8648—To amend section 903 (a) (2) of the Social Security Act to permit the States to begin State unemployment-compensation payments.
Mr. Mosier of Ohio; Committee on Ways and Means, 1127.

H. R. 8649—To amend the Commodity Exchange Act, as amended, to extend its provisions to wool and other agricultural commodities traded in for future delivery.
Mr. Kleberg; Committee on Agriculture, 1127.

H. R. 8650—To establish a Board of Civil Service Appeals.
Mr. Maas; Committee on the Civil Service, 1127.

H. R. 8651—To authorize a preliminary examination and survey of Lost River and its tributaries in the vicinity of Orleans, Ind., with a view to providing flood protection for the town of Orleans.
Mr. Crowe; Committee on Flood Control, 1127.

H. R. 8652—To amend section 204 of the act entitled "An act to provide for the termination of Federal control of railroads and systems of transportation; to provide for the settlement of disputes between carriers and their employees; to further amend an act entitled 'An act to regulate commerce', approved February 4, 1887, as amended, and for other purposes," approved February 28, 1920.
Mr. McGehee; Committee on Interstate and Foreign Commerce, 1127.

H. R. 8653—To amend the Tariff Act of 1930, as amended.
Mr. White of Ohio; Committee on Ways and Means, 1127.

H. R. 8654—To amend the act entitled "An act authorizing the Secretary of the Treasury to convey to the city of Wilmington, N. C., Marine Hospital Reservation," being chapter 93, United States Statutes at Large, volume 42, part 1, page 1260, approved February 17, 1923.
Mr. Clark of North Carolina; Committee on Public Buildings and Grounds, 1127.

H. R. 8655—To provide $200,000,000 for the prevention and the cure of cancer, infantile paralysis, tuberculosis, blindness, deafness, and other social diseases.
Mr. Dunn; Committee on Interstate and Foreign Commerce, 1128.

H. R. 8656—For the relief of James M. D'Arcy.
Mr. Boylan of New York; Committee on Claims, 1128.

H. R. 8657—For the relief of Mary P. Fairfield.
Mr. Dowell; Committee on Claims, 1128.

H. R. 8658—For the relief of Antone C. Teves.
Mr. Martin of Massachusetts; Committee on Naval Affairs, 1128.

H. R. 8659—For the relief of Harry George Drachmos.
Mr. Sacks; Committee on Immigration and Naturalization, 1128.

H. R. 8660—For the relief of Ray Woolven.
Mr. Sheppard; Committee on Pensions, 1128.

H. R. 8661—For the relief of Roy Masters Worley.
Mr. Sheppard; Committee on Pensions, 1128.

H. R. 8662—To authorize the payment of additional compensation to special assistants to the Attorney General in the case of the United States against Doheny Executors.
Mr. Ford of California; Committee on the Judiciary, 1210.

H. R. 8663—To amend Public Act No. 784, Seventy-first Congress, entitled "An act to regulate the distribution and promotion of commissioned officers of the line of the Navy, and for other purposes."
Mr. Hamilton; Committee on Naval Affairs, 1211.

H. R. 8664—To appropriate an additional sum of $500,000,000 in order to provide for more adequate relief and work relief, and for other purposes.
Mr. Ellenbogen; Committee on Appropriations, 1211.

H. R. 8665—To amend section 3336 of the Revised Statutes, as amended, pertaining to brewers' bonds, and for other purposes.
Mr. Boland of Pennsylvania; Committee on Ways and Means, 1211.

H. R. 8666—To extend the provisions of an act entitled "An act placing certain noncommissioned officers in the first grade," approved March 3, 1927.
Mr. Fish; Committee on Military Affairs, 1211.

H. R. 8667—To promote interstate commerce by making certain interstate bridges toll free.
Mr. Mills; Committee on Roads, 1211.

H. R. 8668—For the relief of Mrs. Nimfa Terranova.
Mr. Anderson of Missouri; Committee on Claims, 1211.

H. R. 8669—Granting a pension to Ruth Davenport.
Mr. Crosby; Committee on Pensions, 1211.

H. R. 8670—Granting a pension to William R. Jarrett.
Mr. Crosby; Committee on Pensions, 1211.

H. R. 8671—For the relief of the Old Dominion Marine Railway Corporation.
Mr. Hamilton; Committee on Naval Affairs, 1211.

H. R. 8672—For the relief of Fergus County, Mont.
Mr. O'Connor of Montana; Committee on Claims, 1211.

H. R. 8673—For the relief of certain persons at certain projects of the Farm Security Administration, United States Department of Agriculture.
Mr. Allen of Pennsylvania; Committee on Claims, 1310.

H. R. 8674—To provide an increase in salary for all guards and other employees in the prisons in the District of Columbia whose salaries are less than $2,000 per annum.
Mr. Dunn; Committee on the District of Columbia, 1310.

H. R. 8675—To adjust the salaries of all members of the custodial guard force and all members of the special police custodial force in the Federal Government in the District of Columbia, and for other purposes.
Mr. Dunn; Committee on the Civil Service, 1310.

H. R. 8676—To authorize the appointment of an additional judge for the District Court of the United States for the District of Montana.
Mr. O'Connor of Montana; Committee on the Judiciary, 1310.

H. R. 8677—For the relief of Charles T. Buell.
Mr. Ashbrook; Committee on Claims, 1310.

H. R. 8678—For the relief of Albert Saint Clair.
Mr. Celler; Committee on Immigration and Naturalization, 1310.

H. R. 8679—Granting a pension to Alma C. Hallead.
Mr. Flannagan; Committee on Pensions, 1310.

H. R. 8680—For the relief of Carl H. Carlson.
Mr. Martin of Massachusetts; Committee on Claims, 1310.

H. R. 8681—For the relief of Russell H. Lindsay.
Mr. McLean; Committee on Naval Affairs, 1310.

H. R. 8682—Authorizing the President of the United States to present, in the name of Congress, medals of honor to John Forsythe and Otto Kafka.
Mr. O'Toole; Committee on Naval Affairs, 1310.

H. R. 8683—For the relief of Gus Vakas.
Mr. Palmisano; Committee on Claims, 1310.

H. R. 8684—Granting a pension to Kenneth L. Nay.
Mr. Sheppard; Committee on Pensions, 1310.

H. R. 8685—Granting a pension to Chudleigh Andrews Clifford.
Mr. Sheppard; Committee on Pensions, 1310.

H. R. 8686—To aid in providing a permanent mooring for the battleship *Oregon*.
Mr. Mott; Committee on Military Affairs, 1417.

H. R. 8687—To amend the United States Housing Act of 1937.
Mr. Voorhis; Committee on Banking and Currency, 1417.

H. R. 8688—To authorize the acquisition of the outstanding interests in land in the military reservation of Schenectady General Depot, N. Y., and for other purposes.
Mr. Merritt; Committee on Military Affairs, 1417.

H. R. 8689—To authorize a preliminary examination and survey of Miami River in the State of Ohio for flood control, and for other purposes.
Mr. Bigelow; Committee on Flood Control, 1417.

H. R. 8690—Granting a pension to widows and dependent children of World War veterans.
Mr. Gasque; Committee on Pensions, 1417.

H. R. 8691—To amend the Taylor Grazing Act.
Mr. Scrugham; Committee on the Public Lands, 1417.

H. R. 8692—Authorizing and directing the establishment of a training station for enlisted personnel of the United States Coast Guard.
Mr. Sutphin; Committee on Merchant Marine and Fisheries, 1417.

H. R. 8693—Conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on the claims of Andrew Count Pulaski against the United States.
Mr. Beiter; Committee on Claims, 1417.

H. R. 8694—For the relief of Mrs. J. H. Greene, Anna Harvey, and Mrs. S. E. Elmore.
Mr. Green; Committee on Claims, 1417.

H. R. 8695—Granting a pension to Araminta Webb.
Mr. Johnson of West Virginia; Committee on Invalid Pensions, 1417.

H. R. 8696—For the relief of Ruby Z. Winslow.
Mr. Martin of Massachusetts; Committee on Claims, 1417.

H. R. 8697—For the relief of Floyd F. Buck.
Mr. O'Brien of Michigan; Committee on Claims, 1417.

H. R. 8698—To promote efficiency, progress, peace, and fair competition in business and industry; to establish fair standards of wages, employment, and conditions and periods of employment; to reward compliance and penalize noncompliance with fair labor standards; to provide for maximum local autonomy in relations between employers and employees; and for other purposes.
Mr. Johnson of Minnesota; Committee on Labor, 1519.

H. R. 8699—To prohibit the interstate transportation of goods, wares, and merchandise in certain cases.
Mr. Harlan; Committee on Labor, 1519.

H. R. 8700—Relating to the retirement of the justices of the Supreme Court of the Territory of Hawaii, judges of the circuit courts of the Territory of Hawaii, and judges of the United States District Court for the Territory of Hawaii.
Mr. King; Committee on the Judiciary, 1519.

H. R. 8701—Relating to the tribal and individual affairs of the Osage Indians of Oklahoma.
Mr. Rogers of Oklahoma; Committee on Indian Affairs, 1519.

H. R. 8702—To extend the Act of December 17, 1919, granting gratuities to dependents of members of the Regular Army dying from wounds or disease, to certain Air Corps Reserve officers, United States Army.
Mr. Lamneck; Committee on Military Affairs, 1519.

H. R. 8703—For the relief of Earle Embrey.
Mr. Boehne; Committee on Claims, 1519.

H. R. 8704—For the relief of the estate of Lillie Liston.
Mr. Dempsey; Committee on Claims, 1519.

H. R. 8705—For the relief of Mr. and Mrs. B. W. Trent.
Mr. Dempsey; Committee on Claims, 1519.

H. R. 8706—For the relief of Robert John Williams.
Mr. Eberharter; Committee on Military Affairs, 1519.

H. R. 8707—For the relief of Grace S. Taylor.
Mr. Lewis of Maryland; Committee on Claims, 1519.

H. R. 8708—Granting a pension to Blanche Acton.
Mr. Polk; Committee on Invalid Pensions, 1519.

H. R. 8709—To provide for the payment of war-risk insurance to the dependents of officers and enlisted men who lost their lives at the time the U. S. S. *Lakemoor* was torpedoed and sunk on April 11, 1918.
Mr. Scrugham; Committee on Claims, 1519.

H. R. 8710—Granting a pension to Laura Murray.
Mr. Scott; Committee on Invalid Pensions, 1519.

H. R. 8711—To deny United States citizenship to persons who believe in any form of government other than that of the United States.
Mr. Dickstein; Committee on Immigration and Naturalization, 1605.

H. R. 8712—To amend certain provisions of the act entitled "An Act to amend the Federal Highway Act, approved July 11, 1916, as amended and supplemented, and for other purposes", approved June 16, 1936, and to reduce the authorized appropriations to not to exceed $125,000,000 for public roads for each of the fiscal years 1940, 1941, and 1942.
Mr. Bacon; Committee on Roads, 1605, 1700.

H. R. 8713—Authorizing the State of Maryland, by and through its State Roads Commission or the successors of said commission, to construct, maintain, and operate certain bridges across streams, rivers, and navigable waters which are wholly or partly within the State.
Mr. Kennedy of Maryland; Committee on Interstate and Foreign Commerce, 1606.

H. R. 8714—Authorizing the State of Maryland, by and through its State Roads Commission or the successors of said commission, to construct, maintain, and operate certain bridges across streams, rivers, and navigable waters which are wholly or partly within the State.
Mr. Kennedy of Maryland; Committee on Interstate and Foreign Commerce, 1606.

H. R. 8715—To authorize the Secretary of Commerce of the United States to grant and convey to the State of Delaware fee title to certain lands of the United States in Kent County, Del., for highway purposes.
Mr. Allen of Delaware; Committee on Merchant Marine and Fisheries, 1606.

H. R. 8716—To authorize the coinage of 50-cent pieces in commemoration of the three-hundredth anniversary of the founding of the Colony of New Haven (New Haven Tercentenary).
Mr. Shanley; Committee on Coinage, Weights, and Measures, 1606.

H. R. 8717—To stimulate activity in the building trades and related industry, to relieve unemployment, and to improve housing conditions.
Mr. Patterson; Committee on Ways and Means, 1606.

H. R. 8718—To amend the act entitled "An act for the retirement of employees of the Alaska Railroad, Territory of Alaska, who are citizens of the United States," approved June 29, 1936, and for other purposes.
Mr. Ramspeck; Committee on the Civil Service, 1606.

H. R. 8719—For the relief of August Walter.
Mr. Boylan of New York; Committee on Naval Affairs, 1606.

H. R. 8720—For the relief of William John Engel.
Mr. Crowther; Committee on Naval Affairs, 1606.

H. R. 8721—Granting a pension to Anthony John Tomasello.
Mr. Crowther; Committee on Pensions, 1606.

H. R. 8722—Granting a pension to Fred B. Tawes.
Mr. Goldsborough; Committee on Pensions, 1606.

H. R. 8723—For the relief of Spencer D. Albright.
Mr. Lyndon Johnson; Committee on Claims, 1606.

H. R. 8724—For the relief of E. W. Jones.
Mr. Johnson of West Virginia; Committee on Claims, 1606.

H. R. 8725—Granting a pension to Mary P. Payne.
Mr. Fred M. Vinson; Committee on Pensions, 1606.

H. R. 8726—For the relief of Edith Jennings.
Mr. Patterson; Committee on Claims, 1606.

H. R. 8727—For the relief of Jessica J. Armour.
Mr. Terry; Committee on Claims, 1606.

H. R. 8728—For the relief of Samuel J. D. Marshall.
Mr. Wolverton; Committee on Claims, 1606.

H. R. 8729—Granting pensions and increases of pensions to needy war veterans.
Mr. Gasque; Committee on Pensions, 1606.

H. R. 8730—To amend the National Housing Act, and for other purposes.
Mr. Steagall; Committee on Banking and Currency, 1701.—Reported back (H. Rept. 1665), 1701.—Made special order (H. Res. 384), 1842, 1850.—Debated, 1850–1896.—Amended and passed House, 1896.—Referred to Senate Committee on Banking and Currency, 1906.—Reported with amendment (S. Rept. 1300), 1956.—Debated, 1987–2021.—Amended and passed Senate, 2021.—Senate insists upon its amendment and asks conference, 2021.—Conferees appointed, 2021, 2046.—House disagrees to Senate amendment and agrees to conference, 2045.—Ordered printed with the amendment of the Senate.

H. R. 8731—To relieve disbursing officers and certifying officers of the Veterans' Administration from liability for payment where recovery of such payment is waived under existing laws administered by the Veterans' Administration.
Mr. Cochran; Committee on Expenditures in the Executive Departments, 1701.

H. R. 8732—To amend the Revenue Act of 1936 with respect to capital gains and losses.
Mr. Celler; Committee on Ways and Means, 1701.

H. R. 8733—To keep America out of war by repealing the so-called Neutrality Act of 1937 and by establishing and enforcing a policy of actual neutrality.
Mr. Maas; Committee on Foreign Affairs, 1701.

H. R. 8734—To provide reamortization of Land Bank Commissioner loans which have heretofore been made by the Land Bank Commissioner and which provide for liquidation of principal and interest in a 10- or 13-year period.
Mr. Knutson; Committee on Agriculture, 1701.

H. R. 8735—To provide for the establishment of the Niagara Falls National Park in the State of New York, and for other purposes.
Mr. Beiter; Committee on the Public Lands, 1701.

H. R. 8736—To provide for the establishment of the Niagara Falls National Park in the State of New York, and for other purposes.
Mr. Beiter; Committee on the Public Lands, 1701.

H. R. 8737—To prohibit false transportation charges in connection with the sale of motor vehicles.
Mr. Beam; Committee on Interstate and Foreign Commerce, 1701.

H. R. 8738—To amend the Inland Waterways Corporation Act, approved June 3, 1924, as amended, authorizing the Secretary of War to extend the services and operations of the Inland Waterways Corporation to Pensacola, Fla.
Mr. Caldwell; Committee on Interstate and Foreign Commerce, 1701.

H. R. 8739—Regulating trading and securities listed or traded in American security markets by foreign traders, for foreign purchasers or accounts; to levy a tax upon such transactions; and for other purposes.
Mr. O'Malley; Committee on Ways and Means, 1701.

H. R. 8740—Granting a pension to Roberta Thornton.
Mr. Ashbrook; Committee on Invalid Pensions, 1701.

H. R. 8741—For the relief of William H. Carter (deceased).
Mr. Bates; Committee on Military Affairs, 1701.

H. R. 8742—Granting an increase of pension to Annie I. McCoy.
Mr. Lamneck; Committee on Invalid Pensions, 1701.

H. R. 8743—For the relief of Louis Michael Bregantic.
Mr. McAndrews; Committee on Immigration and Naturalization, 1701.

H. R. 8744—For the relief of J. G. Bucklin.
Mr. Martin of Massachusetts; Committee on Claims, 1701.

H. R. 8745—Granting a pension to Cyrus K. Harter.
Mr. Swope; Committee on Invalid Pensions, 1701.

H. R. 8746—For the relief of Cesare Guglielmo Leopoldo Torrelli.
Mr. Sirovich; Committee on Immigration and Naturalization, 1701.

H. R. 8747—Granting an increase of pension to Linda Paul.
Mr. Taylor of Tennessee; Committee on Invalid Pensions, 1702.

H. R. 8748—Granting a pension to Jenny L. Cole.
Mr. Taylor of Tennessee; Committee on Pensions, 1702.

H. R. 8749—To amend the United States Housing Act of 1937.
Mr. Eberharter; Committee on Banking and Currency, 1841.

H. R. 8750—To aid in providing a permanent mooring for the battleship *Oregon*.
Mr. Mott; Committee on Naval Affairs, 1841.

H. R. 8751—To authorize the construction of levees, dikes, and related works for the protection of cities in the Connecticut River Basin from floodwaters.
Mr. Kopplemann; Committee on Flood Control, 1841.

H. R. 8752—To authorize the construction of levees, dikes, and related works for the protection of the cities of Hartford and East Hartford, Conn., from floodwaters.
Mr. Kopplemann; Committee on Flood Control, 1841.

H. R. 8753—For the relief of the Choctaw Cotton Oil Co. of Ada, Okla.
Mr. Boren; Committee on Claims, 1841.

H. R. 8754—For the relief of Thomas H. Eckfeldt.
Mr. Casey of Massachusetts; Committee on Claims, 1841.

H. R. 8755—Granting an increase of pension to Maggie A. Foster.
Mr. Dowell; Committee on Invalid Pensions, 1841.

H. R. 8756—Granting a pension to Winnifred Slick.
Mr. Fletcher; Committee on Invalid Pensions, 1841.

H. R. 8757—For the relief of the crew of the U. S. S. *Panay*.
Mr. Hancock of New York; Committee on Naval Affairs, 1841.

H. R. 8758—For the relief of Harold Dukelow.
Mr. Hildebrandt; Committee on Claims, 1841.

H. R. 8759—Granting an increase of pension to Elmira Diffenderfer.
Mr. Kinzer; Committee on Invalid Pensions, 1841.

H. R. 8760—For the relief of James A. Simpson.
Mr. West; Committee on Military Affairs, 1841.

H. R. 8761—To provide adequate compensation for dependents of agents and inspectors of the Federal Bureau of Investigation of the Department of Justice.
Mr. Celler; Committee on the Judiciary, 1905.

H. R. 8762—To amend the Revenue Act of 1936 with respect to the surtax on undistributed profits.
Mr. Celler; Committee on Ways and Means, 1905.

H. R. 8763—To provide pension benefits at wartime rates on account of disability or death incurred in line of duty in the armed forces of the United States resulting from the bombing of the U. S. S. *Panay* incident to the conflict in the Far East, and for other purposes.
Mr. Gasque; Committee on Pensions, 1905.

H. R. 8764—To amend Public Act No. 784, Seventy-first Congress, entitled "An act to regulate the distribution and promotion of commissioned officers of the line of the Navy, and for other purposes."
Mr. Hamilton; Committee on Naval Affairs, 1905.

H. R. 8765—To keep America out of war by repealing the so-called Neutrality Act of 1937 and by establishing and enforcing a policy of actual neutrality.
Mr. Maas; Committee on Foreign Affairs, 1905.

H. R. 8766—To amend sections 1 and 6 of the Civil Service Retirement Act, approved May 29, 1930, as amended.
Mrs. Jenckes of Indiana; Committee on the Civil Service, 1905.

H. R. 8767—To provide for the appointment of one additional circuit judge for the fifth judicial circuit.
Mr. Hobbs; Committee on the Judiciary, 1905.

H. R. 8768—For the relief of the late Daniel J. Kenneally.
Mr. Connery; Committee on Naval Affairs, 1906.

H. R. 8769—For the relief of the heirs at law of Barnabas W. Baker and Joseph Baker.
Mr. Hamilton; Committee on Claims, 1906.

H. R. 8770—Granting an increase of pension to Rosa B. Sutherlin.
Mr. Patterson; Committee on Pensions, 1906.

H. R. 8771—Granting an increase of pension to Sarah C. Thomas.
Mr. Wolverton; Committee on Invalid Pensions, 1906.

H. R. 8772—To extend the authority of the Secretary of the Interior to grant privileges, leases, and permits to all lands and buildings under the jurisdiction of the National Park Service, and for other purposes.
Mr. DeRouen; Committee on the Public Lands, 1984.

H. R. 8773—To authorize the Secretary of the Interior to dispose of surplus buffalo and elk of the Wind Cave National Park herd, and for other purposes.
Mr. DeRouen; Committee on the Public Lands, 1984.

H. R. 8774—To amend the Seamen Act of March 4, 1915, as amended and extended, with respect to its application to tug towing vessel firemen, linemen, and oilers.
Mr. Schneider of Wisconsin; Committee on Merchant Marine and Fisheries, 1984.

H. R. 8775—For the creation of a National Commission on Unemployment.
Mr. Sirovich; Committee on Labor, 1984.

H. R. 8776—For the relief of John Grannis.
Mr. Ellenbogen; Committee on Military Affairs, 1984.

H. R. 8777—Granting an increase of pension to Sallie A. Guthrie.
Mr. Polk; Committee on Invalid Pensions, 1985.

H. R. 8778—To amend section 4311 of the Revised Statutes of the United States.
Mr. Bland; Committee on Merchant Marine and Fisheries, 2052.

H. R. 8779—To authorize credits to taxpayers against the 1936 tax under title IX of the Social Security Act for contributions to State unemployment funds for the year 1936 paid before January 31, 1938.
Mr. Murdock of Arizona; Committee on Ways and Means, 2052.

H. R. 8780—To extend the provisions of the act entitled "An act to provide that the United States shall aid the States in wildlife-restoration projects, and for other purposes", approved September 2, 1937, to the District of Columbia or any Territory or possession of the United States.
Mr. Iglesias; Committee on Agriculture, 2052.

H. R. 8781—Authorizing the Reconstruction Finance Corporation to make loans to, or contracts with, States to aid in financing projects authorized under Federal, State, or municipal law.
Mr. Ferguson; Committee on Banking and Currency, 2052.

H. R. 8782—To adjust the pay of enlisted personnel of the Army, Navy, Marine Corps, and Coast Guard, and for other purposes.
Mr. Izac; Committee on Military Affairs, 2052.

H. R. 8783—To authorize the issuance of orders with respect to apples under the Agricultural Adjustment Act.
Mr. Hill of Washington; Committee on Agriculture, 2052.

H. R. 8784—For the relief of the estate of John Richard Yockey.
Mr. Crawford; Committee on Claims, 2052.

H. R. 8785—Granting a pension to Nettie Coffee.
Mr. Jarman; Committee on Invalid Pensions, 2052.

H. R. 8786—Granting a pension to Wirt P. Hatfield.
Mr. Kee; Committee on Pensions, 2052.

H. R. 8787—For the relief of the Mesa Motors, Inc.
Mr. Murdock of Arizona; Committee on Claims, 2052.

H. R. 8788—Granting a pension to Ruth L. McMeans.
Mr. Sutphin; Committee on Invalid Pensions, 2052.

H. J. Res. 498—Proposing an amendment to the Constitution of the United States to provide for a referendum on war and to limit conscription and undeclared warfare.
Mr. Ashbrook; Committee on the Judiciary, 20.

H. J. Res. 499—Authorizing the erection of a memorial to the late Guglielmo Marconi.
Mr. Dickstein; Committee on the Library, 20.

H. J. Res. 500—Designating May 28, 1938, National Aviation Day.
Mr. Shanley; Committee on the Judiciary, 20.

H. J. Res. 501—To dedicate the Library of Congress as the Jefferson Memorial Library.
Mr. Lewis of Maryland; Committee on the Library, 102.

H. J. Res. 502—Proposing an amendment to the Constitution of the United States for a referendum on war.
Mr. Eicher; Committee on the Judiciary, 102.

H. J. Res. 503—Authorizing the President of the United States of America to proclaim October 11, 1938, General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski.
Mr. Lesinski; Committee on the Judiciary, 153.

H. J. Res. 504—To authorize compacts or agreements between the States bordering on the Great Lakes with respect to fishing in the waters of the Great Lakes, and for other purposes.
Mr. Luecke of Michigan; Committee on Merchant Marine and Fisheries, 153.

H. J. Res. 505—Authorizing the President of the United States of America to proclaim October 11, 1938, General Pulaski's Memorial Day for the observance of the death of Brig. Gen. Casimir Pulaski.
Mr. Dingell; Committee on the Judiciary, 153.

H. J. Res. 506—To transfer jurisdiction of the Legislative Reference Service to the President of the Senate and the Speaker of the House of Representatives.
Mr. McFarlane; Committee on the Library; 154.

H. J. Res. 507—Authorizing the President of the United States of America to proclaim October 11, 1938, General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski.
Mr. Bloom; Committee on the Judiciary, 201.

H. J. Res. 508—Authorizing the restoration and preservation of the frigate *Constellation*, and making Baltimore, Md., her home port.
Mr. Gambrill of Maryland; Committee on Naval Affairs, 201.

H. J. Res. 509—Authorizing the President of the United States to enforce the Neutrality Act.
Mr. Lewis of Maryland; Committee on Foreign Affairs, 201.

H. J. Res. 510—Authorizing the President of the United States of America to proclaim October 11, 1938, General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski.
Mr. Mead; Committee on the Judiciary, 201.

H. J. Res. 511—Informing the President of the United States that a state of war exists between Japan and China.
Mr. Sauthoff; Committee on Foreign Affairs, 201.

H. J. Res. 512—Proposing an amendment to the Constitution of the United States relative to taxes on certain incomes.
Mr. Sheppard; Committee on the Judiciary, 201.

H. J. Res. 513—Providing for cotton price-adjustment payments to cotton producers who suffered a partial or total cotton-crop failure.
Mr. Fulmer; Committee on Agriculture, 262.

H. J. Res. 514—Proposing an amendment to the Constitution of the United States fixing the terms of office of Representatives in Congress.

H. J. Res. 514—Continued.
Mr. Taylor of Colorado; Committee on Election of President, Vice President, and Representatives in Congress, 262.

H. J. Res. 515—Proposing an amendment to section 7, article I, of the Constitution of the United States, permitting the President of the United States to disapprove or reduce any item or appropriation of any bill passed by Congress.
Mr. Taylor of Colorado; Committee on the Judiciary, 262.

H. J. Res. 516—To provide for certain expenses incident to the second session of the Seventy-fifth Congress.
Mr. Taylor of Colorado, 287.—Passed Senate, 286.—Examined and signed, 352, 376.—Presented to the President, 491.—Approved [Public Resolution No. 76], 537.

H. J. Res. 517—Authorizing the President of the United States, in cooperation with other nations, to apply economic sanctions to Japan.
Mr. Lewis of Maryland; Committee on Foreign Affairs, 327.

H. J. Res. 518—Proposing an amendment to the Constitution of the United States, granting the Congress the power to regulate the production of any and all farm products and to buy and sell all such products as are capable of being stored for an indefinite period of time without material deterioration.
Mr. Hobbs; Committee on the Judiciary, 327.

H. J. Res. 519—To declare certain papers, pamphlets, books, pictures, and writings nonmailable, to provide a penalty for mailing same, and for other purposes.
Mr. Dickstein; Committee on the Post Office and Post Roads, 379.

H. J. Res. 520—Authorizing the distribution of 500,000 bales of low-grade cotton, 35,000,000 bushels of wheat, and 25,000,000 bushels of corn to the American National Red Cross and other organizations as designated by the President of the United States for the relief of needy and distressed people and for the feeding of livestock in distressed areas.
Mr. Fulmer; Committee on Agriculture, 492.

H. J. Res. 521—Proposing an amendment to the Constitution of the United States to enable the United States to lay and collect taxes on income derived from securities issued and salaries paid by any State, and to enable each State to lay and collect taxes on income derived by residents from securities issued and salaries paid under authority of the United States.
Mr. Smith of Connecticut; Committee on the Judiciary, 492.

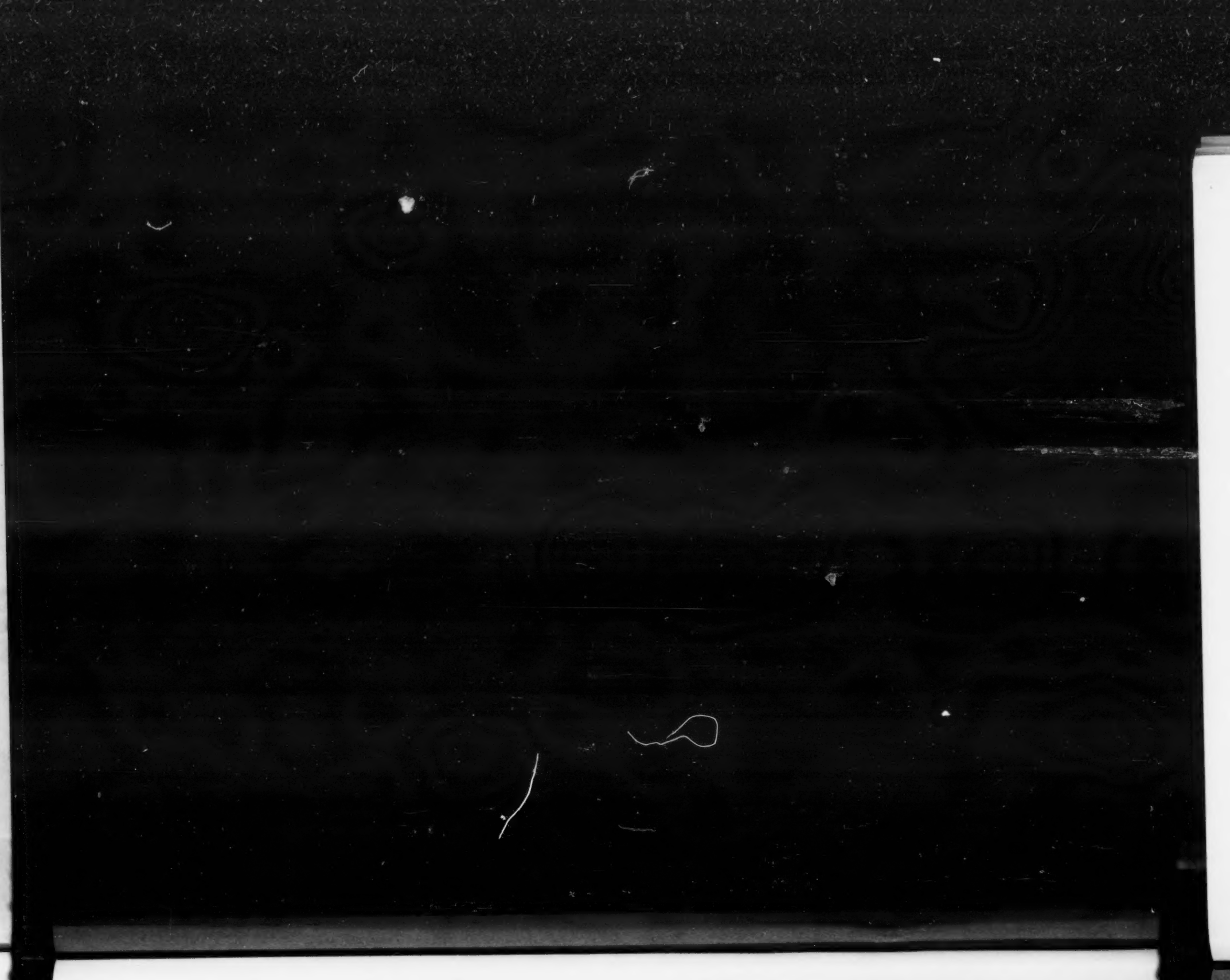
H. J. Res. 522—To direct the Federal Trade Commission to investigate the effect of increase in freight rates on bituminous coal and coke on the consumption and production of coal and coke, on the use of substitute fuels, on the use of substitute methods of transportation, and on employment and unemployment in the coal industry and in related industries.
Mr. Ellenbogen; Committee on Interstate and Foreign Commerce, 584.

H. J. Res. 523—Authorizing the President of the United States to suspend economic relations with Japan.
Mr. Scott; Committee on Foreign Affairs, 584.

H. J. Res. 524—To provide emergency relief from taxation for 1937, and to equalize taxation, and for other purposes.
Mr. O'Connor of New York; Committee on Ways and Means, 800.

H. J. Res. 525—To make the existing appropriations for mileage of Senators and Representatives immediately available for payment.
Passed House, 944–947.—Passed Senate, 916.—Examined and signed, 934, 978.—Presented to the President, 1055.—Approved [Public Resolution No. 77], 1460.

H. J. Res. 526—To authorize the acceptance of title to the dwelling house and property, the former residence of the late Justice Oliver Wendell Holmes, located at 1720 Eye Street Northwest, in the District of Columbia, and for other purposes.
Mr. McCormack; Committee on the Library, 979.



House Bills and Resolutions

H. J. Res. 527—To amend the joint resolution entitled "Joint resolution providing for the prohibition of the export of arms, ammunition, and implements of war to belligerent countries; the prohibition of the transportation of arms, ammunition, and implements of war by vessels of the United States for the use of belligerent states; for the registration and licensing of persons engaged in the business of manufacturing, exporting, or importing arms, ammunition, or implements of war; and restricting travel by American citizens on belligerent ships during war," approved August 31, 1935, as amended by the joint resolution approved May 1, 1937.
Mr. O'Connell of Montana; Committee on Foreign Affairs, 1055.

H. J. Res. 528—Proposing the official adoption of a revised calendar to be known as the universal calendar, effective January 1, 1939.
Mr. Gray of Pennsylvania; Committee on the Judiciary, 1055.

H. J. Res. 529—Providing for the postponement of filing undistributed-profits-tax returns.
Mr. Celler; Committee on Ways and Means, 1128.

H. J. Res. 530—Authorizing the President to invite foreign countries to participate in the ceremonies to commemorate the one hundred and fiftieth anniversary of the national ratification of the Constitution of the United States in Philadelphia, Pa., June 17 to 21, 1938.
Mr. Dorsey; Committee on Foreign Affairs, 1128.

H. J. Res. 531—To express the disapproval of Congress of the entering into of a reciprocal trade agreement between the United States and Czechoslovakia.
Mr. Healey; Committee on Ways and Means, 1128.

H. J. Res. 532—Creating a joint committee to hold hearings, study the antitrust problems in all their interlocking components, and recommend legislation for the third session of the Seventy-fifth Congress not later than February 28 1938.
Mr. Shanley; Committee on Rules 1128.

H. J. Res. 533—To give effect to the nonrecognition of any situation brought about by means contrary to the Kellogg-Briand Pact.
Mr. Biermann; Committee on Foreign Affairs 1211.

H. J. Res. 534—Establishing a Federal Commission of Inquiry for study and report on the abolition of unfair labor conditions.
Mr. Bacon; Committee on Rules 1211.

H. J. Res. 535—To create a Federal Highway Safety Authority composed of representatives of the Federal Government to be designated by the President and representatives of national organizations to be designated in the same manner.
Mr. Kennedy of Maryland; Committee on Interstate and Foreign Commerce 1310.

H. J. Res. 536—To amend the joint resolution entitled "Joint resolution to amend the joint resolution entitled 'Joint resolution providing for the prohibition of the export of arms ammunition and implements of war to belligerent countries; the prohibition of the transportation of arms, ammunition, and implements of war by vessels of the United States for the use of belligerent states; for the registration and licensing of persons engaged in the business of manufacturing, exporting, or importing arms, ammunition, or implements of war; and restricting travel by American citizens on belligerent ships during war,' approved August 31, 1935, as amended," approved May 1, 1937.
Mr. Biermann; Committee on Foreign Affairs, 1310.

H. J. Res. 537—Authorizing the President of the United States, in cooperation with other nations, to suspend economic relations with Japan.
Mr. Scott; Committee on Foreign Affairs, 1417.

H. J. Res. 538—Authorizing the President of the United States, in cooperation with other nations, to suspend economic relations with Japan.
Mr. Lewis of Maryland; Committee on Foreign Affairs, 1417.

H. J. Res. 539—Requesting the President of the United States to establish a 5-day workweek for all Federal employees.
Mr. Teigan; Committee on Civil Service, 1841.

H. J. Res. 540—Authorizing an appropriation for expenditure under the direction of the Secretary of State to pay expenses of return from China to the United States of citizens financially unable to pay their return expenses.
Mr. Allen of Illinois; Committee on Foreign Affairs, 1841.

H. J. Res. 541—Authorizing the impounding of funds from appropriations for the fiscal year ending June 30, 1938, set up as reserves pursuant to the Executive order of the President of the United States promulgated June 23, 1937.
Mr. Ditter; Committee on Appropriations, 1841.

H. J. Res. 542—To provide for the immediate and complete independence of the Philippine Islands, and for other purposes.
Mr. O'Malley; Committee on Insular Affairs, 1841.

H. J. Res. 543—To authorize an appropriation for the survey for the transmountain diversion of waters for irrigation, domestic, and industrial purposes, in the State of Colorado.
Mr. Martin of Colorado; Committee on Irrigation and Reclamation, 1906.

H. J. Res. 544—Making an appropriation for a survey for the transmountain diversion of waters for irrigation, domestic, and industrial purposes in the State of Colorado.
Mr. Martin of Colorado; Committee on Appropriations, 1906.

H. J. Res. 545—Proposing an amendment to the Constitution of the United States relative to taxes on certain incomes.
Mr. Snyder of Pennsylvania; Committee on the Judiciary, 1906.

H. J. Res. 546—Favoring the reinstatement of Dr. George J. Schulz in the Legislative Reference Service, Library of Congress.
Mr. McFarlane; Committee on the Library, 2047, 2052.

H. J. Res. 547—Directing the Bureau of Labor Statistics to collect information as to the amount and value of all goods purchased by the Federal Government.
Mr. Randolph; Committee on Labor, 2052.

HOUSE CONCURRENT RESOLUTION 28

H. Con. Res. 28—Providing for the sine die adjournment, second session, Seventy-fifth Congress.
Agreed to, 2046.—Senate concurs, 2025, 2026.

HOUSE RESOLUTIONS 165–353

H. Res. 165—To make H. J. Res. 199 a joint resolution proposing an amendment to the Constitution of the United States to provide for a referendum on war, a special order of business.
Motion to discharge committee, 1517, 1518.

H. Res. 312—For the consideration of S. 2475.
Motion to discharge committee, 799.—Debated 1385–1389.—Agreed to, 1389.

H. Res. 344—Informing the President that Congress is ready to receive any communication he may be pleased to make.
Agreed to, 8.

H. Res. 345—Informing the Senate of the appearance of a House quorum.
Agreed to, 9.

H. Res. 346—Fixing the daily hour of meeting of the House.
Agreed to, 9.

H. Res. 347—Relative to the death of Hon. Robert P. Hill, late a Representative from the State of Oklahoma.
Agreed to, 18.

H. Res. 348—For the relief of Helen Shanahan.
Referred to the Committee on Accounts, 20.—Reported back (H. Rept. 1643), 251.—Considered, and agreed to, 251.

H. Res. 349—To limit negotiations for trade agreement with Czechoslovakia pending completion of investigation by Tariff Commission.
Referred to the Committee on Ways and Means, 59.

H. Res. 350—To grant 10 percent veterans' preference in Federal Government positions to veterans who have been decorated with the Purple Heart.
Mr. Stack; Committee on Civil Service, 327.

H. Res. 351—Requesting the President to enforce the Neutrality Act.
Mr. Sauthoff; Committee on Foreign Affairs, 88, 102.

H. Res. 352—Requesting the Secretary of Agriculture for information regarding deaths occurring as a result of interstate distribution of Elixir Sulfanilamide.
Mr. Chapman; Committee on Interstate and Foreign Commerce, 102.—Reported back, considered, and agreed to, 134.

H. Res. 353—To increase the compensation of A. E. Chaffee, reading clerk.
Mr. Cannon of Missouri; Committee on Accounts, 102.

H. Res. 354—Directing the Tariff Commission to investigate the production costs of cotton yarns and cloths.
Mrs. Rogers of Massachusetts; Committee on Ways and Means, 201.

H. Res. 355—To provide for the suspension of negotiations for trade agreements with Great Britain or Czechoslovakia.
Mrs. Rogers of Massachusetts; Committee on Ways and Means, 201.

H. Res. 356—Providing for the appointment of a Select Committee on Futures Trading to investigate and report to the House its findings and recommendations for further legislation as to futures trading in contract markets, especially as to short selling and margin requirements and as to alleged violations of the Commodity Exchange Act, with reference especially, but not exclusively, to wash sales, cross trades, accommodation trades, and fictitious sales; providing an appropriation therefore; and for other purposes.
Mr. Burdick; Committee on Rules, 201.

H. Res. 357—Requesting the Federal Emergency Administrator of Public Works to furnish the House of Representatives a list of non-Federal projects pending in the Federal Emergency Administration which have been examined and approved and on which bond elections have been held or funds otherwise voted for which no Federal funds are now available.
Mr. Beiter; Committee on Appropriations, 201.

H. Res. 358—Providing for the appointment of a select committee of House Members by the Speaker to inquire into the operation of all trade agreements entered into by the United States and foreign governments to ascertain (a) their effect upon the production of American manufactures and farm products; (b) their effect upon employment of labor in industry and agriculture; and (c) their effect upon wage scales, wages in general, and the cost of living and standards of living.
Mrs. Rogers of Massachusetts; Committee on Rules, 262.

H. Res. 359—Asking investigation of reports of wire tapping in the Department of the Interior.
Mr. Culkin; Committee on Rules, 262.

H. Res. 360—Authorizing the Committee on Labor of the House of Representatives to have printed for its use additional copies of part 2 of the joint hearings on the bills (S. 2475 and H. R. 7200) to provide for the establishment of fair labor standards in employments in and affecting interstate commerce, and for other purposes.
Mrs. Norton; Committee on Printing, 262.—Reported back (H. Rept. 1644): considered, and agreed to, 357.

H. Res. 361—Authorizing an investigation of the National Bituminous Coal Commission.
Mr. Scott; Committee on Rules, 262.

H. Res. 362—Providing additional compensation for the special assistant in the Office of the Doorkeeper.
Mr. Kramer; Committee on Accounts, 327.

H. Res. 363—Electing certain Members to various standing committees of the House of Representatives.
Mr. Snell; agreed to, 358.

H. Res. 364—Requesting certain information from the President of the United States.
Mr. Case of South Dakota; Committee on Foreign Affairs, 377.—Reported back adversely (H. Rept. 1651), 935, 979.—Laid on the table, 935.

H. Res. 365—Authorizing an investigation and study of the broadcasting industry, of broadcasting in the United States, and of interstate and foreign communication by radio.
Mr. Bacon; Committee on Rules, 720.

H. Res. 366—To appoint a special committee consisting of five members to investigate such statements and report its findings and recommendation to the House of Representatives.
Mr. Fish; laid on the table, 759.

H. Res. 367—Electing Sam C. Massingale, of Oklahoma, to membership on the Committee on the Judiciary.
Mr. Doughton; agreed to, 760.

H. Res. 368—Electing Lawrence J. Connery, of Massachusetts, to membership on the Committees on Education and Patents.
Mr. Doughton; agreed to, 760.

H. Res. 369—Electing John McSweeney, of Ohio, to membership on the Committee on Foreign Affairs.
Mr. Doughton; agreed to, 760.

H. Res. 370—Electing Dave E. Satterfield, Jr., of Virginia, to membership on the Committee on the Judiciary.
Mr. Doughton; agreed to, 760.

H. Res. 371—Creating a select committee of the House of Representatives to investigate the activities of the W. B. Pine Oil Co.
Mr. Boren; Committee on Rules, 800.

H. Res. 372—Electing Joseph E. Casey, of Massachusetts, to membership on the Committee on Appropriations.
Mr. Doughton, 935.

H. Res. 373—Authorizing an investigation of the National Bituminous Coal Commission.
Mr. Jenkins of Ohio; Committee on Ways and Means, 979.

H. Res. 374—To appoint a committee to investigate the National Labor Relations Board for possible violation of the freedom-of-the-press clause of the Constitution.
Mr. Thomas of New Jersey; Committee on Rules, 1014, 1055.

H. Res. 375—To establish as service-connected all present disabilities of a World War veteran, by considering his service record an official part of his medical record.
Mr. Stack; Committee on World War Veterans' Legislation, 1055.

H. Res. 376—Authorizing the United States Tariff Commission to investigate the cost of production of leather products and glassware between the United States and foreign countries.
Mr. Randolph; Committee on Ways and Means, 1310.

H. Res. 377—To amend the rules of the House to extend the privilege of debate to the heads of executive departments in certain cases.
Mr. Maverick; Committee on Rules, 1310.

H. Res. 378—To amend the rules of the House to provide for a question hour at which heads of executive departments are requested to appear and answer questions.
Mr. Maverick; Committee on Rules, 1310.

H. Res. 379—To amend section 4 of rule XXVII of the House.
Mr. Maverick; Committee on Rules, 1310.

H. Res. 380—To ascertain the cost of farm machinery and other necessary supplies to farmers, and for other purposes.
Mr. Fletcher; Committee on Rules, 1310.

H. Res. 381—Providing for the expenses of the select committee authorized by H. Res. 380.
Mr. Fletcher; Committee on Accounts, 1310.

H. Res. 382—To amend rules X and XI of the Rules of the House of Representatives.
Mr. Nichols; Committee on Rules, 1417.

H. Res. 383—To amend rules X and XI of the Rules of the House of Representatives.
Mr. Nichols; Committee on Rules, 1417.

H. R. 384—Providing for the consideration of H. R. 8730.
Mr. O'Connor of New York, from Committee on Rules (H. Rept. 1656), 1770, 1841.—Debated, 1842, 1844, 1847–1850.—Agreed to, 1850.

H. Res. 385—Notifying the President that the two Houses are ready to adjourn.
Mr. Rayburn, 2047.

H. Res. 386—For the relief of Alice Hayden.
Mr. Drewry of Virginia; Committee on Accounts, 2052.